

Directors' Report

To
The Members

Your Directors take pleasure in presenting the 40th Annual Report (Integrated) on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2023.

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:

Financial Summary

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	16,868	13,889	16,911	13,938
Other Income	177	160	178	160
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	1,780	1,918	1,777	1,921
Less: Depreciation and amortisation expenses	296	261	296	261
Finance Cost	34	53	34	53
Profit before Tax and Exceptional Expenses	1,450	1,604	1,447	1,607
Exceptional Items				
a) Loss due to fire	113	-	113	-
b) Insurance claim receivable	(113)	-	(113)	-
Profit before Tax	1,450	1,604	1,447	1,607
Less: Tax	375	409	375	410
Profit for the year	1,075	1,195	1,072	1,196
Other Comprehensive Income	(8)	6	(8)	6
Total Comprehensive income for the year, net of tax	1,067	1,200	1,064	1,203

Financial year 2022-23 was the first year post COVID-19 disruptions with a stable business environment. We recorded revenue for FY23 at ₹ 16,868 crores, higher by 21.5% over the previous year's revenue of ₹ 13,889 crores.

FY23 profit was at ₹ 1,075 crores as against ₹ 1,195 crores in FY22. Profit margin was at 6.4% in FY23 as against 8.6% in FY22.

Disruptions in the global supply chain with the geopolitical disturbances led to steep run-up in commodity prices. The impact of the same was witnessed on the Company margins as the entire cost escalation could not be passed on to the customers.

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

Havells performance during the year was backed by strong growth across the product verticals. Over the years, Havells has evolved into a formidable

FMEG and consumer durable player by seeding new categories and scaling them to create reasonably sized revenue pools.

Switchgear segment reported 18.7% revenue growth supported by pickup in the construction cycle. While the sudden & sharp movements in commodity prices impacted the market sentiments in cables segment, Havells grew the segment revenue by 19.1%. Lighting segment grew by 16.8% with healthy growth from both consumer and professional lighting. Professional lighting accelerated its growth with pickup in industrial and commercial sector.

Despite witnessing a major transition in the fans category during the year, the Electrical Consumer Durables (ECD) segment reported a 7.5% revenue growth. Havells continue to focus on premiumisation of the fan portfolio. The "others" segment which includes motor, solar, pumps, personal grooming and water purifier grew by 25.2%.

Lloyd demonstrated encouraging performance with strong revenue growth of 49% and continued its journey to be a meaningful player in the consumer durable industry. The profitability of the segment was impacted given commodity prices pressures and continued hyper competition in the market. During the year, we commissioned Lloyd Air-Conditioners plant in Sri City (Chittoor District in the State of Andhra Pradesh).

We stayed focussed on innovating, investing in our brands, expanding omni-channel presence, enhancing our digital capabilities and nurturing a strong talent pool. Continuous investment in the latest technology and innovation has helped the organization to stay ahead in a highly competitive landscape. In addition to multiple patents being filed during the year, we launched many new products including Havells Glamtubes and Meditate Air Purifier. Brand remained a key focus area during the year with significantly higher advertising and sales promotion expenditure vs FY22. We ensured that we are reaching out to the customers and making our brand available wherever they are. While steadily growing our distributors/dealers network vertically and horizontally, we expanded our presence in emerging channels. E-commerce channel grew with a strong product portfolio and deep digital engagement with our consumers. Modern Format Retail (MFR) continues to emerge as a key channel with expanding shelf space at the counters. With emerging rural opportunity, we cemented our position of most penetrated FMEG brand in rural markets.

Backed by revenue growth and strong financial discipline, we continued to generate healthy cash flows. The balance sheet was further strengthened by pre-paying the outstanding borrowings during the year.

Subsidiary Companies, Joint Venture and Consolidated Financial Statements

As on 31st March, 2023, the Company has one direct overseas subsidiary namely Havells Guangzhou International Limited based at China.

The Consolidated Profit and Loss Account for the period ended 31st March, 2023, includes the Profit and Loss Account for the subsidiary Havells Guangzhou International Limited for the complete Financial Year ended 31st March, 2023 and Profit and Loss Account for the subsidiary Havells Holdings Limited for the period upto 27th October, 2022.

The Board of Directors of the Company has, by Resolution passed in its Meeting held on 3rd May, 2023, given consent for not attaching the Balance Sheet of the subsidiary concerned. The Consolidated Financial Statements of the Company including the subsidiary 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 the subsidiary included in the Consolidated Financial Statements 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 company and the detailed related information shall be made available to Shareholders of the Company and of its subsidiary company 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 company shall also be kept for inspection by any shareholder in the Head Office of the Company and the office of its subsidiary company.

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

Havells Holdings Limited (HHL) a wholly owned subsidiary of Havells India Limited (Havells) was incorporated in Feb 2007 in Isle of Man for the purpose of acquiring global lighting business of Sylvania. Since Havells has exited the Sylvania business and all the related obligations have been met, the entity was no longer required. Accordingly, it was decided in a meeting of shareholders held on 18th May, 2022 that HHL be voluntarily wound-up. The due process, as applicable in Isle of Man was followed and winding up of HHL was completed on 27th October, 2022.

Besides, there are no companies which have become or ceased to be subsidiary and/ or associate of the Company during the Financial Year 2022-23.

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://havells.com/content/dam/havells/Corporate_Governance/Dividend_policy.pdf, the Board of Directors, in its Meeting held on 19th January, 2023, declared an interim dividend of ₹ 3.00/- per equity share of face value of ₹ 1/- each, to all the shareholders who were recorded on the register of members as on 28th January, 2023, being the record date fixed for this purpose.

In addition to the Interim Dividend, your Directors are pleased to recommend a Final Dividend @ ₹ 4.50/- per equity share of face value of ₹ 1/- each for the financial year 2022-23.

The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 281.93 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 5th June, 2023, Monday to 9th June, 2023, Friday (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, 2,86,307 Equity Shares of ₹ 1/- each, were approved for Grant on 2nd May, 2023 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	51,376	51,376
Havells Employees Stock Purchase Scheme 2015	1,35,000	1,35,000
Havells Employees Stock Purchase Scheme 2016*	34,303	20,627*
Havells Employees Stock Purchase Scheme 2022**	65,628	9,043**

* 11,424 Shares vested as 1st tranche out of a total of 34,303 Shares granted for financial year 2022-23; 7,159 Shares vested as 2nd tranche out of a total of 24,942 Shares granted for financial year 2021-22 and 2,044 Shares vested as 3rd tranche out of a total of 8,454 Shares granted for financial year 2020-21.

** 6,497 Shares vested as 1st tranche out of a total of 65,628 Shares granted for financial year 2022-23; 2,546 Shares vested as 2nd tranche out of a total of 17,733 Shares granted for financial year 2021-22.

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, 2023.

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

During the financial year 2022-23, no changes took place in the composition of the Board of Directors of the Company.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rajesh Kumar Gupta (DIN: 00002842), Shri T.V. Mohandas Pai (DIN: 00042167) and Shri Puneet Bhatia (DIN: 00143973), are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Shri Anil Rai Gupta (DIN: 00011892), was last re-appointed by the Shareholders of the Company in the Annual General Meeting held on 27th July, 2019 for a period of 5 (Five) years with effect from 1st April, 2019. His term is due to expire next year on 31st March, 2024.

Accordingly, the Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 3rd May, 2023, approved the re-appointment of Shri Anil Rai Gupta, as the Chairman and Managing Director and the CEO of the Company for a period of another 5 (Five) years to take effect from 1st April, 2024 to 31st March, 2029. The re-appointment is subject to approval of the shareholders in the ensuing Annual General Meeting.

The details of Directors being recommended for re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 issued by ICSI 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 2022-23, the Board of Directors of the Company, met 5 (Five) times on 4th May, 2022, 20th July, 2022, 19th October, 2022, 19th January, 2023 and 25th March, 2023.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, separate Meeting of the Independent Directors of the Company was also held on 25th March, 2023, 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 Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, so as to qualify themselves to continue to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

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)(iii) of the Companies (Accounts) Rules, 2014.

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://havells.com/content/dam/havells/Corporate_Governance/Nomination%20and%20Remuneration%20Policy.pdf

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.

The Board evaluation exercise for financial year 2022-23 was carried out by way of internal assessments done based on a combination of detailed questionnaires and verbal discussions.

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 and quality with emphasis on its size, diversity, skill set of members;
- Periodic review of Company's management and internal control system for appropriateness and relevance;
- Board process and procedure with emphasis on the frequency of Meetings, Attendance thereof, flow of information;
- Oversight of Financial Reporting process including Internal Controls and Audit Functions;
- Engagement in Corporate Governance, ethics and compliance with the Company's code of conduct.

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

- Appropriateness of size and composition;
- Clarity of mandate and well-defined agenda;
- Reporting to the Board on the Committee's activities;
- Availability of appropriate internal and external support or resources to the Committees.

Performance Evaluation of Individual Directors

The performance evaluation of the Individual Directors were carried out by the Board and other Individual Directors, considering aspects such as:

- Display of effective leadership qualities and skill;
- Implementation of observations/ recommendations of Board Members;
- Effective and timely resolution of grievances of Board Members;
- Ability to bring convergence in case of divergent views and conflict of interest situation tabled at Board Meetings;
- Sufficient knowledge of Company strategy and objective;
- Understand their role as Director, as distinct from management;

- Adequate and productive use of knowledge and experience of the Independent Directors for the functioning of Board;
- Efforts for professional development to enable better fulfilment of their responsibilities;
- Ask questions/ critique proposals with confidence;
- Open and effective participation in Board discussions;
- Keep stakeholder interest as the touchstone in endorsing decisions.

Evaluation Outcome

The evaluation brought to the notice that there is adequate flow of information from Company to the Board and the suggestions and recommendations given by the Board are considered for follow up action. The Board Committees are well-managed and functioning excellently. The Committee meetings are held timely with thorough discussions on agenda items and excellent follow up.

The assessment exercise also brought out that all the Directors are excellently contributing in the functioning of the Board. The Chairman well balances the functioning of the Board demonstrating effective leadership. The Board has functioned well and has rigorous discussions. The Board is open and receptive and the members are fully committed to high standards and are transparent.

14. Annual Return

Pursuant to Section 134(3)(a) read with Section 92(3) of the Companies Act, 2013, the Annual Return of the Company is available on the website of the Company at <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, the Company has appointed M/s Price Waterhouse & Co Chartered Accountants LLP (Registration No. 304026E/ E300009) as Statutory Auditors for a period of 5 (Five) years in the AGM of the Company held on 30th June, 2021.

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.

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 Chandra Wadhwa & Co., Cost Accountants (Firm Regn. No. 000239) were appointed as the Cost Auditor of the Company for the year ending 31st March, 2023.

The due date for filing the Cost Audit Report of the Company for the financial year ended 31st March, 2022 was 2nd June, 2022 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 2022-23.

3. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s Balika Sharma & Associates, Company Secretaries, were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31st March, 2023.

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 – 2**. 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, 2023 on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from M/s Balika Sharma & Associates, Company Secretaries, Secretarial Auditors.

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, 2023, are furnished in **ANNEXURE – 3** 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 – 4** and forms part of this Report.

18. Contribution to Exchequer

The Company is regular in payment of taxes and other duties to the Government. During the year under review your Company paid ₹ 395.84 crores towards Corporate Income Tax as compared to ₹ 426.85 crores paid during the last financial year. The Company has also paid an amount of ₹ 3,618.55 crores on account of GST and Custom duty without any government assistance and support during financial year 2022-23 as compared to ₹ 2,849.67 crores paid alongwith government assistance and support of ₹ 1.02 crores claimed 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 the 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 over the years have built a culture where CSR has been deeply integrated with our business philosophy which is reflected in our business accountability and our commitment to the wellbeing of communities and society through our various environmental and social measures. This has led to targeted efforts by the organization for the communities revolving around eight strong pillars of Health and Nutrition, Education, Skill and Development, Sanitation, Environment, Heritage Conservation, Health Care and other Humanitarian Causes.

Some of the key initiatives include:

Meals Distribution (Mid-Day Meal Programme) – A humble beginning that started with serving just 1,500 children across 5 schools increased to serving over 70,000 students across 700+ schools daily in the district. This program has shown a positive impact in the lives of school children which in turn has resulted in increased attendance & enrolment and a reduction in drop-out rates in Govt. Schools wherever mid-day meals are being served. Another impact of this project has been an increase in enrolment of girl child and reduced discrimination, casteism and inequality amongst society.

Hygiene and Sanitation (Distribution of Re-usable Sanitary Napkins) – Over the past few years the Company has played a pivotal role in the areas of hygiene and sanitation. In FY 22-23, we have distributed ~2 Lakh sanitary napkins to adolescent girls. This has resulted in improved attendance, health and cognitive development, increased girls' participation, established positive hygiene behaviour among girl students.

Societal Education and Infrastructure – Education has been one of our focus areas from Corporate Social Responsibility (CSR) standpoint. Havells association with Plaksha University as part of our CSR initiatives started in the year 2021 to make a meaningful impact in technological change and evolution. Infact now our association with Plaksha is one of the biggest from CSR contribution standpoint.

On December 17, 2022, Plaksha University celebrated its first founder day where “Havells Research Building” was inaugurated. This research building will house four cutting-edge research centres – Centre for Clean Energy & Climate, Centre for Digital Agriculture, Centre for Digital Health and Centre for Water Security.

Trees Plantation - Tree plantation has been a regular activity at Havells with the twin purpose to save endangered environment and to preserve flora and fauna. Havells has planted over 18 Lakhs trees in last 5 years in Bhopal, Madhya Pradesh and Neemrana, Rajasthan. The Survival rate of the trees is more than 85% as per the survey conducted by MPRVVN (Madhya Pradesh Rajya Van Vibhag Nigam) on account of regular monitoring, ensuring availability of water supply, involvement of local administration and Panchayat.

Further, the Company has in place CSR & ESG 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 are annexed herewith as **ANNEXURE – 5** to this Report in the prescribed format.

21. Audit Committee

As at 31st March, 2023, the Audit Committee of the Board of Directors of the Company comprised of 4 (Four) Members, namely Shri Upendra Kumar Sinha, Smt. Namrata Kaul, Shri B Prasada Rao and Shri Ameet Kumar Gupta, majority of them being Independent Directors except Shri Ameet Kumar Gupta, who is a Whole-time 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

Integrated Risk Management Framework

The Board of Directors of the Company has formed an Enterprises Risk Management (ERM) Committee to frame, implement and monitor the risk management plan for the Company. The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

ERM Committee oversees the Company's risk management process and controls, reviews strategic plans and objectives for risk management, risk philosophy, risk optimisation, reviews compliance with risk management policies implemented by the Company and procedures used to implement the same. ERM Committee overviews various risk categories like Strategic risk, Compliance risk, Financial risk, Reputational risk, Operational risk & Reporting risk.

Havells Risk Management & Governance Framework is based on Internationally accepted framework. Our sustainable focus on next Generation Technology, supports an enterprise wide view of risk and their compliance, enabling more holistic approach towards productivity, efficiency and informed decision-making process, within acceptable risk appetite & culture of no surprise.

Company's ERM Coverage includes critical risks relating to entity level, business vertical, functional & process level at all locations across the organisation. ERM Coordinator works closely with business & functional team for identification, monitoring & execution of agreed risk responses. Evaluation of Risk Maturity level & identification of the emerging business challenges are performed under the guidance of ERM Council & Leadership Council. Risk response against the identified risks (including emerging risks) are presented before ERM Committee on a half yearly basis.

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. The Company has a clearly defined Governance, Risk & Compliance Framework, Policies, Standard Operating Procedures (SOP), Financial & Operational Delegation of Authority (DOA). Our SAP ERP & GRC system facilitate mapping with role-based authority to business & functional team to ensure smooth conduct of their operations across the organization.

The company's internal control systems are commensurate with the nature & size of its' business considering both financial & non-financial controls.

The company has well established Internal audit function. Risk based audit are performed for all businesses, functions & locations (Plant, Branch, warehouse, Head office). Internal Audit plan is approved by the Audit Committee, further on a quarterly basis summary of key findings along with their root cause analysis and action taken status are presented to the Audit Committee.

Risk Control Matrix (RCM) has been prepared with respect to each Business functions and their mapping are being done with Functional Dashboard/ Compliance Management System/ GRC Process Control. The internal control system ensures compliance with all applicable laws and regulations.

Our IFC process, supports 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. Our internal financial control system facilitates in optimum utilization of available resources and protect the interests of all stakeholders.

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

The Company has established a Vigil Mechanism under the name of "Satark" for its Directors and employees to report their genuine concerns or grievances and provides for adequate safeguards against victimization of persons who use such mechanism.

Vigil Mechanism is available for all Employee(s), business associate(s) engaged with the Company, who can report any fraud, irregularity, wrongdoing and unethical behaviour. Designated team 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. Complaints received under Satark policy are even mapped to the Chairman of the Audit Committee. This Satark policy is also available on the website of the company at https://havells.com/HavellsProductImages/HavellsIndia/pdf/About-Havells/Investor-Relations/Codes_Policies/VigilMechanism_Satark%20Policy.pdf

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 (ICSI) and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

27. Employee Relations

The past year the Havells family surged ahead confidently, leaving behind the experiences of the pandemic, but keeping the learning intact in term of speed and agility.

There was renewed focus on enhancing organizational capability for the future. We have created an organization wide Learning & Development (L&D) framework, to cater to the L&D needs across every level in the organization.

To illustrate, we have launched a career development center 'Pragati' for our frontline salespeople to become first level Managers. We have launched a management development program called 'Unnati', for our first level sales managers. Similar initiatives are under progress for mid and senior management. India is a young country and a sizeable future employee base, will be Gen-Z. Hence, we have a very robust program of engaging with campuses for our future young talent requirements. This is being done across functions i.e. Sales & Marketing, E-Commerce, Manufacturing, R&D, Supply Chain, Packaging, etc. From campuses we have made offers for about 212 final placements and 58 summer interns. The idea of taking interns is to give them projects and assess them for PPOs (Pre-Placement Offers) Next Year. The gender diversity in our campus offers is about 24% and overall in the Company, the gender diversity in the Gen-Z community is about 21%.

There is a focused effort on ongoing learning & development of our frontline sales, by leveraging technology, so that we can do this with 'speed & scale'. Our internal Learning Management System (LMS) 'Saksham' is being further augmented to meet the emerging learning needs and enhanced learner experience (LXP).

We completed a Talent Mapping exercise, for critical roles, so that we have clear visibility of our internal talent, for meeting the organization' future growth aspirations.

We have put together a whole new team for our Green Field Project in Sri City, through a combination of internal talent movement and lateral hires. In this plant, we are targeting to maximize gender diversity on the shop floor. Our vision is to make this a role model plant for gender diversity within the Company, by targeting close to 100% women on shop floor.

For the fourth year in succession, we are recognised among 'the Great Place to Work 2023'. Our scores have consistently improved over the years.

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 contribution and performance. We provide equal opportunity in all aspects of employment, including retirement, training, work conditions, career progression etc. Further, Havells is committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected.

Nirbhaya

As a responsible employer, Havells has always been conscious of its duty towards prevention and control of sexual harassment at workplace. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the POSH Act) and has in place a "Nirbhaya" policy for women employees. The Committee conducts interactive sessions, from time to time, to sensitize female employees about the provisions of the POSH Act. 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 2022-23, 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 - 6**.

29. Employees Stock Option Plans

The Company has in place 4 (Four) employee benefit schemes, namely, Havells Long Term Incentive Plan 2014 (LTIP 2014), Havells Stock Purchase Scheme 2015 (ESPS 2015), Havells Stock Purchase Scheme 2016 (ESPS 2016) and Havells Stock Purchase Scheme 2022 (ESPS 2022).

All the existing and proposed 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 1st May, 2023 from the Secretarial 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 (further amended on 8th July, 2022), 4th December, 2015, 13th July, 2016 and 8th July, 2022 in respect of LTIP 2014, ESPS 2015, ESPS 2016 and ESPS 2022 respectively. The Certificate will be placed 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 and Sweat Equity) Regulations, 2021, in respect of LTIP 2014, ESPS 2015, ESPS 2016 and ESPS 2022 as at 31st March, 2023 are available on the website of the Company at https://havells.com/HavellsProductImages/HavellsIndia/Content/dam/havells/dislosure_pdf/Disclosures_Pursuant_to_SEBI_Regulations_2021_as_at_31st_March_2023.pdf

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 reported 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.

CARE has also reaffirmed the CARE A1+ [A One Plus] rating assigned to the Commercial Paper.

The Corporate Governance practices of the Company are also rated by CareEdge Advisory Research and Training (CART) as **CG2+**. Grading is assigned on a six-point scale with CG 1 being the highest and CG 6 being the lowest. CART's CG grading is a measure of overall performance of the corporate governance on a broad range of parameters such as Board Composition and Functioning, Ownership Structure, Organization Structure and MIS, Shareholder Relationship, Disclosures and Transparency, Financial Prudence and Statutory & Regulatory Compliance.

31. Global Certifications

The list of certifications in FY 22-23 for international markets are given below:-

Certifications received during the Financial Year 2022-23

- BS 7835 BS 6622 BS 7870-4.10 for 11 KV Cables & BS 6724 for 0.6/1 KV Cables
- UL 44 for Thermoset-Insulated Wires and Cables & UL 4703 for Photovoltaic Wire
- BS 7846 (F2 & F120) LV LSZH Sheathed Cable & LV FS Cables

Renewals of Certifications during the financial year 2022-23

- CB certification in accordance of IEC 60335-2-40:2018 in conjunction with IEC 60335 1:2010, IEC 60335-1:2010/AMD1:2013, IEC 60335-1:2010/AMD2:2016 for Large household appliances
- KEMA/ DEKRA certifications in accordance with IEC 60898-1, IEC 60898-2, IEC 60947-3 & IEC 60947-2 for MCB's and Isolators and IEC 61008-1 for RCCB's.

32. Corporate Governance

The Company is committed to highest corporate governance standards by applying the best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

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 this 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 this Integrated Annual Report.

33. Environment, Health and Safety

Environment, Health and Safety (EHS) has always been an integral part of the larger ambit of Havells ESG initiatives. Havells Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all Manufacturing units by optimising the usage of natural resources and providing a safe and healthy workplace.

To address the broader agenda of ESG, during the year Havells had set up a board level ESG Committee led by independent director who along with other key stakeholders will pave the way forward from an ESG standpoint. In addition, Havells has formulated a corporate ESG-CFT under its ambitious Manufacturing Excellence 2.0 Programme Initiatives.

As part of our commitment towards environment, health & safety (EHS) Management, we have implemented a fully integrated EHS Management system at all our manufacturing sites, which are certified by the internationally recognised ISO 14001 & ISO 45001 Standards. The Health and Safety of employees is

paramount and Havells stand on Environment, Health and Safety of its employees is clearly outlined in Havells EHS Policy. We also regularly conduct Fire Safety Audits carried out by specialized Third-Party agencies to maintain the requirements of Fire & life Safety Protocols at our manufacturing sites. We have implemented EnMS (ISO 50001), thus achieving improved operational efficiencies.

Safety remains a top priority for Havells and we are committed to providing a safe and productive environment for our workforce and we continue to maintain best health and safety measures across all our manufacturing locations. We strive to upgrade our workforce skills levels through various learning & development programmes throughout the year. Further, at the time of induction, basic Safety trainings are given to all employees and workers at all our manufacturing sites.

Even though our Company does not fall under energy intense sector, we are still mindful of our impact on the environment and are taking progressive steps to minimise the same. Our commitments towards environment protection helps us to improve the company environment footprint examples of activities include 9MW Solar installed capacity, plantation of over 18 Lakhs trees saplings in the last five years. We are continuously exploring opportunities to increase use of recycled water & reduce water consumption across our sites, all our manufacturing plants are equipped with roof top rainwater harvesting system.

Havells was ranked 7th in the electrical equipment section globally in Dow Jones Sustainability Index (DJSI) Assessment. Havells has been consistently ranked in the top 10 global companies for ESG performance in the electrical sector for last four years, in addition to be featured in S&P Global Sustainability Yearbook. Havells has maintained its 'A' rating in Morgan Stanley formulated MSCI ESG Rating. MSCI ESG methodology is formulated to evaluate a company's resilience in the long-term and gauge companies' exposure to ESG risks.

34. Research and Development

We continue to make good progress in R&D transformation with a focus on consumer centricity, critical technology ownership and Innovation leadership. During the financial year 2022-23, our R&D spending was ₹ 163.18 crores, which is 0.97% of total revenue. The key areas for the spending continue to be on people competency, process maturity and infrastructure build-up to be a world-class R&D organization.

Our state-of-the-art Customer Experience and Design (CXD) studio forms the core of understanding the social, emotional and behavioural needs of customers through design thinking and co-creation methodologies, involving

our dealers, business teams, industry thought leaders, potential customer groups and design houses around the globe. During the year, our CXD team enabled product innovations like unconventionally beautiful water heaters, LED Glamtubes and Havells studio Meditate air purifiers. All these product launches pushed the current boundaries of design providing consumers with a refreshing and aesthetically superior experience. Throughout the year, CXD won several prestigious and acclaimed products and UX design awards like the Golden pin product design award (for Freedom architectural light), the DIA Design intelligence award (for Freedom architectural light and Vogue Highbay), CII Design excellence award (for Lloyd Elante washing machine and Zella immersion rod), European product design award (for Meditate air purifier UX) and a very special India's Best In-house design studio award.

Our Bengaluru Innovation Centre housing Centers of Excellence (CoEs) on the Internet of Things (IoT)/ Smart Products, Software Engineering, Power Electronics and Engineering Design is leading the way for our transformation to an electronic goods company and more importantly, providing the technical leadership for many of the enabling technologies required for our product segments. The key highlights in this regard include in-house design and development of electronic controllers/ drivers for ACs and LED lights; introduction of IoT-enabled products in AC, fans, water heaters, switches, air purifiers and lights categories; and in-house IoT platform enabling our Smart Products strategy accessed by in-house developed Havells Sync app. With Havells Studio Meditate air purifier, we introduced the first successful application of OTA (Over-The-Air updates) and predictive analytics in products. Our Bengaluru Innovation Center in a short span of time has grown to 115 members and a new floor of office and lab space is added to accommodate the expansion.

The R&D center at Noida forms the basis for Havells brand promise of quality and customer value proposition. Recently, working in collaboration with our Faridabad plant, our Electrical testing/ validation lab was granted accreditation from NABL (National accreditation board of Testing & Calibration Laboratories) - a unique achievement among peer FMEG groups and adding to the tally of our state-of-art labs. We made good progress in the journey of self-sufficiency and ownership of critical technologies with many more product lines in domestic appliances localized to reduce import dependence (like hair dryers, room heaters, hand blenders, toasters, etc.); in-house manufacturing of washing machines starting with semi-auto version; and own designed, developed and manufactured Havells studio Meditate air purifier that uses a technology adapted from Space stations. Our strategic push towards leadership in Industrial Switchgear products has started to deliver now -

with the launch of our own designed, developed and manufactured Q-Tron range of circuit breakers. From the onset, the Q-Tron range is benchmarked with the global gold standards and is realized by the strong collaboration of our R&D, manufacturing and vendor ecosystem. Further, progressing our journey of digitizing product development, the use of digital twin and simulation methodologies are now being successfully deployed across most of our product categories augmenting the robustness of our designs.

Overall, we are promoting a culture and mindset of intellectual asset creation. During 2022-23, we applied 38 new patents and 213 new design registrations taking our cumulative tally to 150 and 985 respectively. Our journey of intellectual property protection has started to show results with Havells having a grant of 21 patents. As the disruption is becoming the new normal our strong resolute in R&D has helped to navigate many challenges like materials supply disruptions, cost escalations and changes in customer preferences. The wealth of knowledge and infrastructures that we have created over the last few years will stay with us and will continue to be a source of competitive advantage.



India's Best In-house design studio to Havells CXD



NABL accreditation to Havells Faridabad electrical Lab



Havells Meditate Air purifier



Havells QTRON MCCB Range

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 ₹ 65,22,372 during the year to 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 2014-15 and Interim Dividend for FY ended 2015-16.

(B) Transfer of Shares underlying Unpaid Dividend

During the Financial Year, the Share Allotment and Transfer Committee in its Meeting held on 26th August, 2022, also transmitted 18,006 Equity shares on account of Un-claimed Dividend for FY 2014-15 into the DEMAT Account of the IEPF Authority. These Equity Shares were the Shares of such 30 Shareholders whose unclaimed/ unpaid dividend pertaining to Financial Year 2014-15 had been transferred into the IEPF and who had not encashed their dividends for 7 (Seven) years.

The Share Allotment and Transfer Committee, in its Meeting held on 20th March, 2023, also transmitted 8,447 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 17 Shareholders whose unclaimed/ unpaid dividend pertaining to Financial Year 2015-16 (Interim) had been transferred into IEPF and who had not encashed their dividends for 7 (Seven) 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://havells.com/en/discover-havells/investor-relation/unclaimed-dividend.html>

With the transfer of abovesaid shares into IEPF, a total of 2,46,171 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, after considering the valid claims made therefrom.

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, 2023, total 1,72,100 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, 57,000 Shares of ₹ 1/- each were transferred to the rightful owners as approved by the Share Transfer and Allotment Committee. Further, the payment of unpaid/ unclaimed dividend for the last 7 (Seven) years has also been made 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 2023-24 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 - 7** and forms part of this Report.

39. Business Responsibility and Sustainability Report (BRSR)

As environmental, social and governance (ESG) issues become increasingly important for Companies, the way in which they report on these issues has also progressed. As the world becomes increasingly aware of the impact of business on society and the environment, the concept of ESG reporting warrants significant attention. Over the years Havells always believed in communicating its ESG performance in a transparent manner and in line with global standards to our stakeholders.

Last year i.e., FY 2021-22, we had published our First BRSR report of the Company ahead of the mandate. We are proud to publish our 2nd BRSR of the Company for the year 2022-23. The BRSR would follow the format detailed in the amendment to Regulation 34(2) (f) of SEBI LODR Regulations vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021 and will form a part of this Integrated Annual Report. The BRSR for Financial Year 2022-23 is aligned with the nine principles of the National Guidelines on Responsible Business Conduct notified by the Ministry of Corporate Affairs, Government of India. We have further enhanced our existing strong reporting structure and mechanisms to ensure we capture reliable and accurate data for the requirements of BRSR disclosures. We will from this year also get the key BRSR indicators (aligned with GRI standards) validated as part of our sustainability assurance framework. Havells strongly believes that resilient and inclusive growth is only possible on strong pillars of environmental and social

responsibility balanced with good governance. 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 disclosures based on globally accepted Global Reporting Initiative (GRI) standards and six capitals-based Value Reporting Foundation's framework on Integrated Reporting that is available on our website at www.havells.com.

We have also provided the requisite mapping of information and principles between the Sustainability disclosures and the Business Responsibility & Sustainability 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

Noida, May 3, 2023

Chairman and Managing Director

**NOMINATION AND REMUNERATION POLICY OF DIRECTORS,
KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEE**

Principle and Rationale

Section 178 of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 require the Nomination and Remuneration Committee of the Board of Directors of every listed entity, among other classes of companies, to

- formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- carry out evaluation of every director's performance.
- formulate the criteria for evaluation of Independent Directors and the Board.

Accordingly, in adherence to the abovesaid requirements and in line with the Company philosophy towards nurturing its human resources, the Nomination and Remuneration Committee of the Board of Directors of Havells India Limited hereinbelow recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the directors, key managerial personnel and other employees of the Company as set out below:

Company Philosophy

Havells is an equal opportunities employer. The organization does not discriminate on grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability. The global workforce spread across continents, which has over the years transformed Havells into a global organisation forms the backbone of the entity. Pay revisions and other benefits are designed in such a way to compensate good performance of the employees of the Company and motivate them to do better in future. Employee recognition schemes in the form of ESOPs/ ESPS have also been introduced as successful tools in acknowledging their contribution and making them partners in the wealth created by Havells. The endeavour of the organization is to acknowledge the contributions of its directors, key managerial personnel and other employees with best compensation and benefits that appropriately reward performance in line with the regulatory and industry best practices.

Guiding Principles

In the formulation of this Policy, the Nomination and Remuneration Committee has also endeavoured to ensure the

guiding principles as prescribed u/s 178(4) of the Companies Act, 2013 and the section on Responsibilities of Board under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, summarized hereunder:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate human resource including directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) remuneration to directors, key managerial personnel and senior management reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- d) facilitating effective shareholder participation in key Corporate Governance decisions such as the nomination and election of board members;
- e) aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- f) ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

Nomination of the Directors

The Nomination and Remuneration Committee of the Board of Directors is dedicated to ensuring the continuance of a dynamic and forward-thinking Board and recommend to the Board qualified candidates for directorship.

Before recommending a nominee's candidature to the Board for being appointed as a Director, the following criteria set out may be applied as guidelines in considering potential nominees to the Board of Directors.

General Criteria

The background and qualifications of the Directors considered as a group should provide a significant breadth of experience, knowledge and abilities to assist the Board in fulfilling its responsibilities.

- Directors should be selected so that the Board of Directors should remain as a diverse body, with diversity reflecting gender, ethnic background, country of citizenship and professional experience. Because a mix of viewpoints and ideas enhances the Board's ability to function effectively, the Committee shall consider the diversity of the existing Board when considering potential nominees, so that the Board maintains a body of directors from diverse professional and personal backgrounds.

- Potential nominees shall not be discriminated against on the basis of race, religion, national origin, sex, disability or any other basis prohibited by law.
- Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the performance of the responsibilities of a director.
- Commitment of the nominee to understanding the Company and its industry, embracing the organization's values to help shape its vision, mission and strategic direction including oversight of risk management and internal control.
- Commitment of the nominee to spending the time necessary to function effectively as a Director, including attending and participating in meetings of the Board and its Committees.

Specific Criteria

- Demonstrated business acumen, experience and ability to use sound judgment and to contribute to the effective oversight of the business and financial affairs of a large, multifaceted, global organization.
- The nominee reflects the right corporate tone and culture and excels at board-management relationships.
- Experience in strategic planning and managing multidisciplinary responsibilities, the ability to navigate among diverse professional groups and points of view, a track record of communicating effectively in a global environment and high standards of integrity and professional conduct.
- Nominees understand and endeavour to balance the interests of shareholders and/ or other stakeholders and put the interests of the company or organization above self-interest. He/ she has demonstrated a commitment to transparency and disclosure.
- He/ she is committed to superior corporate performance, consistently striving to go beyond the legal and/or regulatory governance requirements to enhance, not just protect, shareholder value.
- Nominee contributes to effective governance through superior, constructive relationships with the Executive Directorate and management.

Remuneration of the Directors

The Company strives to provide fair compensation to directors, taking into consideration industry benchmarks, Company's performance vis-à-vis the industry, responsibilities shouldered, performance/ track record, macroeconomic review on remuneration packages of heads of other organizations.

The remuneration payable to the directors of the company, shall at all times be determined, in accordance with the provisions of the Companies Act, 2013.

Appointment and Remuneration of Managing Director and Whole-time Director

The terms and conditions of appointment and remuneration payable to a Managing Director and Whole-time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval by shareholders at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V to the Companies Act, 2013. Approval of the Central Government is not necessary if the appointment is made in accordance with the conditions specified in Schedule V to the Act.

In terms of the provisions of the Companies Act, 2013, the Company may appoint a person as its Managing Director or Whole-time Director for a term not exceeding 5 (Five) years at a time.

The executive directors may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

While recommending the remuneration payable to a Managing/ Whole-time Director, the Nomination and Remuneration Committee shall, inter alia, have regard to the following matters:

- Financial and operating performance of the Company;
- Relationship between remuneration and performance;
- Industry/ sector trends for the remuneration paid to executive directorate.

Annual Increments to the Managing/ Whole-time Director(s) shall be within the slabs approved by the Shareholders. Increments shall be decided by the Nomination and Remuneration Committee at times it desires to do so but preferably on an annual basis.

Insurance Premium as Part of Remuneration

Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

However, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration of Independent Directors

Independent Directors may receive remuneration by way of

- Sitting fees for participation in the Board and other meetings;
- Reimbursement of expenses for participation in the Board and other meetings;
- Commission as approved by the Shareholders of the Company.

Independent Directors shall not be entitled to any stock options.

Based on the recommendation of the Nomination and Remuneration Committee, the Board may decide the sitting fee payable to independent directors. Provided that the amount of such fees shall not exceed the maximum permissible under the Companies Act, 2013.

Remuneration to Directors in other Capacity

The remuneration payable to the directors including managing or whole-time director or manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- (a) the services rendered are of a professional nature; and
- (b) in the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession.

Evaluation of the Directors

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually.

Section 178(2) of the Companies Act, 2013 also mandates the Nomination and Remuneration Committee to carry out evaluation of every director's performance.

In developing the methodology to be used for evaluation on the basis of best standards and methods meeting international parameters, the Board/ Committee may take the advice of an independent professional consultant.

Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key Executives and Senior Management

The executive management of a company is responsible for the day to day management of a company. The Companies Act, 2013 has used the term "key managerial personnel" to define the executive management.

The KMPs are the point of first contact between the company and its stakeholders. While the Board of Directors are responsible for providing the oversight, it is the key managerial

personnel and the senior management who are responsible for not just laying down the strategies as well as its implementation.

The Companies Act, 2013 has for the first time recognized the concept of Key Managerial Personnel. As per section 2(51) "key managerial personnel", in relation to a company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Whole-time Director;
- (iii) the Chief Financial Officer;
- (iv) the Company Secretary;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
- (v) such other officer as may be prescribed.

Among the KMPs, the re-muneration of the CEO or the Managing Director and the Whole-time Director(s), shall be governed by the Section on REMUNERATION OF THE DIRECTORS of this Policy dealing with "Remuneration of Managing Director and Whole-time Director".

Apart from the directors, the remuneration of

- All the Other KMPs such as the company secretary or any other officer that may be prescribed under the statute from time to time; and
- "Senior Management" of the Company which here means, the core management team comprising of such members of management as determined by the Company under Layer 1 of the System-Driven Disclosures in respect of Regulation 7(2)(b) of PIT Regulations, shall be determined by the Human Resources Department of the Company in consultation with the Managing Director and/ or the Whole-time Director Finance.

The remuneration determined for all the above said senior personnel shall be in line with the Company's philosophy to provide fair compensation to key - executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided by the Company's HR department.

Decisions on Annual Increments of the Senior Personnel shall be decided by the Human Resources Department in consultation with the Managing Director and/ or the Whole-time Director Finance of the Company.

Remuneration of other Employees

Apart from the Directors, KMPs and Senior Management, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations for the individual in question.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the employees shall be determined based on the annual appraisal carried out by the HoDs of various departments.

Decisions on Annual Increments shall be made on the basis of this annual appraisal.

General

This Policy shall apply to all future employment of Company's Senior Management including Key Managerial Personnel and Board of Directors.

Any or all the provisions of this Policy would be subject to the revision/ amendment in the Companies Act, 2013, related rules and regulations, guidelines and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the subject as may be notified from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/ or the Board of Directors.

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Havells India Limited
904, 9th Floor, Surya Kiran Building,
KG Marg, Connaught Place, New Delhi 110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HAVELLS INDIA LIMITED [CIN L31900DL1983PLC016304]** (hereinafter called “the Company”). Secretarial Audit has been conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year commencing from April 1, 2022 and ended on March 31, 2023 (“Audit Period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2023 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent notified and came into force;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 (FEMA) & the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
Not applicable to the Company during the Audit Period
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
Not applicable to the Company during the Audit Period
- 6) The Employees State Insurance Act, 1948;
- 7) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- 8) Employers Liability Act, 1938;
- 9) Environment Protection Act, 1986 and other environmental laws;
- 10) Air (Prevention and Control of Pollution) Act, 1981;
- 11) Factories Act, 1948;
- 12) Industrial Dispute Act, 1947;
- 13) Payment of Wages Act, 1936 and other applicable labour laws.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the audit Period under review, the Company has complied with the provisions of the Acts, Laws and Regulations and guidelines, to the extent applicable, as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors and Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

All decisions were carried out with unanimous consent and therefore no dissenting views were captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as stated above.

To
The Members,
Havells India Limited
904, 9th Floor, Surya Kiran Building,
KG Marg, Connaught Place, New Delhi 110001

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations & happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company not the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Delhi
Date: 01.05.2023

We further report that during the period under review:

- The Company has issued and allotted 41,415 Equity Shares for Financial Year 2021-22 to Havells Employees Welfare Trust under the Havells Employees Long Term Incentive Plan 2014.
- The Company has issued and allotted 1,50,000 Equity Shares for Financial Year 2021-22 to eligible Employees under the Havells Employees Stock Purchase Scheme 2015.
- The Company has issued and allotted 13,534 Equity Shares for Financial Year 2021-22 to eligible Employees under the Havells Employees Stock Purchase Scheme 2016.
- The Company has issued and allotted 1,722 Equity Shares for Q4 Financial Year 2021-22 to Havells Employees Welfare Trust under the Havells Employees Stock Purchase Scheme 2022.

For **Balika Sharma & Associates**
Company Secretaries

Place: Delhi
Date: 01.05.2023

Balika Sharma
Proprietor
FCS No: 4816
C P No: 3222
UDIN: F004816E000230756

Note: This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

ANNEXURE – 1

For **Balika Sharma & Associates**
Company Secretaries

Balika Sharma
Proprietor
FCS No: 4816
C P No: 3222
UDIN: F004816E000230756

Details of Investments as on 31st March, 2023

Name of Company	Amount (₹ in crores)
Singularity Furniture Private Limited	20.00
Havells Guangzhou International Limited	0.45
TOTAL	20.45

Details of Loans as on 31st March, 2023

As at 31st March, 2023, the Company has not given any loan.

Details of Guarantees as on 31st March, 2023

As at 31st March, 2023, the Company has not given any guarantee.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements 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

1. Details of contracts or arrangements or transactions not at arm's length basis –

NONE; DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM'S LENGTH BASIS.

- (a) Name(s) of the related party and nature of relationship: **N.A.**
- (b) Nature of contracts/ arrangements/ transactions: **N.A.**
- (c) Duration of the contracts/ arrangements/ transactions: **N.A.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**
- (e) Justification for entering into such contracts or arrangements or transactions: **N.A.**
- (f) Date(s) of approval by the Board: **N.A.**
- (g) Amount paid as advances, if any: **N.A.**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A.**

2. Details of material contracts or arrangement or transactions at arm's length basis –

NONE; DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL* CONTRACT OR ARRANGEMENT.

(*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" a transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year a) exceeds 1,000 Crore or b) 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower.)

- (a) Name(s) of the related party and nature of relationship: N.A.
- (b) Nature of contracts/ arrangements/ transactions: N.A.
- (c) Duration of the contracts/ arrangements/ transactions: N.A.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- (e) Date(s) of approval by the Board, if any: N.A.
- (f) Amount paid as advances, if any: N.A.

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

Anil Rai Gupta
Chairman and Managing Director

Noida, May 3, 2023

**ANNUAL REPORT ON CSR PURSUANT TO RULE 8 OF THE COMPANIES
(CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014**

The CSR programmes and pursuits of the Company are illustrated in the Social & Relationship Capital section of the Integrated Report on page no. 45-48

1. Brief outline on CSR Policy of the Company

In adherence to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors upon the recommendation of CSR Committee, in its Meeting held on 23rd April, 2014, approved a CSR Policy of the Company. The CSR Policy was last reviewed by the Board on 20th October, 2021.

In accordance with the primary CSR philosophy of the group and the specified activities under Schedule VII to the Companies Act, 2013, the CSR activities of the Company cover certain thrust areas such as mid-day meals, sanitation facilities, preservation of heritage monuments, afforestation etc.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company at https://havells.com/HavellsProductImages/HavellsIndia/Content/dam/havells/Corporate_Governance/CSR_Policy.pdf in the 'Investor Relations Section' under "Codes & Policies".

2. Composition of CSR & ESG Committee

As at 31st March, 2023, the Corporate Social Responsibility & Environmental, Social and Governance Committee comprised of 4 (Four) Members of the Board, 2 (Two) of which were Independent Directors, 1 (One) Non-Executive and 1 (One) was Executive. The Chairman of the Committee is an Independent Director.

S. No.	Name and Designation/ Nature of Directorship	Total No. of CSR & ESG Committee Meetings held during the year – 2	
		Attendance in CSR & ESG Committee Meetings held on	
		4 May 22	19 Oct 22
1	Shri Vivek Mehra,* Independent Director, Chairman	NA	✓
2	Shri Jalaj Ashwin Dani, Independent Director, Member	✓	✓
3	Shri Surjit Kumar Gupta,** Non-Executive Director, Member	NA	✓

S. No.	Name and Designation/ Nature of Directorship	Total No. of CSR & ESG Committee Meetings held during the year – 2	
		Attendance in CSR & ESG Committee Meetings held on	
		4 May 22	19 Oct 22
4	Shri Rajesh Kumar Gupta, Executive Director, Member	✓	✓
5	Shri B Prasada Rao,*** Independent Director, Member	✓	NA
6	Shri Anil Rai Gupta,*** Executive Director, Member	✓	NA

* Appointed as Member and Chairman w.e.f. 5th May, 2022

** Appointed as Member w.e.f. 5th May, 2022

*** Ceased to be Members w.e.f. 5th May, 2022

3. Provide the web-link where Composition of CSR & ESG Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

CSR & ESG Committee – <https://havells.com/en/aboutus/committees.html>

CSR Policy – https://havells.com/HavellsProductImages/HavellsIndia/Content/dam/havells/Corporate_Governance/CSR_Policy.pdf

CSR Programmes – <https://havells.com/en/corporate-social-responsibility.html>

4. Provide the executive summary along with web-link(s) of Impact Assessment of

CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable.

An executive summary of the Impact Assessment Report is attached as an annexure to this Report and the complete Impact Assessment Report can be accessed at <https://havells.com/HavellsProductImages/HavellsIndia/HavellsCSR/Executive-Summary-IAS.pdf>

5. (a) Average net profit of the Company as per sub-section (5) of Section 135: ₹ 1,333.98 Crores
- (b) Two percent of average net profit of the company as per sub-section (5) of Section 135: ₹ 26.68 Crores
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (d) Amount required to be set off for the financial year, if any: ₹ 0.72 Crores
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 25.96 Crores
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 26.79 Crores
- (b) Amount spent in Administrative Overheads: Nil
- (c) Amount spent on Impact Assessment, if applicable: ₹ 0.10 Crores
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 26.89 Crores
- (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in crores)	Amount Unspent (₹ in crores)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
26.89 crores	Nil	NA	NA	Nil	NA

- (f) Excess amount for set off, if any

S. No.	Particulars	Amount (₹ in crores)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	26.68 Cr
(ii)	Total amount spent for the Financial Year (including amount required to be set off for the financial year as referred in Pt No 5(d) above)	27.61 Cr
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.93 Cr
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.93 Cr

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ In Crores)	Balance Amount in Unspent CSR account under sub-section(6) of section 135 (₹ In Crores)	Amount Spent in the Financial Year (₹ In Crores)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ In Crores)	Deficiency, if Any
					Amount (₹ In Crores)	Date of Transfer		
1	2021-22	12 Cr	12 Cr	4 Cr	0.09	29.09.2021	8 Cr	Nil
2	2022-23	-	8 Cr	4 Cr			4 Cr	Nil

Note: The company had earned an interest of ₹ 0.41 crores in FY 2022-23 (0.48 crores in FY 2021-22) on the funds in CSR unspent bank account during the year, which is proposed to be spent in FY 2023-24 on ongoing project.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

Yes

If Yes, enter the No. (amount) of Capital assets created/ acquired ₹ 14.55 Crores

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset(s)	Date of Creation	Amount of CSR Spent (₹ in crores)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	CSR Registration Number, if applicable
(1)	(2)	(3)	(4)	(5)	(6)		
1	Building Infrastructure (Work-in-Progress) Plaksha University, Block B, Sector 101, Alpha, SAS Nagar, Punjab	140306	01.04.2022	4.68	CSR00002211	Reimagining Higher Education Foundation	302, Gopal Heights, Netaji Subhash Place, New Delhi - 110034
2	Building Infrastructure (Work-in-Progress) Plaksha University, Block B, Sector 101, Alpha, SAS Nagar, Punjab	140306	01.04.2022	7.67	CSR00002211	Reimagining Higher Education Foundation	302, Gopal Heights, Netaji Subhash Place, New Delhi – 110034
3	01 Kitchen Equipment, QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	08.04.2022	0.01	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
4	01 Office Equipment, QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	20.07.2022	0.01	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
5	01 Kitchen Equipment, QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	24.08.2022	0.01	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
6	05 Bolero Pick Up QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	03.09.2022	0.51	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
7	16 Bolero Pick Up QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	13.03.2023	1.53	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
8	70 Kitchen Equipment, QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	28.03.2023	0.04	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar
9	180 Kitchen Equipment, QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar	301001	30.03.2023	0.09	CSR00001995	QRG Foundation	QRG Foundation, F-36 to 41, Agro Food Park, M.I.A., Alwar

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 - **NA**

Anil Rai Gupta
Chairman and Managing Director

Vivek Mehra
Chairman CSR & ESG Committee

Noida, May 2, 2023

IMPACT ASSESSMENT STUDY OF CSR PROJECTS OF HAVELLS INDIA LIMITED

Prepared by: RRCO Consulting Private Limited



Terms of Reference, Objective & Approach to IAS

- Social and environmental responsibility has always been at the forefront of Havells India Limited (HIL) operating philosophy and as a result HIL consistently contributes to socially responsible activities and has taken up multifarious initiatives and implemented several projects in the eight pillars.

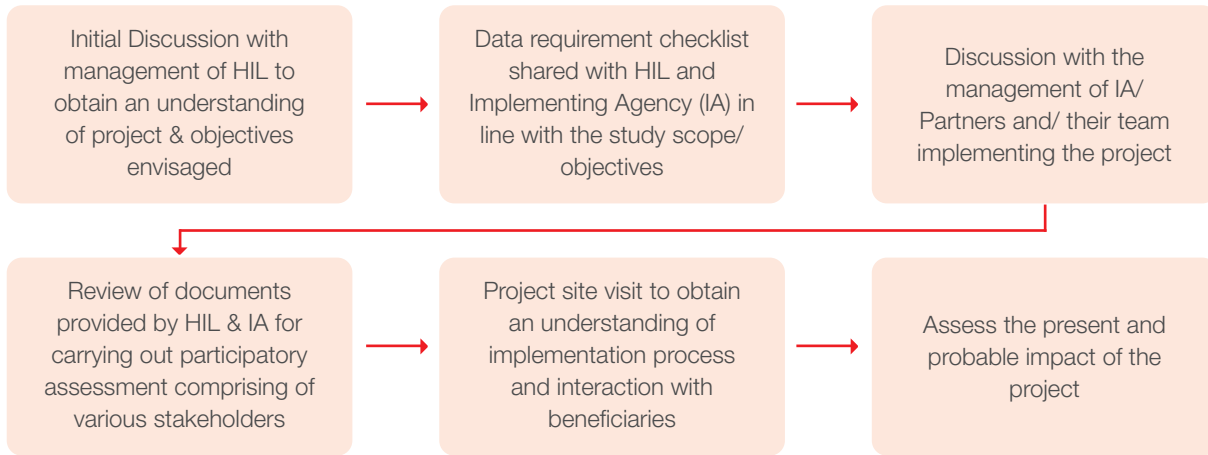


- HIL has appointed our company "RRCO Consulting Private Limited" to conduct the Impact Assessment Study (IAS) of its following CSR Projects for the FY 2020-21 ('the Study/ Review Period').
 - Distribution of re-usable sanitary pads (hereinafter referred to as "Project 1")
 - Trees Plantation work (hereinafter referred to as "Project 2") in Bhopal (Madhya Pradesh)

Objectives of IAS

- Undertake an assessment of project design in terms of its relevance and contribution to the development of community & to the beneficiaries.
- Assess the performance of project in terms of effectiveness, efficiency & timeliness of processing the expected outputs in qualitative and/ or quantitative aspects.
- Ascertain the sustainability of project being implemented.
- Help in better planning of future projects.

Approach to the Study



HIL's CSR Projects – Overall assessment

PROJECTS	DISTRIBUTION OF REUSABLE SANITARY NAPKINS - PROJECT 1	TREES PLANTATION (BHOPAL) – PROJECT 2	
KEY EVALUATION PARAMETERS/ CRITERIA	Relevance	Project was found to be relevant and addressing a felt need in the desired area.	Project was found to be relevant and addressing a felt need in the desired areas.
	Effectiveness (Objective Achieved)	<ul style="list-style-type: none"> Self Confidence and Increased Awareness levels including pain management Improvement in Attendance Shifting from Cloth/ Expensive pads to Reusable Sanitary Napkins 	Short Term (Project is in nascent stage)
	Efficiency (Fund Utilization)	Funds utilized for the Purpose envisaged	Funds utilized for the Purpose envisaged
	Efficacy (Interactions with Stakeholders to assess their satisfaction levels)	189 Beneficiaries (116 Girls & 73 Women), QRG Foundation & Implementation Partners (Baala Triple E Care LLP & 3 NGOs)	20 Stakeholders -14 Employees (comprising Project Ranger Officers, Assistant Project Managers, Forest Guards & Watch and Ward staff), Village Sarpanch & 5 labourers.
	Documentation Accessibility	MoUs, Fund Utilization details, Publicity, Feedback letters, Media Report, List of NGOs/ Agencies/ Schools wherein reusable sanitary pads distributed, Site Visit	MoU, Annual Appraisal Reports, Soil Testing Report, Training Certificate, Utilization details, Newspaper clipping, Site Visit
	Sustainability	<ul style="list-style-type: none"> Till now more than 4,00,000 Reusable Sanitary Pads kits have been distributed. Further, mechanism for distribution through Agencies/ NGOs & infrastructure is in place for enabling scalability. Volunteers have been adequately trained for conducting/ handling workshops. Pads are considered to be expensive and people are shifting to reusable sanitary napkins & in this way attendance is also improving but still there are social taboos in the mind of people which need to be changed so the program will be sustainable. 	Basis our naked eye assessment and that of villagers, survival rate of plants is around 75%-80% and density of forest has increased. Therefore, long term targets need to be discussed and defined post interaction with MPRVVN as to whether 80% would be sustained. In case, the plants get destroyed in the year of plantation, the same are replanted in the next year and this process is possible in the initial 1 to 2 years. It is therefore essential to look at sustainability of survival rate in the medium term at the end of 5/6 years post plantation to understand the overall impact.
	Overall Impact	Though Self Confidence and awareness level have increased & people have shifted from cloth/ expensive pads to reusable sanitary napkins, still there exist challenges to be addressed like religious taboos which is most strongly observed, women in slum areas don't take medicine for pain management and don't discuss about menstruation. Need felt for spreading increased awareness through periodic workshops/ programs.	Short term objective of providing employment and enhancing the livelihoods for people met (16,00,000 teak saplings planted since 2019 till 31 st March 2023 under Vidisha - Raison Project Board/ Division). However, overall socio economic impact can be assessed in long term in terms of soil fertility, creation of carbon sink and economic viability. Further, survival rate needs to be visited.

ANNEXURE – 6

(A) Details pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration (excluding Commission) of each director to the median remuneration of the employees of the Company for the financial year	<ul style="list-style-type: none"> - Ratio of the remuneration of Shri Anil Rai Gupta, Chairman and Managing Director to the median remuneration of the employees – 74:1 - Ratio of the remuneration of Shri Ameet Kumar Gupta, Whole-time Director to the median remuneration of the employees – 29:1 - Ratio of the remuneration of Shri Rajesh Kumar Gupta, Whole-time Director (Finance) and Group CFO – 66:1 - Ratio of the remuneration of Shri Siddhartha Pandit, Whole-time Director – 11:1
(ii)	Percentage increase in remuneration (excluding Commission) of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<ul style="list-style-type: none"> - Shri Anil Rai Gupta, CMD – 11 % - Shri Ameet Kumar Gupta, WTD – 10.84 % - Shri Rajesh Kumar Gupta, WTD (CFO) – 11.11 % - Shri Siddhartha Pandit, WTD – 6.29 % - Shri Sanjay Kumar Gupta, CS – 7.55 %
(iii)	Percentage increase in the median remuneration of employees in the financial year	4.58 %
(iv)	Number of permanent employees on the rolls of company	6,822 Employees
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<ul style="list-style-type: none"> - Average increase in remuneration of Managerial Personnel – 10.55 % - Average increase in remuneration of employees other than the Managerial Personnel – 9.80 % <p>The top-level compensation is linked to Profit Before Tax.</p>
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration is as per the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013.

(B) Statement Showing Particulars of Employees Pursuant to the Provisions of Section 197(12) of the Companies Act, 2013 Read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available to any shareholder for inspection on request. Such details are also available on your Company's website at <https://havells.com/en/discover-havells/investor-relation/disclosures.html>

Disclosure pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014
(A) CONSERVATION OF ENERGY
(i) Steps taken or impact on Conservation of Energy

At Havells, our continuous approach is towards achieving maximum energy efficiency in our operations and products. We do it through implementing one of the best Energy Management Systems (ISO 50001-EnMs), Cutting Edge Technology and dedicated Research & Development Centres. During 2022-23 Havells undertook 42 projects towards conservation of energy. For optimising the energy requirement, replacing the motors and pumps with energy efficient motors is one of the key element. Also, initiatives are taken up for saving energy through control of idle running of machines and conveyors. Through our initiatives, we were able to mitigate 1711 tons of CO₂ emissions thereby contributing to combatting climate change. Details for the projects is given below:

Description of the project	Energy saved per year (kWh)	Capital Expenditure incurred in purchase of energy conservation equipment (₹)
Energy Saved due to Optimization of motors and pumps	0.79 Lakhs kWh	8.00 Lakhs
Process Optimization and Elimination of Idle running of machines and equipment	0.01 Lakhs kWh	Nil
Savings through Installation of New machines, technology (dryer installation, energy efficient fans, etc.)	20.59 Lakhs kWh	144.83 Lakhs
TOTAL	21.39 Lakhs kWh	152.84 Lakhs

(ii) Steps taken by the Company for utilizing alternate sources of energy

Energy saving using Solar Energy is another important drive Havells has taken. Through this addition of solar power, at present solar power generation capacity is 9.0 MW, which is about 8.1 % of total electricity consumption. Through our initiatives, we were able to offset 7331 tons of CO₂ emission by Solar. Projects are identified to add solar panels during 2023-24 and to enhance the operating efficiency of existing solar generation system.

(iii) Capital Investment on Energy Conservation Equipments

During the financial year the Company has invested ₹ 152.84 Lakhs for alternate sources of energy and new technology. A focused action is on to identify opportunity

for identifying all such equipment and machinery wherever new technologies are available which can help in optimizing energy requirements.

(B) TECHNOLOGY ABSORPTION
(i) Efforts made towards technology absorption
Havells R&D Commitment:

Havells is leading the benchmark among FMEGs (Fast Moving Electrical Goods) in India with its well-established R&D capabilities. With the focus on Innovation as one of the main pillars for growth, we are investing significantly in R&D competency and infrastructure build-up. Our efforts are centered around the three Research and Innovation centers:

- Havells Customer Experience and Design (CXD) studio based out of Noida which plays the vital role of understanding evolving consumer needs and key factors driving their preferences through advanced design thinking and research methodologies paving the way to consumer-centric product and user experience designs.
- Bengaluru Innovation Center continues to lead the ownership of critical and future technologies delivering specific platform-based solutions that are applied across multiple business segments, thus enabling our products to maintain a competitive edge and gain from the synergies of the underlying technology platforms.
- The R&D center at Noida powers the quality and reliability core of Havells brand promise with state-of-the-art facilities for prototyping, endurance testing, materials characterization and advanced methods like simulations-based designs across the complete product portfolio.

The Company's emphasis is on nurturing an Innovation culture and building long-term intellectual assets. A year-on-year increase in the number of IP filings and prestigious awards from domestic and international accredited bodies is a living testimony of these efforts.

Basic Tenets of Technology Absorption:

We are living in a world where disruptions are the new normal, making it imperative to respond quickly to evolving customer preferences keeping technological advances at the core of our strategy. Our approach towards agility and flexibility combines both in-house R&D capabilities as well as leveraging our partners' ecosystem.

Some of the pillars and cornerstones driving new technology introduction in our industry are listed in the following section, which also forms the strategic basis of our technology absorption, adaptation and innovation for our products.

SMART Connected Products

Havells R&D vision is focused on going deeper into consumer life and homes in smart, healthy and intelligent ways. This year we expanded our range of smart products to include the Glamax light range providing connected and customizable mood lighting options, Smart IoT pump and Smart Monoblock switch panel for home automation. Beyond products, our own IoT platform continues to power the Havells Sync app for a seamless consumer experience from purchase to usage. Our IoT platform supports multiple communication protocols like Wifi, Bluetooth mesh, Zigbee topology and even ODV (On Device Voice) for direct voice commands.



Havells Glamax Smart Bulbs

Adherence to Regulations and Standards:

We are addressing the ever-increasing drive toward energy efficiency for electrical and electronic products.

The Bureau of energy efficiency (BEE) introduced mandatory Star ratings for ceiling fans from 1st January, 2023. From the release of this mandate in June 2022, with a well-coordinated effort between business, R&D and manufacturing teams we managed updates and registration of our Fans portfolio within the stipulated timeline.

Another key BEE mandate this year was an increase in the energy efficiency index for AC Star ratings. All AC SKUs are upgraded to keep up with a more stringent requirement, specifically for 5-Star variants, it meant major upgrades in terms of updated compressor design, change to BLDC motor, electronic valve controls and chassis design changes.

Specific Efforts of Technology Absorption

To list a few examples where technology absorption has helped us create differentiated products in the market include:

- **Democratizing technology for seamless consumer experience:** Havells Studio Meditate air purifier with Space tech. is a great testimonial of our efforts towards in-house designed, developed and manufactured air purifiers. Apart from being aesthetically superior, it hosts many industry-first features like TiO₂-based photocatalytic disintegration of VOCs (Volatile Organic Compounds like microbes, etc.), a mobile AQI unit for real-time air quality check across the space and an intelligent user interface with predictive analytics.



Havells Meditate Air purifier

Our in-house designed and developed Q-Tron industrial circuit-breaker range sets up a benchmark with global standards, driving us ahead of domestic players, a feat achieved by a relentless pursuit of excellence over the last couple of years, well supported by our manufacturing and vendor ecosystem.



Havells QTRON MCCB Range

Our current tally of highly energy-efficient BLDC fans stands at 22 models (vs 2 models in 2020) and we expect this range of fans to increase share in our total portfolio in the coming years.



Havells Bianco Bronze Astura BLDC

- **Pushing design boundaries with new forms and features:** For long, light battens have followed the conventional linear shape with opaque end caps. With LED Glamtubes, we broke this monotonicity by introducing aesthetically superior designs with endless glow achieved by new manufacturing processes. Another breakthrough along the same lines is the Nimbus bezel glow downlights presenting differentiated aesthetics (compared to the conventional downlights) with higher lumen output. This has been achieved through innovative play of light optics to create a reflection of the emitted LED light through the bezel to give the effect of “illuminated bezel” or “rim-less panels”.



Glamtubes



Nimbus Light

In water heaters, Havells launched an unconventionally beautiful range of storage water heaters- Otto and Orizzonte with unique circular designs and AC-type space-saving designs respectively along with features like digital display, color-changing LED and remote control. All these products have been extremely well-received by our consumers.



Otto and Orizzonte Storage water heater

- **Reduction in import dependence and contribution towards Make in India:** In domestic appliances, we are on a path of self-reliance by reducing our import dependence. This year we have localized Hair dryers, Hand blenders, Toasters and Radiation type room heaters. This is being done in close collaboration with our local vendor base thereby pushing the “Make in India” proposition to newer heights.



- **Lloyd Consumer Goods:** Lloyd ACs introduced ODV (On Device voice) feature allowing direct voice commands by users without the need for any Wifi or Bluetooth connection delivering the ultimate hassle-free experience. Other key features of ACs introduced this year include AQI (air quality indicator) and a 5-Star variant of hot and cold AC with an operating temperature range of -10 to 52 degree Celsius.



Heavy Duty AC IAQ

- **Pumps and Motors:** We expanded our product lines by introducing Sewage submersible pumps and multi-stage booster pumps. Our complete motors portfolio is now IP66 certified.



Submersible pump

- **Solar products:** This year we have launched a range of Solar Power conditioners that provides consumers with solar and grid preferential usage modes with Maximum power point tracking (MPPT) Battery charger that reduces switching losses and better energy harvest.



Havells 1KW Solar PCU

(ii) Benefits derived from these R&D Efforts:

With our R&D endeavour of democratizing technology through customer-centric innovations, in FY 2022-23, we have completed 342 NPD (New Product Development) projects.

To further augment our product development capabilities newer Simulation methodologies related to drop-tests for physical products, packaging validations and plasma-arc physics are in the advanced stages of deployment. With these interventions, we aim at reducing the cycle time of product development along with increased feature iterations to deliver highly optimized and superior products.

Our focus continues to be on long-term IP creation. During FY 2022-23, we have added 38 new patent applications and 213 new design registrations increasing our cumulative tally to 150 and 985 respectively. Our journey of intellectual property protection has started to show results with Havells having a grant of 21 patents.

Throughout the year we have received awards and recognitions from acclaimed local and global bodies in the fields of design, technology and Innovation. The following is to list of the major awards and grants:

- India's Best Design In-house Studio Award 2022 to Havells CXD
- National accreditation board of Testing & Calibration Laboratories (NABL) accreditation to Havells Faridabad plant electrical lab
- Consumer survey of Product Innovation, Product of the year 2022 to Lloyd Elante washing machine
- European product design award to Meditate UX
- Golden Pin design award to Freedom architectural light
- DIA Design Intelligence award to Freedom architectural light and Vogue Highbay
- CII Design Excellence award to Vogue Highbay and Lloyd Elante washing machine



Indias Best In-House Design Studio Trophy



NABL Certificate



Various product and design awards

Havells R&D will continue the journey of technology transformation, keeping customer centricity at the core of all our processes and practices, to be a leading Global organization delivering value to our shareholders.

- (iii) Technology import and absorption (imported during the last three years reckoned from the beginning of the financial year)

Arc Fault Detection: This technology for fault detection and protection in electrical circuits was imported from Western Automation, Ireland in the year 2019. It was fully absorbed and used in the AFDD range of circuit breakers during the previous financial year ended on 31st March, 2022.

The Company shall continue its endeavour to adopt technologies for its product range to meet the requirements of a globally competitive market.

The expenditure incurred on Research and Development

(₹ in Crores)		
Particulars	2022-23	2021-22
(a) Capital	15.09	6.28
(b) Recurring	148.09	103.98
TOTAL	163.18	110.26
Total R & D expenditure as % of Total Turnover	0.97%	0.79%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

We are continuing our investments on People, Certifications & Product Development with a deeper focus on the developed markets. We are also strengthening our efforts on Brand Building at focused geographies and building new channel partners across different geographies.

The details of Foreign exchange earnings and outgo during the period under review is as under:

(₹ in Crores)		
Particulars	2022-23	2021-22
Foreign Exchange earned	364.58	455.47
Foreign Exchange used	2,937.63	2,334.85

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

Anil Rai Gupta
Chairman and Managing Director

Noida, May 3, 2023