HAVELLS

A BETTER LIFE.
POWERED BY INNOVATION.



8TH SUSTAINABILITY REPORT 2019-20



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A BETTER LIFE.
POWERED BY INNOVATION.

Technology and innovation are embedded in our DNA and have played a key role—**as an enabler**—in our growth as one of India's leading Fast Moving Electrical Goods (FMEG) and Consumer Durable companies. Our products touch lives across geographies and generations. With an objective to create long-term value for our key stakeholders, we have been leveraging technology to develop world-class products, processes and personnel.

Today, our customers, partners and people trust that they are an integral part of our progress. We also enable our dealers, vendors and communities to improve their lives by offering solutions that empower them.

We enjoy a commanding market presence, which is a result of our sustained efforts. Since inception, we have transcended conventional business norms to consciously integrate the concept of responsible growth. Technology and innovation have played a crucial role in our journey and will continue to touch lives of our stakeholders, making it better, as we grow.

ABOUT THE REPORT

Sustainability reporting at Havells

This is the 8th Corporate Sustainability Report of Havells India Limited (Havells). This Report aims to provide a concise and balanced presentation of our initiatives and performance on environmental, social and economic aspects and their impacts. It offers insights into our holistic approach towards long-term sustainability, along with key strategies, operating environment, risks and opportunities, and governance structure. We have re-stated no information in this document.

Scope

We publish our sustainability performance Report annually based on financial year period i.e April to March. Our previously published sustainability Report for FY 2018-19 was titled 'Sustained efforts for sustainable growth'. The FY 2019-20 Sustainability Report outlines Havells' sustainability strategy, programmes and performance during the period. It is aimed at stakeholders who want to learn more about our commitment and approach to sustainability.

Report boundary

Performance indicators covered

Havells facility	Economic	Environmental	Social
Alwar, Rajasthan	●	●	●
Neemrana, Rajasthan	●	●	●
Ghiloth, Rajasthan	●	●	●
Baddi, Himachal Pradesh	●	●	●
Faridabad, Haryana	●	●	●
Haridwar Fans, Uttarakhand	●	●	●
Haridwar Appliances and Water Purifiers, Uttarakhand	●	●	●
Sahibabad, Uttar Pradesh	●	●	●
Corporate office: Noida, Uttar Pradesh	●	●	●

Framework adopted

This report has been prepared in accordance with the GRI Standards: Comprehensive option. The Report also presents material issues and how they are linked to the United Nations Sustainable Development Goals (UN SDGs). A complete GRI Index is provided at the end of the Report. We are also signatory to the United Nation Global Compact (UNGC).

External assurance

Cognisant of the importance of building trust and credibility with our stakeholders, the Report has been externally assured by M/s. KPMG India, excluding economic performance indicators, which are derived from our audited financial Report FY 2019-20. The assurance is in accordance with the 'limited assurance' criteria of the International Standards on Assurance Engagements ISAE 3000 (Revised). Details of the assurance approach, methodology, and observations are presented in the assurance letter on page number 68.

Data integrity

We have exercised strict internal controls to collect and analyse the relevant data that we have shared to support our disclosures. The information related to environmental and social sustainability indices is captured through our integrated data management system.

We strive to ensure that all information provided is accurate and reliable, besides being unbiased, comparable and comprehensible. Wherever applicable, we have taken care to cite any significant limitations in the information and there are no restatements of information in this Report.

(Note: You may find some anomalies in the totalling of numbers, which is due to rounding-off.)

Materiality

We carry out a thorough materiality assessment process every three years. Materiality was assessed in 2018, including prioritisation of stakeholders. This exercise was entrusted by an independent sustainability consultant. We dedicate this Report to our stakeholders whose interests and concerns are reflected in the chapters titled Materiality and Stakeholder Engagement. We engage with stakeholders, both internal and external to identify concerns that matter to them. At the same time, we evaluate the impact these issues may have on our business. Identification of material issues helps us frame our strategy and guides the disclosures made.

Precautionary approach

We follow a precautionary approach towards minimising the risks and impact of our business operations on the environment. Further, we have implemented Environmental Health and Safety (EHS) management systems in our plants to address issues related to these subjects. We get our EHS management system audits conducted on a regular basis by third party certification agencies.

Feedback: Any queries on this Report or about the sustainability agenda of the Company may please be sent by email to: sustainability@havells.com

CORPORATE PORTRAIT

The Havells story

Havells India Limited (Havells) is among India's leading FMEG and Consumer Durable Companies that offers a wide spectrum of high-quality, mass premium and durable electrical products like cables, switches and switchgear, small domestic appliances, fans, water purifiers, water heaters, personal grooming products, LED lighting products for consumer and professional needs, and white goods like air conditioners, LED television and washing machines.

We cater to evolving and latent customer requirements with world-class, energy-efficient solutions for industrial, commercial and domestic use. We concentrate on making a difference in the lives of our consumers with products that delight them.

We have 14 state-of-the-manufacturing facilities strategically situated at eight locations across India. With power brands like Havells, Lloyd, Crabtree, REO and Standard and we are strengthening our objective of 'making in India and taking it to the world', we enjoy a commanding presence across the domestic market, along with a deepening global footprint.

Innovation at Havells

Innovation at Havells extends beyond products to our dealers, vendors, customers and people, and is helping us change the contours of the FMEG business with focused investments in distribution, manufacturing and branding. In fact, innovation underpins all our sustainability initiatives.

Did you know?

We are rated as the top-most brand for Miniature Circuit Breaker (MCB) in India.

Commitment to sustainability is deeply ingrained in our business philosophy and influences our business strategies and decision-making. Our vision, mission and values guide us consistently towards creation of a better environment for our enterprise, people and communities around us.



Vision

To be a globally recognised corporation for excellence, governance, consumer delight and fairness to each stakeholder, including the society and environment we operate in

Mission

To achieve our vision through business ethics, global reach, technological expertise, building long-term relationships with all our associates, customers, partners and employees

Values

Customer Delight
A commitment to surpass our customer expectations

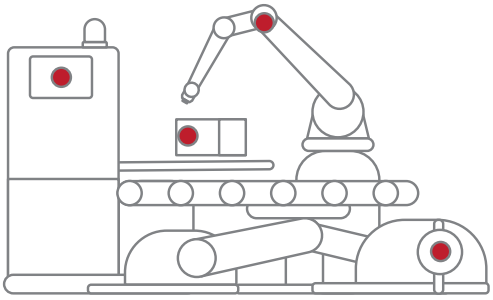
Leadership by Example
A commitment to set standards for our business and transactions based on mutual trust

Integrity and Transparency
A commitment to be ethical, sincere and open in our dealings

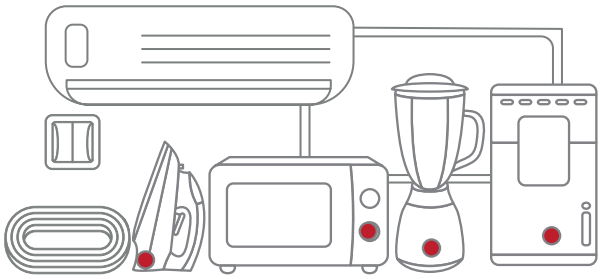
Pursuit of Excellence
A commitment to strive relentlessly, to constantly improve ourselves, our teams, our services and products so as to become the best-in-class

Organisational profile in numbers

14
State-of-the-art manufacturing units



20
Product verticals



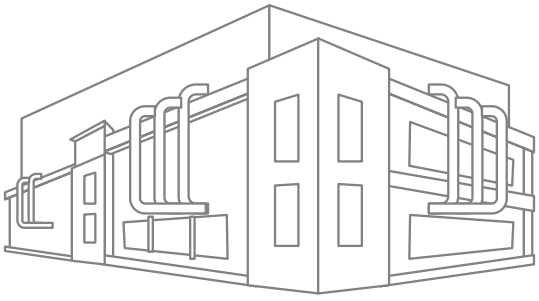
5
Brands

HAVELLS LLOYD STANDARD REO Crabtree

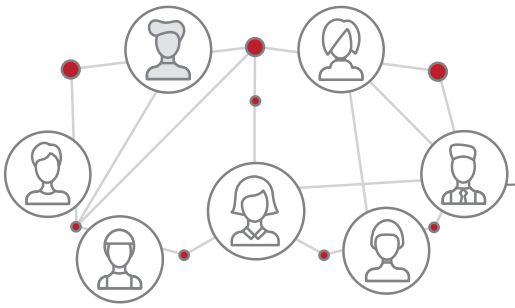
40+
Countries sales presence



40
Branch offices



11,200+
Strong dealer network





Accreditations

Our systems and processes are certified by various industry certifications that are testament to our sustainable processes. They ensure the quality of our products, the wellbeing of our people, effective ecological management and energy efficiency at our end.

All our manufacturing plants have the following accreditations:
- ISO 9001: Quality Management System
- ISO 14001: Environment Management System
- ISO 45001/ISO 18001: Occupational Health and Safety
- ISO 50001: Energy Management System

With a view to cater to national and international markets, along with fulfilling different set of standards, we have obtained various reputed international certifications for our products like BASEC, KEMA, TIS, TÜV Rheinland and CB.

Industry associations

We engage with various industry associations and trade bodies and use those platforms to promote sustainability practices in the industries we serve. We are a part of the following industry bodies:
- Indian Electrical and Electronics Manufacturers Association (IEEMA)
- Electric Lamp and Component Manufacturers Association of India (ELCOMA)
- Indian Society of Lighting Engineers (ISLE)
- Indian Fan Manufacturers Association (IFMA)
- Water Quality Association
- United Nations Global Compact (UNGC), India

Credit ratings

We enjoy top-of-the-grade credit ratings that instil trust in our organisation and allow us to fund our projects at lower costs.

CARE Rating

AAA

Long-term banking facilities

CARE A1+

Short-term banking facilities

CGR 2+

Corporate Governance





PRODUCT SUITE AND BRANDS

Offerings for a smart future

We cater to evolving customer requirements through consistent development of innovative products.

Brands

Product range

Categories	Verticals
Switchgears	• Domestic switchgears • Switches • Industrial switchgears • Automation
Cables	• Power Cables • Flexible Cables
Lighting and Fixtures	• Professional and Consumer Luminaries
Electrical Consumer & Durables (ECD)	• Fans • Heaters • Small Domestic Appliances • Water Purifiers • Personal Grooming
Lloyd (white goods)	• Air Conditioners • LED TVs • Washing Machines

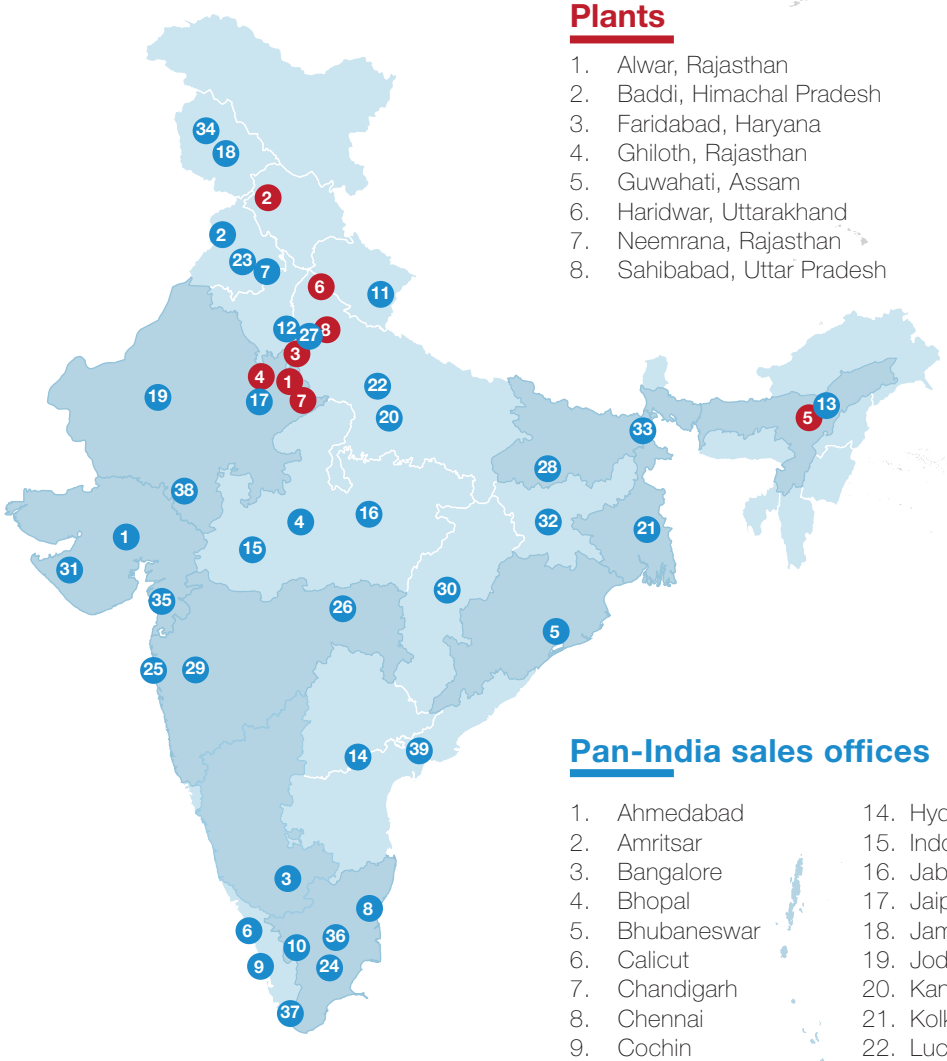
PRESENCE

Deep in India, wide around the world

India, with its large consumption and demand spectrum, a stable government and an accelerating economy, provides us the perfect base to launch our sustainable and exciting products.

We are also deepening our footprint across international markets with the concept of 'making in India and taking it to the world'. We have sales presence in over 40 countries across Asia, Africa and Europe.

Domestic presence



Plants

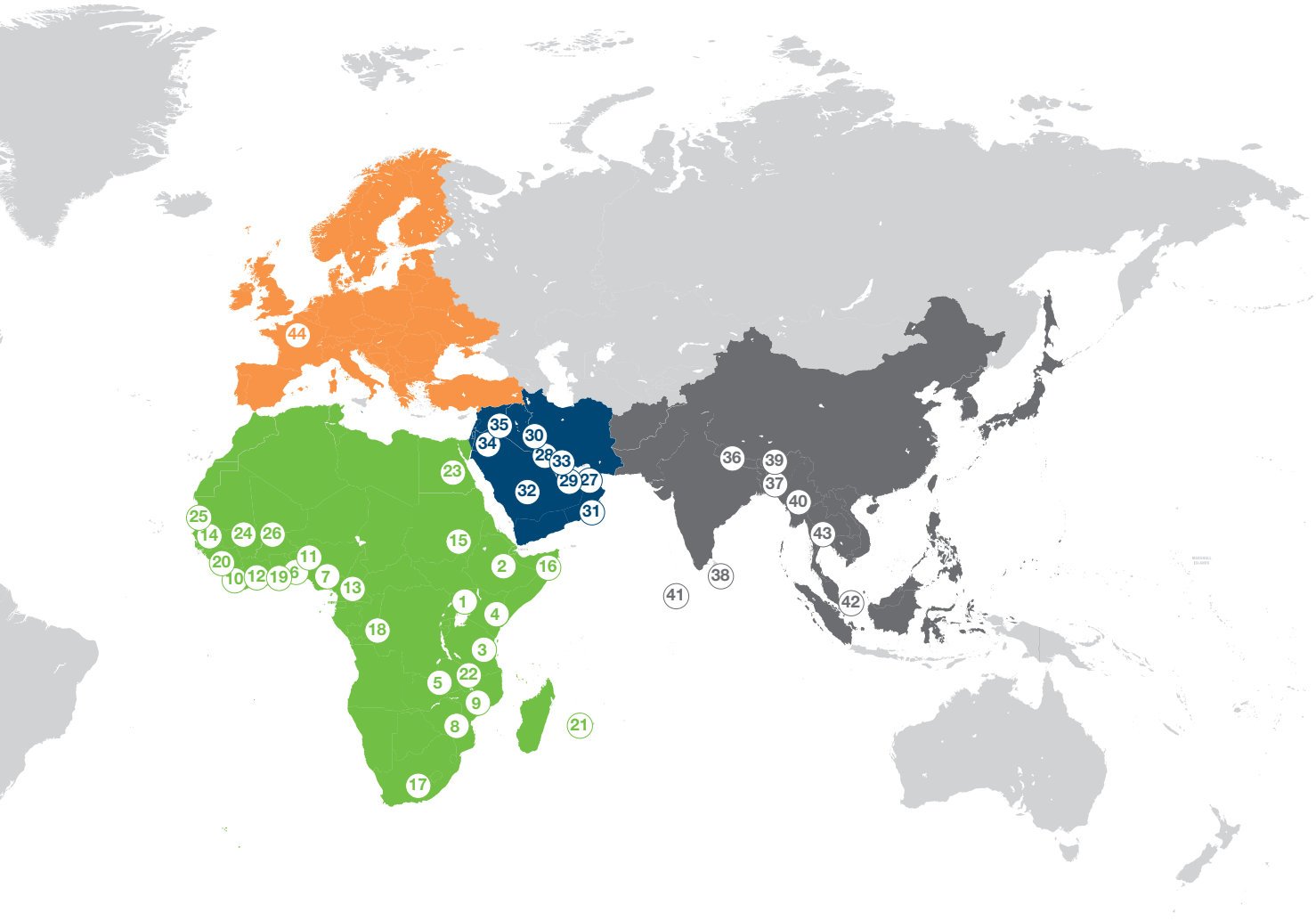
1. Alwar, Rajasthan
2. Baddi, Himachal Pradesh
3. Faridabad, Haryana
4. Ghiloth, Rajasthan
5. Guwahati, Assam
6. Haridwar, Uttarakhand
7. Neemrana, Rajasthan
8. Sahibabad, Uttar Pradesh



Pan-India sales offices

1. Ahmedabad
2. Amritsar
3. Bangalore
4. Bhopal
5. Bhubaneswar
6. Calicut
7. Chandigarh
8. Chennai
9. Cochin
10. Coimbatore
11. Dehradun
12. Delhi
13. Guwahati
14. Hyderabad
15. Indore
16. Jabalpur
17. Jaipur
18. Jammu
19. Jodhpur
20. Kanpur
21. Kolkata
22. Lucknow
23. Ludhiana
24. Madurai
25. Mumbai
26. Nagpur
27. Noida
28. Patna
29. Pune
30. Raipur
31. Rajkot
32. Ranchi
33. Siliguri
34. Srinagar
35. Surat
36. Trichy
37. Thiruvananthapuram
38. Udaipur
39. Vijayawada

International sales presence



Africa

1. Uganda
2. Ethiopia
3. Tanzania
4. Kenya
5. Zambia
6. Togo
7. Nigeria
8. Zimbabwe
9. Mozambique
10. Liberia
11. Benin
12. Ivory Coast
13. Cameroon
14. Senegal
15. Sudan
16. Somalia
17. South Africa
18. DRC Gabon
19. Ghana
20. Sierra Leone
21. Mauritius
22. Malawi
23. Egypt
24. Mali
25. Gambia
26. Burkina Faso

Middle East

27. UAE
28. Kuwait
29. Qatar
30. Iraq
31. Oman
32. Saudi Arabia
33. Bahrain
34. Jordan
35. Lebanon

Asia

36. Nepal
37. Bangladesh
38. Sri Lanka
39. Bhutan
40. Myanmar
41. Maldives
42. Malaysia
43. Thailand

Europe

44. France

NOTE: MAPS NOT TO SCALE, ONLY FOR ILLUSTRATION PURPOSES.

CHAIRMAN'S MESSAGE

Delivering impact. Sustainably.



Dear Stakeholders,

COVID-19 has ravaged the humanity as we know it, influencing our social, economic and environmental outlook. Our world will never be the same again. A lot will be redefined. There may be no connect to the way organisations have previously functioned. Without the burdens of past perceptions and transferred expectations, we may have to start from scratch thinking and innovating novel ways of working. New challenges and opportunities will define a post-COVID world. As we tighten our belt to deal with what every new day brings, we gear up to harness the potential of the new normal.

Responding with agility

At Havells, we have taken proactive measures to ensure the safety of our people and continuity of our business. Our teams have shown immense resilience in staying connected and working together. We have also offered our services (as feasible for us) to both, state and central government agencies, and are confident that 'this too shall pass', as the Havells Family stands together to fight COVID-19.

We have pioneered unique processes and systems to protect the interests of our trade partners and customers. In a first-of-its-kind engagement with trade partners, live streaming was held for 9,000 dealers across India, apprising them of actions we are taking to protect their interests.

> We have been industry vanguards in technological advancements that enable us to create best-in-class products for our customers, while optimally using the resources.

Consumers have been at the heart of our operations, and no matter what the circumstances, servicing them is paramount. The service team has been accessible through multiple channels and have been able to close customer calls through audio and video assistance.

Under these unique and challenging circumstances, as we Report on our sustainability practices for the eighth year, we also celebrate our improved ranking at 6th place in the global electrical sector by the Dow Jones Sustainability Indices (DJSI) based on various Environment, Social and Governance (ESG) parameters. We also became the only Indian Electrical company to make it to Emerging Markets Index (DJSI – Emerging Markets).

Resilient and future-ready

Throughout the year, we have adapted and focused on what we could control to offset external volatilities. We also commissioned state-of-the-art, fully automated, IoT-based Lloyd's AC manufacturing plant at Ghiloth, Rajasthan.

We believe that our people are the key enablers of our success. Despite recent uncertainties, our teams have stayed focused and shown immense drive and taken decisive actions. Upgrading and digitisation of our HR operations led to improved processes and optimal use of time. We have rolled out various IT tools that enable us to collaborate digitally and conduct crucial HR functions efficiently. We have earned a coveted spot as a Great Place to Work® organisation.

Technology plays a key role at Havells, as it provides us a competitive edge across platforms. We have been industry vanguards in technological advancements that enable us to create best-in-class products for our customers, while optimally using our own resources. During the year, we launched 'CARE 360', the one-stop shop for consumer service solution.

Havells has been a water positive company since FY 2015-16. This is especially significant, as most of our manufacturing units are in water-deficit regions. Our water recharge capacity increased from 187,802 KL last year, to approximately 200,762 Kilolitres (KL) in FY 2019-20. We are moving fast towards becoming a 'zero-waste to landfill organisation'. About 93% of our non-hazardous waste is re-used and recycled of our total waste generated. We follow the 5Rs principle of resource utilisation and remain resolute in creating new and more resource-efficient products.

Safety is a priority at Havells, and it is a key component of our organisational culture. We celebrated another 'zero-fatality' year. Our international certifications for occupational health and safety like ISO 45001/OHSAS 18001, attest to our world-class safety measures, infrastructure and technologies.

During FY 2019-20, we planted more than 3.5 Lakhs trees, to balance and offset the paper and wood we consume. Havells is gradually moving to become a paper and wood negative Company and towards this ambition, we plan on developing 900 hectares of green cover by 2023.

This year we increased the use of renewable energy and added 1.8 MW capacity of rooftop solar at our newly commissioned AC manufacturing plant at Ghiloth, Rajasthan. With this our total renewable power capacity reached 5.6 MW.

Havells' philosophy of 'Shubh Labh' is centered on the holistic development of the society. We focus on improving the quality of an individual's lifecycle right from when he/she seeks education (mid-day meals programme) to when they are employment-ready (ITI training), need health and sanitation facilities (bio-toilets, distribution of reusable-sanitary pads) and finally look for inspiration, culture and heritage (development of Humayun's Tomb Interpretation Centre and conservation of Subz Burj at Nizzamuddin in New Delhi). I am glad to announce that we have served ~80 million meals, constructed around 4,000 bio-toilets and distributed 79,600 reusable sanitary napkins to school-going girls by the end of FY 2019-20.

The road ahead

Rife with uncertainties, one might at best speculate what a post-COVID world might be like. As we have learnt over these past few months, one can never be prepared enough; but the current threat will eventually recede, and the world will move on.

While the challenges have been immense, remote working and seamless connectivity have opened up tremendous global opportunities. Technology will play a larger role than ever and Havells is all set to grab new prospects that unfurl. Through the pandemic, we have shown resilience, agility and adaptability; we are prepared for what comes next.

As we navigate through a speculative future, we are as confident of sailing through as we are thankful for your faith and constant support.

Warm regards,

Anil Rai Gupta
Chairman and Managing Director

SUSTAINABLE HAVELLS

A purpose that defines us

Our organisation is built on the tenets of sustainability. Since inception, we have prioritised transparency, local manufacturing and procurement, community development, environmental care and stakeholder growth, alongside profit and benefits to our shareholders.

At Havells, our sustainable business approach is rooted in what matters to our stakeholders.

How we create stakeholder value?



Investors
Focus on delivering returns on investments and transparent business practices

Customers
Anticipate the latent requirements and deliver innovative, energy-efficient and safe products and experiences

30

People
Value merit, health and safety and drive a culture of diversity and inclusion alongside learning and development

36

Partners
Increase collaboration opportunities with more business and strategic alliances

40

Community
Support social wellbeing with need-based interventions based on the UN SDGs

48

Environment
Uphold environmentally responsible business practices and emphasis minimising carbon footprint

54

Sustainability highlights of FY 2019-20

- **Certified as a Great Place to Work® for the period between October 2019 and September 2020**
- **Reported a year with zero fatalities**
- **Verified 'water positive company' status from an independent third-party assessor**
- **Served mid-day meals to 60,000 children in Alwar, Rajasthan**

Recognised as a sustainable enterprise globally with 6th rank in DJSI Emerging Markets Index

We are the first Indian electrical Company to be included in the Dow Jones Sustainability Emerging Markets Index (DJSI – Emerging Markets). This inclusion acknowledges our sustainability efforts and recognises us as the 6th most sustainable company in the 'Electrical Components and Equipment' sector globally. We are among the only 12 Indian companies to be included in the DJSI index for assessing Environmental, Social and Governance (ESG) performances.

FY 2019-20 HIGHLIGHTS

Performance snapshot

Economic

INR 9,429 Crores
Revenue

INR 1,027 Crores
EBITDA

INR 733 Crores
PAT

INR 11.71
Earnings per share

41%
Dividend payout for FY 2019-20

Social

5,781
Employees

21%
Reduction in attrition rate (compared to previous year)

Environment

5.6 MW
Total installed renewable energy capacity

3.5 Lakhs
Trees planted, creating total 260 hectares of green cover

1,317.1 Mwh
Energy saved with energy saving projects

COVID RESPONSE STRATEGY

Realigning strategies amid a global crisis

Since the last quarter of FY 2019-20, the world has been in the throes of COVID-19. The pandemic reared its head in India, as well, during this phase. With a focus on saving lives, the Government of India announced a nation-wide lockdown in March 2020. As a result, economic activity in the country came to standstill.

This economic fallout is impacting lives and livelihoods across the country. Despite best efforts by the central and state governments to contain the novel coronavirus, it has been spreading alarmingly fast in densely packed urban regions.

However, the 'Great Lockdown' has resulted in improved environmental conditions – with pollution-free air and rivers. Besides, the lack of human encroachment in natural habitats has led to several sightings of fauna in their natural ecosystems.

Amid the pandemic

At Havells, we remain confident that sustained efforts across international communities will enable us to overcome this challenge and thrive in the post-COVID world.

We function with the organisational philosophy of 'Shubh Labh' that focuses on the well-being of customers, people, partners and communities and firmly believe their progress is synonymous with ours. Consequently, we have enabled and empowered them to withstand and navigate these challenging times.

Customers

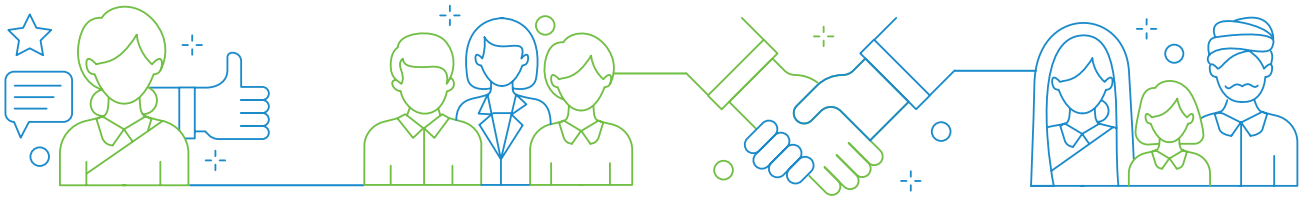
Our customers are at the heart of our organisation and we ensured that customer delight stayed intact even during the Great Lockdown.

While our call centres remain shut in the wake of the nation-wide lockdown, our service team remained accessible through Whatsapp, Havells Connect App and website. We have already received over 5,000 calls through these channels and attended them through:

- 2,200 site visits for emergencies
- Audio/ video assistance for 3,000 calls
- Shared Do It Yourself (DIY) videos for basic maintenance/ repair instructions.

People

At Havells, health and safety of our people is our priority. In line with this commitment, we suspended all operations and ensured our people could work from home. We embraced digital communication modes like MS Teams, a software for internal and external communications, chats, conferencing and other communication requirements.



During this phase, we encouraged our people to enhance their skills and organised numerous online training sessions to enable and empower them. We also inspired them to cultivate hobbies and spend time with their families. Besides, we created awareness regarding prevention of the disease and general mental and physical wellbeing.

Partners

We have always believed that our growth is dependent on the prosperity of our dealers. In these trying times, we have left no stone unturned to help them acclimatise to the 'new normal'. Our Chairman, Mr. Anil Rai Gupta, addressed our dealers to inform them of the actions we are undertaking to safeguard their interests. The live streaming also reiterated the need for safety measures and staying indoors. This communication strategy was a first-of-its-kind initiative undertaken in India's FMEG industry as a response to COVID-19, which was later adopted by our peers.

With dealer interests in mind, we also finalised several pending issues like product and corporate scheme payouts to our dealers, based on the extrapolation of year-to-date sales – with certain relaxation. These disbursements resulted in significant outflow in favour of our dealers, reducing their interest-bearing liabilities. The gesture was well appreciated by our dealers, reinforcing our bond with them and enhancing our goodwill in the industry. Additionally, we are also conducting online product training with in-house experts.

Communities

We are cognisant of the fact that communities around us have been impacted due the pandemic. We have connected with the state and central governments and offered our assistance in any way that is feasible for us. We have been serving meals to thousands of poor and needy people everyday during the COVID-19 crisis in Alwar district, Rajasthan.

Recalibrating for a post-COVID world

Irrevocably and we must reset our strategies to uphold the core values of Havells. We are working towards creating an organisation that can sustain such challenges in future and strengthening our teams and partnerships for enhanced performance in every market hit by COVID. Going forward, we will further build enduring bonds with our customer, people, partners and communities and leverage technology to stay ahead of the curve in an evolving market landscape.

AWARDS FOR FY 2019-20

Recognition for our sustainability initiatives



Entrepreneur of the Year award 2019

BY FORBES TO MR. ANIL RAI GUPTA, CMD

CEO of the Year- consumer Durable Category award

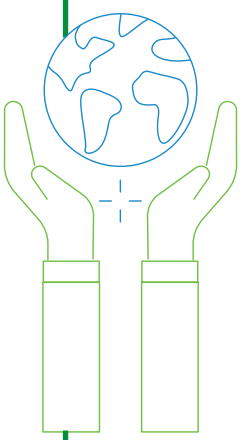
BUSINESS TODAY BEST CEO AWARD TO MR. ANIL RAI GUPTA, CMD

Good Corporate Citizen Award for Social Welfare 2019

PRESENTED BY PHD CHAMBER OF COMMERCE AND INDUSTRY TO MR. ANIL RAI GUPTA, CMD

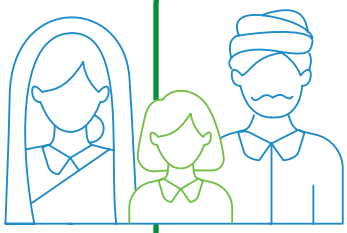
CA CFO - Large Corporate - Manufacturing & Infrastructure category

BY THE INSTITUTE OF CHARTERED ACCOUNTS OF INDIA TO MR. RAJESH KUMAR GUPTA, DIRECTOR FINANCE AND GROUP CFO



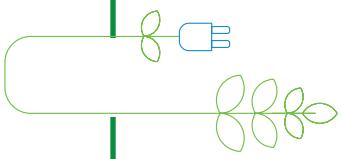
National Energy Conservation Award 2019

GIVEN BY BUREAU OF ENERGY EFFICIENCY (BEE) FOR APPLIANCE OF THE YEAR IN STORAGE WATER HEATER CATEGORY



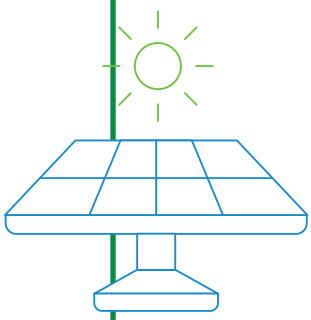
Bhamashah Samman (Shiksha Vibhusan) and Prashasti Patra

BY CHIEF MINISTER OF RAJASTHAN, INDIA FOR SOCIAL WELFARE IN STATE OF RAJASTHAN



Best Corporate in the Electrical Sector

19TH DUN & BRADSTREET CORPORATE AWARD

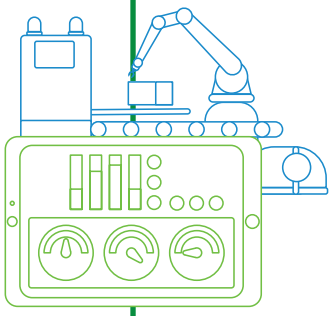


Rising Star Award 2020

IN THE SOLAR ROOFTOP COMPANY OF THE YEAR CATEGORY- GIVEN BY INDIA ROOFTOP SOLAR CONGRESS

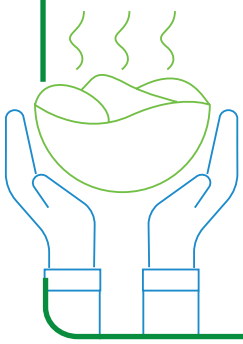
12th National CII Competitiveness and Cluster Award 2019

FOR BEST KAIZEN ON LOW COST AUTOMATION TO NEEMRANA LIGHTING TEAM FOR COST SAVING IN LIGHTING PLANT PAINT SHOP



5th Machinist Super Shop Floor Award, 2019

FOR 'DIGITAL MANUFACTURING' IN LARGE ENTERPRISE CATEGORY TO BADDI PLANT



Special Jury Appreciation-ICC Social Impact Award 2020

IN MEGA ENTERPRISE CATEGORY FOR CONTRIBUTION IN ERADICATING HUNGER AND POVERTY

SUSTAINABILITY GOVERNANCE

Defining our commitment

Our approach to sustainability is vital to the business strategy of Havells. It reflects our commitment to reduce our environmental impact, enhance people practices, deepen partnerships and increase corporate citizenship responsibilities. Technology is a key facilitator in achieving these objectives and allows us to strengthen our focus on value creation, governance, community development and environmental care.



Sustainability at Havells emphasises on:

Value creation

- Lean balance sheet
- Net cash positive
- Cost rationalisation

Governance

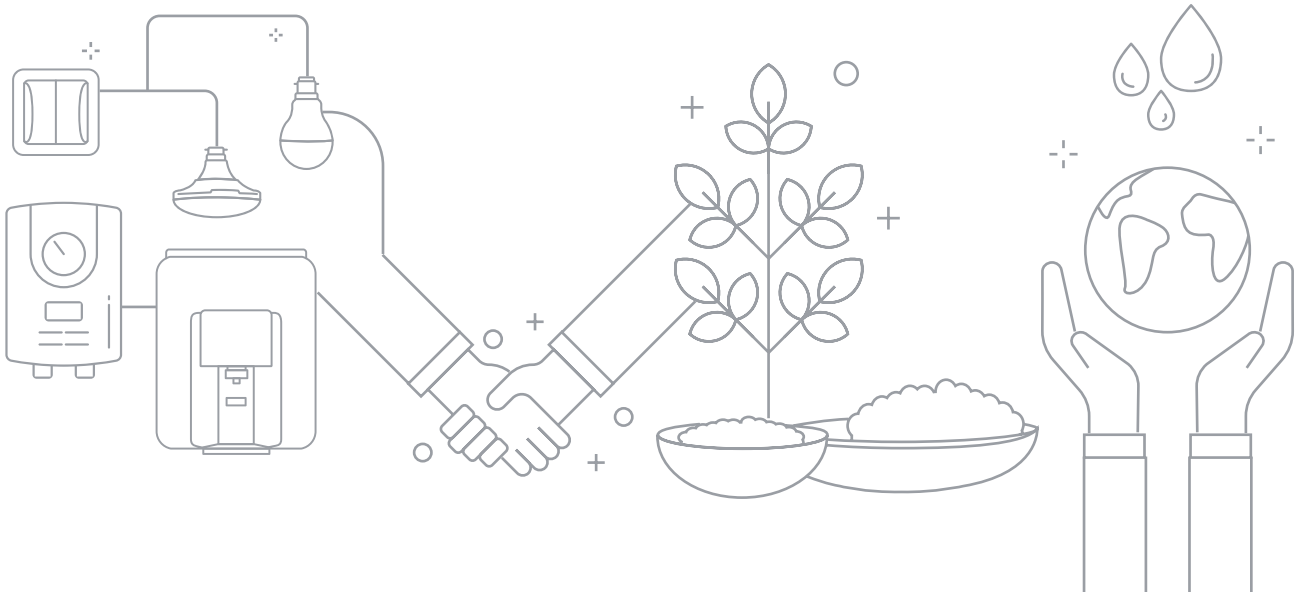
- Risk management framework
- Compliance
- Supplier assessment on ESG parameters

Community development

- Increase in beneficiaries of the mid-day meal initiative
- 900 hectares of land under plantation by 2023
- Construction of bio-toilets

Environmental care

- Multi-fold water positivity
- Reducing specific energy consumption
- Zero waste to landfill



MATERIALITY

Materiality at Havells

We use the materiality assessment process to understand the expectations and aspirations of our stakeholders.

We conducted a comprehensive stakeholder engagement exercise in 2018 to understand our obligations towards our stakeholders. This exercise allowed us to deep dive into the material issues relevant for us our stakeholders.

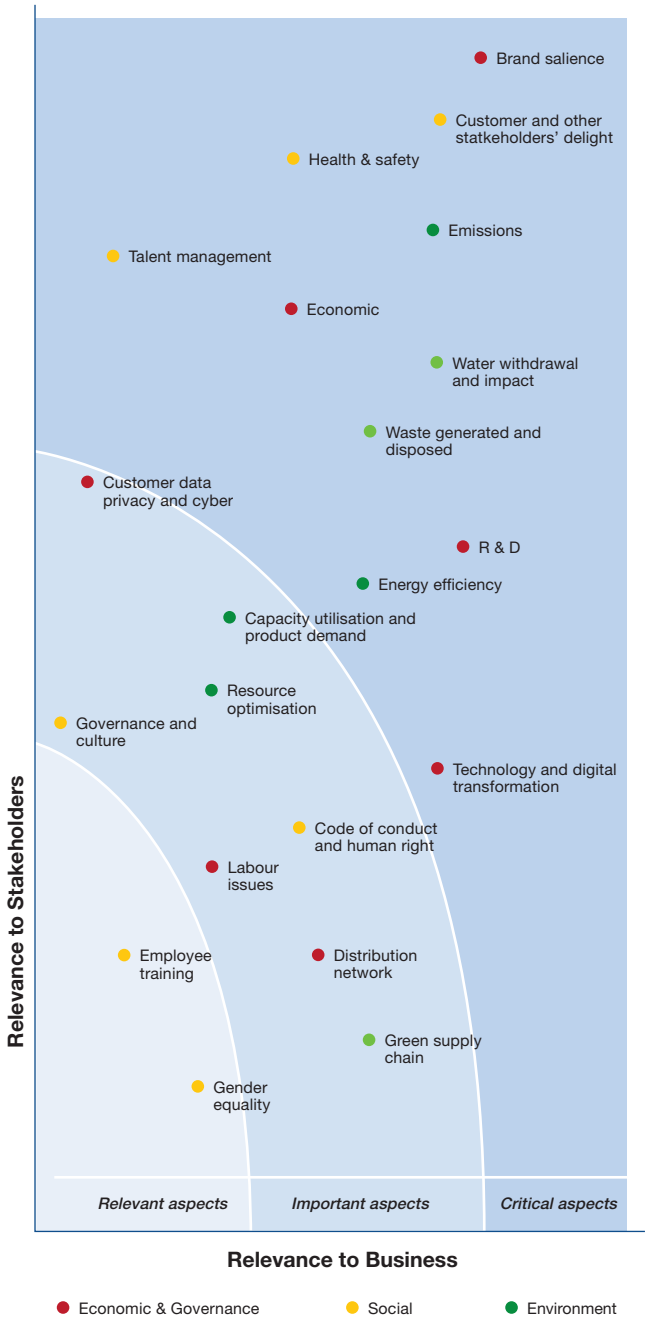
Post this exercise, a comprehensive roadmap was developed to manage all our important material issues.

Assessment methodology

We adopted a five-step assessment methodology, which includes the steps for identification, ranking, scoring and managing and finally developing strategies around our materiality topics.

Identify	- We used surveys, meetings and other interactions with our stakeholder groups to recognise the potentially relevant issues - 21 potentially relevant issues were identified
Rank	- These issues were then ranked in order of importance based on management and employee surveys - 189 responses received from employees, 9 from management
Score	- Fresh ranking of issues based on the weighted average score achieved by each issue - Separate score assigned to each material issue based on the response
Manage	- Recognise significant environmental, social and governance risks and opportunities for Havells - Determine areas for target setting to improve business and sustainability performance
Strategise	- Incorporate these factors on the broader business strategy - Communicate the new strategy to all relevant stakeholders

Materiality matrix



Key material aspects/topics

Economic & governance

Economic performance
Emphasise on increasing community investment, reducing manufacturing costs, improving margins and others



Brand salience
Ensure to maintain brand promise of safety and quality



Research and Development
Focus on in-house innovations and research to create products that meet the latent requirements of customers, thereby opening avenues for income



Technology and digital transformation
Infusing technology across the organisation to future-proof it



Social

Customer and other stakeholders delight
Continuously strive to exceed expectations of other stakeholders and customers as their delight is central to our value creation











Health and safety
Dedicated and vigilant in maintaining a zero-fatality workplace at all our units and a zero-tolerance policy towards providing and maintaining a safe and secure work environment free from any risks and hazards related to health, safety and harassment



Talent management
Endeavour to balance employee aspirations with organisational objectives to build a mutually rewarding relationship



Environment

Emissions
Integrated environmental considerations across our value chain to minimise the environmental impact of our products and operations



Water withdrawal and impact
Water-positive Company committed to judicious use of water in day-to-day operations with the adoption of new technology and methodology to minimise our impact on water resources





Waste generated and disposed
Increase the share of recycled and alternative materials as inputs in production process, reduce and reuse waste and improve material management process for resource efficiency





Energy efficiency
Undertake more initiatives that concentrate on energy savings at Havells and develop products with low-energy footprint

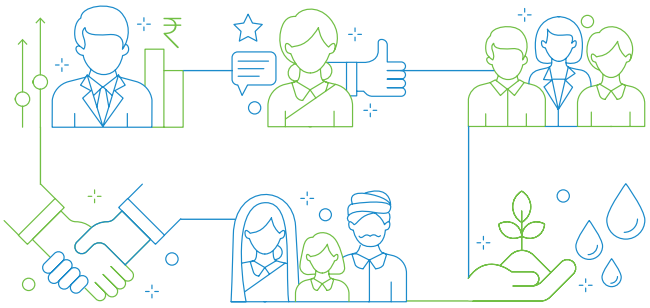


STAKEHOLDER ENGAGEMENT

Progressing together

At Havells, we remain committed to creating shared value. We are focused on inclusive growth as we organise dialogue with our stakeholder groups to understand their aspirations and manage their expectations.

We have based our stakeholder identification and prioritisation process on the fundamentals of inclusivity, materiality and responsiveness.



Approach to stakeholder engagement

We continuously engage with our stakeholders based on the nature of our relationship with them, their expectations and criticality to our business.

Leveraging stakeholder engagement, we identify opportunities, develop solutions, mitigate risks and create value for our stakeholders, simultaneously achieving our sustainability agenda effectively.

Strengthening relationships

We identify our key stakeholders and continuously engage with them through various means of interactions like surveys, conferences, face-to-face meetings, email/ telephonic communications and others. We ensure that the suggestions, comments and recommendations of our stakeholders are analysed and similarly improvements and any modifications in our processes, systems and products are made to address the concerns of stakeholders.

Engagement procedure

Key stakeholder group	Relevance to Havells	Topics of engagement	Engagement platform
Shareholders/ investors	Provide financial capital; their trust is vital for the business	• Credit rating • Sustainable business model • Governance • Earnings Per Share (EPS) • Communication with investors • Exponential growth • Cost rationalisation • Complaints and grievances	• Financial results declaration (quarterly) • Annual General Shareholders Meetings • Investor Relations events, one-on-one meetings • Disclosure tools, including Annual Reports, Sustainability Reports, website
People	Core of operations, innovation and design, productivity, collective knowledge and experience pave our path to success	• Scope of learning and growth • Remuneration and benefits • Equal opportunities • Promotion of occupational health and safety	• Intranet/emails, etc. • In-house newsletters • Training programme • Employee surveys • Rewards and recognitions

Key stakeholder group	Relevance to Havells	Topics of engagement	Engagement platform
Customers	Meeting latent customer requirements forms a large part of our success; we innovate and develop products that offer quality, safety and efficiency	• Create better products and services • Respond to complaints and grievances • Meet quality requirements • Provide information on technical and pricing queries on time	• Customer servicing and feedback collation • Marketing activities • Online engagement through the website and social media
Dealers	Partners in business; provide direct market feedback on various aspects of a product	• Building long-term business relations • Effective information dissemination • Technical knowledge exchange and other collaborations • Contract terms and conditions	• Dealer meets • Dealer surveys • Welfare schemes • Training and education • Dealer feedbacks
Vendors	Operational efficiency is associated with value-chain partners who ensure on-time delivery of quality raw materials	• Building long-term business relations • Effective information dissemination • Technical knowledge exchange and other collaborations • Contract terms and conditions	• Contract negotiations • Supplier Code of Conduct policies and standards • Supplier meetings • Supplier sustainability assessment • Vendor due diligence • Pre-qualification engagement
Communities	Harmonious coexistence with communities is essential for social licence to operate	• Help in enhancing standard of living with better education and health, hygiene and sanitation facilities • Improved opportunities to gain employable skills and scope for income generation	• Social contribution/ CSR activities • Public hearings • Community impact assessment surveys • Complaints and grievance mechanisms
Bankers and financial institutions	They offer credits and their trust is paramount to the business	• Credit rating • Sustainable business model • Governance	• Quarterly reports and updates • Compliance visits and audits • Analyst meets
Regulators and statutory bodies	It is essential to follow the rules and regulations set by them to continue business smoothly	• Compliance • Disclosures on aspects defined by the Government of India	• Regular compliance reports • Statutory audits
Media	Provide regular, credible progress information for communication to stakeholders	• Important announcements meant for mass stakeholders	• Media meets • Press conferences • Management interviews

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Cascading good governance practices

Our robust corporate governance framework is at the core of our successful business and long-term sustainability objectives. We are focused on incorporating good corporate governance systems that result in the highest levels of transparency, accountability, controls and efficiency.

We have an active, experienced and well-informed Board at the helm of our governance mechanism, which has fiduciary responsibility towards all our stakeholders. The Board, along with our various Board Committees, ensure fair play and independent decision-making.



Mr. Anil Rai Gupta
Chairman and Managing Director



Mr. Surjit Kumar Gupta
Non-Independent, Non-Executive Director



Mr. Ameet Kumar Gupta
Whole-Time Director



Mr. Rajesh Kumar Gupta
Whole-Time Director (Finance) and Group CFO



Mr. Siddhartha Pandit
Whole-Time Director



Mr. Puneet Bhatia
Non-Independent, Non-Executive Director



Mr. T. V. Mohandas Pai
Non-Independent, Non-Executive Director



Ms. Pratima Ram
Independent Director



Mr. Vellayan Subbiah
Independent Director



Mr. Jalaj Ashwin Dani
Independent Director



Mr. Upendra Kumar Sinha
Independent Director



Mr. Subhash S. Mundra
Independent Director



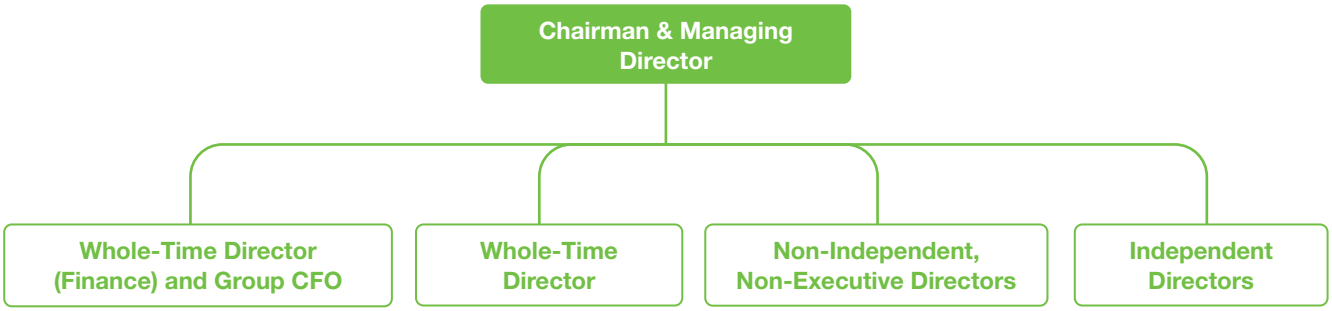
Mr. B. Prasada Rao
Independent Director



Mr. Vivek Mehra
Independent Director

1. *With effect from 1st April 2020, Mr. Surender Kumar Tuteja, Mr. Vijay Kumar Chopra and Dr. Adarsh Kishore ceased to be Independent Directors due to completion of their tenures.*
2. *With effect from 12th May 2020, Mr. Subhash S. Mundra, Mr. B. Prasada Rao and Mr. Vivek Mehra were appointed as Additional Directors (Independent) subject to approval of the shareholders, at the ensuing AGM of Havells India Limited on 22nd June 2020.*

Composition of the Board of Directors and its Committees



Mandate for the Board of Directors

The Havells' Board of Directors and its Committees supervise our business with the objective of enhancing shareholder value, periodically overseeing review of all compliance reports.

The compliance reports may relate to, though are not limited to energy efficiency, fatal or serious accidents, significant labour concerns and proposed solutions.

Board Committees, their members and functions as on 31st March 2020

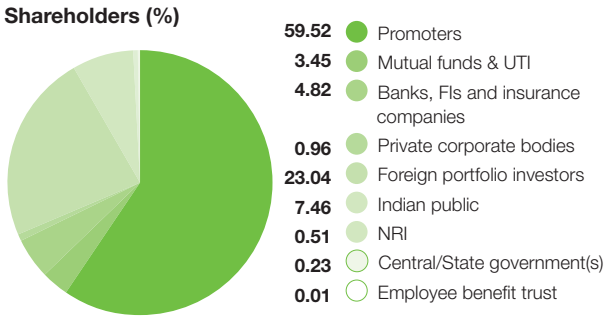
Board Committee	Members	Function
Audit Committee	Mr. Surender Kumar Tuteja (Chairman) Mr. Vijay Kumar Chopra Ms. Pratima Ram Mr. Surjit Kumar Gupta	The Audit Committee reviews our reporting process and the disclosures; recommends the appointment, remuneration and terms of appointment of auditors; scrutinises inter-corporate loans and performs other such functions.
Stakeholder Relationship/ Grievance Redressal Committee	Dr. Adarsh Kishore (Chairman) Mr. Surender Kumar Tuteja Mr. Surjit Kumar Gupta Mr. Anil Rai Gupta	The status of shareholder correspondences, queries, grievances and other such matters are placed before this Committee.
Nomination and Remuneration Committee	Mr. Vijay Kumar Chopra (Chairman) Mr. Surender Kumar Tuteja Mr. Surjit Kumar Gupta	This Committee, inter alia, determines our policy governing remuneration to the Managing Director, Whole-time Directors and the nomination and appointment of Directors.
Corporate Social Responsibility Committee	Mr. Vellayan Subbiah (Chairman) Mr. Surender Kumar Tuteja Dr. Adarsh Kishore Mr. Anil Rai Gupta Mr. Rajesh Kumar Gupta	The Committee develops the Corporate Social Responsibility Policy indicating the activities to be undertaken by Havells and recommends the expenditure to be incurred on such activities. It also monitors the policy from time to time.
Enterprise Risk Management Committee	Ms. Pratima Ram (Chairman) Mr. Anil Rai Gupta Mr. Rajesh Kumar Gupta	The role of this Committee is to identify the risks impacting the business and formulate and administer policies strategies aimed at minimising and mitigating risks.

We have an optimal mix of Executive and Non-Executive Directors and according to Securities and Exchange Board of India (SEBI) listing regulations, we have 50% Independent Directors on our Board. We table all important matters before the Board to gain from its strategic supervision.

During FY 2019-20, there were five Board meetings, with the time gap between any two Board meetings not exceeding 120 days. We received one shareholder grievance, which was resolved within the year. The average tenure of the Board for the year ended 31st March 2020 was 11 years.

During the reporting period, there were no cases of violation against rights of indigenous people. Besides, we made no political contributions directly or indirectly during in FY 2019-20.

Our shareholding pattern as on 31st March 2020



Internal control systems

We have robust Internal Financial Control (IFC) systems that facilitate adherence to organisational policies, safeguarding our assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Our clearly defined Standard Operating Procedures (SOP), Financial & Operation Delegation of Authority (DOA) and organisational structure for business functions ensure smooth running of the business.

Code of Conduct

We are committed to conduct our business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. Our Code of Conduct (CoC) allows us to recognise and deal with ethical issues, provides mechanism to report unethical conduct and helps nurture a culture of honesty and accountability. The CoC is applicable for all Directors, Senior Management and other employees of Havells India Limited, as well as the employees of the entire Havells Group. This Code is displayed on the Company's website at www.havells.com and on the intranet portal of the Company.

Whistle-blower policy: Satark

Our whistle-blower policy, Satark, empowers all those associated with Havells to report unethical behaviour directly to the management, without fear or bias. Actual or suspected fraud, or violation of our Code of Conduct or ethics policy, are covered among the issues reported as part of Satark. In addition to our Satark policy, we also have code of conduct for employees and vendors, which has reporting mechanism for unethical practices, including fraud and corruption. We create necessary communication and awareness for the relevant stakeholders through appropriate forum on a regular basis. Zero incidents of corruption were reported during the financial year.

The Satark policy is available on our website.

Policy for encouraging an innovation culture: Idea

Our policy, Idea that promotes an organisation-wide culture of innovative thinking and creativity across all technical and non-technical areas. Employees are suitably rewarded, and the news item is put on our intranet portal or newsletter to share best practices. Details on the policy are available on our website.

Policy on Prevention of Sexual Harassment: Nirbhaya

Our Policy on Prevention of Sexual Harassment (PoSH) is called Nirbhaya, and it works to eliminate sexual harassment of women at the workplace through a structured approach of dealing with such cases.

Policy against insider trading

We have a strict policy against insider trading, which regulates and reports trading by designated persons, thereby deterring employees from indulging in any security-related malpractices. The policy is available on our website.

Respecting human rights

At Havells, respecting human rights is a priority. We are committed to developing an organisational culture based on internationally recognised human rights practices. We support the principles contained within the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO Core Conventions on Labour Standards. Our Group directive on human rights is diligently followed and these policies have been specified in our Code of Conduct and Business Ethics. Undesirable practices are strictly prohibited, and no business transaction is carried out with any individual or a company that does not abide by the fundamentals of human rights. All our manufacturing sites are assessed for human rights aspects. Our employee induction programme provides information on our code of conduct, general rules and guidelines, including human rights, corruption and others.

We have made our human rights policies accessible for all by uploading them on our website. Our Supplier Code of Conduct (SCC) also covers these fundamentals of human rights.

All our security personnel, regardless of being third-party recruits, are provided security induction trainings and are made aware of general guidelines of performing at Havells (comprising DOs and DON'Ts), pertaining to human rights and values.

Our HR department informs employees of significant operational changes through institutional procedures. We follow a seven-day probation period and after probation the minimum notice period is 30 days. There were no incidents of discrimination during the reporting period.

During the year, we received no complaints for child labour, forced labour, involuntary labour and sexual harassment.

Focus on compliance

We have a stringent policy which emphasises zero tolerance to non-compliance. According to this policy, compliance to all statutory laws is applicable to Havells and compliance remains the primary responsibility of every employee.

To ensure that all applicable national and international regulations are strictly complied with, we have established strong management systems.

We adhere to strict environment compliances and effectively dispose the hazardous waste generated at our manufacturing units through authorised dealers. Additionally, our strict OHSAS 18001/ ISO45001 systems ensure health and safety of our people at the work sites.

At Havells, we use these methods and procedures to ensure environmental protection, which is essential for any manufacturing organisation.

We kept a consistent check against discrimination, child labour or forced labour during the reporting period. No fines or non-monetary sanctions were levied on the Company for non-compliance with environmental laws and regulations. There were no incidents of non-compliance or fines levied with respect to the regulations or voluntary codes relating to the health and safety impacts of Havells' products and services, products-related communication and product information disclosure and labelling.

There were no incidents of non-compliance with regulations and voluntary codes in relation to product and service information, as well as labelling, marketing communications, including advertising, promotion and sponsorship during the reporting year.

In addition to adhering to ISO certifications we strive to work beyond all applicable regulatory health and safety compliance as per various local and national laws and standards.

Strategies for risk management and mitigation

Risks are an integral part of any enterprise, therefore, managing and mitigating them plays a crucial role in achieving sustainability. Our risk management policy involves identification and evaluation of various risks, along with devising strategies to mitigate them. At Havells, we focus on leveraging our risks and turning them into opportunities for growth.

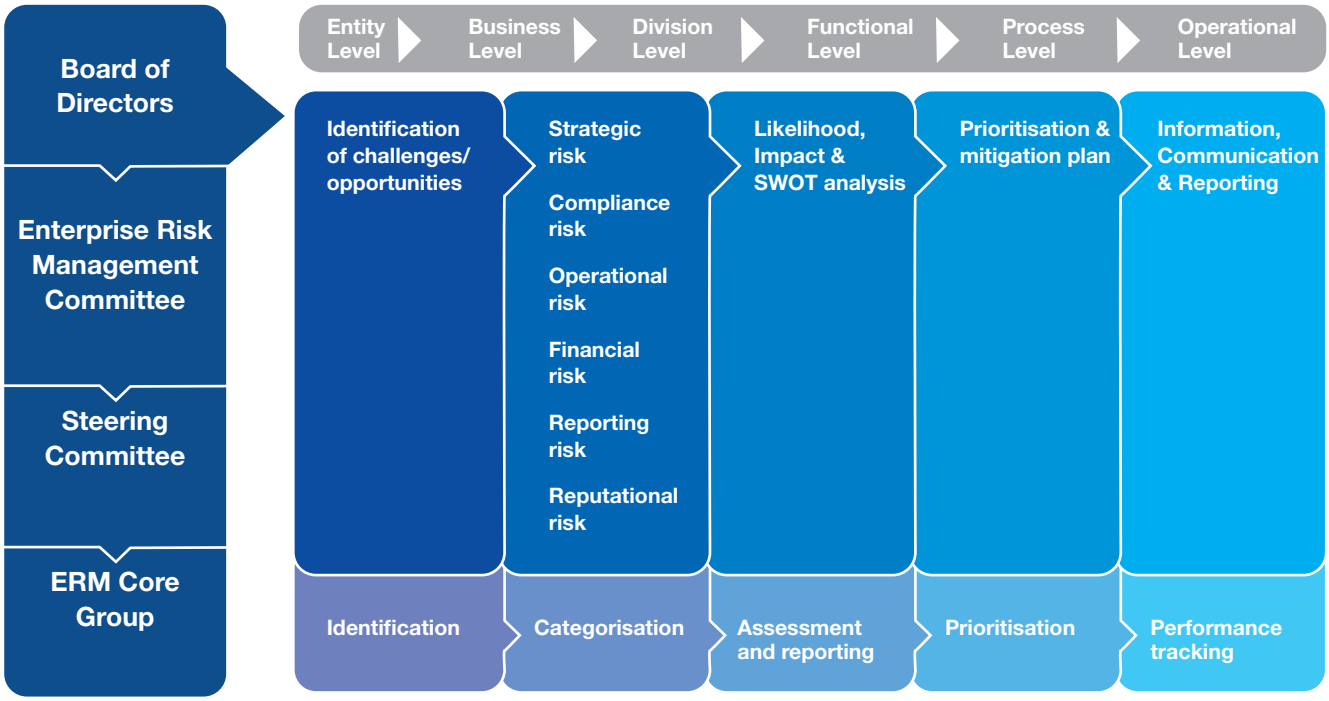
A robust internal financial control system forms the backbone for our risk management and governance; and a structured risk management architecture permits us to take calibrated risks.

Following both top-down and bottom-up approach, we discuss all our risks and opportunities at the management level in view of setting a dynamic and robust risk management and mitigation framework. The interests and expectations of our valued stakeholders forms the core of our framework.

Enterprise Risk Management (ERM)

ERM at Havells serves the twin purpose of minimising adverse impacts and leveraging market opportunities effectively and efficiently with the objective to sustain and enhance our competitive advantage. Our ERM architecture is based on the tenets of internationally accepted Committee of Sponsoring Organisations of the Treadway Commission (COSCO) Framework.

Risk management architecture



Havells has identified key enterprise risks and rated them on likelihood of occurrence as well as consequence. Considering the degrees of risks that pose the greatest threat to our organisational viability, we classify them as Likely, Possible, Unlikely, or Rare based on the likelihood that a risk will occur within the assessment horizon and the consequence the risk would have on our' business objectives if it were to occur. The scales for measuring these two indicators are given below:

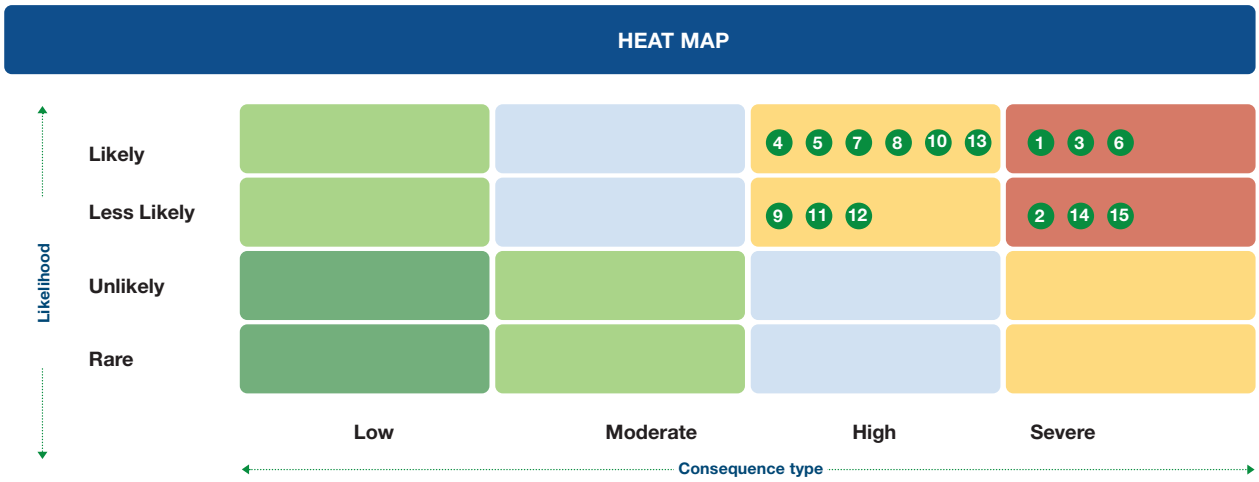
Likelihood of occurrence	Description
Likely	Risks that are almost certain to occur
Less Likely	Risks that are likely to occur
Rare	Extremely rare risks, with almost very less probability of occurring
Unlikely	Risks that are relatively uncommon, with almost no possibility of occurring

Impact level	Description
Severe	Risks with extreme negative consequences that could cause the entire project to fail or severely impact the organisation. These are the highest-priority risks to address
High	Risks with substantial negative consequences that will seriously impact the success of the project or organisation
Moderate	Risks that could potentially bring negative consequences, posing a moderate threat to the project
Low	Risks that have a small potential for negative consequences

We have a dedicated ERM Committee consisting of the Board of Directors that reviews the Risk Management Framework and progress status of the identified risks, including emerging business challenges at periodical intervals. The ERM Core group works with all business and functional teams on a regular basis for monitoring the agreed execution plan and brainstorming sessions for identifying the emerging business challenges, with guidance from the of Steering Committee under the leadership of the Chairman and Managing Director of Havells.

Our ERP system supports standardisation of processes and their automation with clearly defined policies, Financial & Operation Delegation of Authority (DOA), Standard Operating Procedures (SOPs) and organisational structure for all our business functions to ensure a smooth functioning of processes and systems. A mandatory risk-based internal audit is performed following root-cause analysis, after which a report on the actions undertaken is presented before the Sub Audit Committee and Audit Committee at periodic intervals for their review and decision-making.

Heat map and key risk categories





Risk management is a continuous process. Going forward, we will focus on strengthening our risk management framework using data and industry benchmarks. We are confident that our consistently evolving risk infrastructure will bolster our business sustainability and continuity in future.

CUSTOMERS

Creating enduring bonds

Our customers are at the centre of our world. At Havells, we promote a culture of customer delight through enhanced offerings and brand experience. Our know-how, expertise and market insights enable us to enhance product safety and our services spectrum through innovation and technology.

As a rapidly growing organisation, we are expanding into new markets and deepening our reach in the existing ones with an unwavering focus on the end users we serve.

With our sustainability vision focusing on offering profitable solutions to the market and improving the quality of life, we develop products that deliver convenience, sustainable value and energy-efficient solutions with world-class designs.

Material issues addressed in this section

Economic and Governance

Brand salience

Technology and digital transformation

Social

Customer & other stakeholders' delight

Environment

Energy efficiency



Augmenting our proposition and maintaining the brand promise

Over the years, we have progressed from being a predominantly industrial brand that manufactured cables and switchgears to a consumer brand with small domestic appliances, lighting, fans, water heaters, to name a few. We then acquired Lloyd, our white goods brand and today, we are among India's leading FMEG and consumer durable companies.

At Havells, sustainability plays a key role in defining our product and our focus is on delivering energy-efficient products.

~90%

Havells offerings are energy efficient*

***Those products where energy efficiency counts**

Deepening customer focus with technology

Aiming to customer-centric services and with the help of technology, we have developed several apps that cater to the evolving customer requirements, penetrating across customer segments and markets. We have developed several apps like Havells eStore, which help us reach our end-users directly.

Havells eStore

The Havells eStore allows customers to buy various products under the brands of Havells, Standard and Lloyd. The product range includes small domestic appliances, fans, water heaters, air coolers, personal grooming, lighting, pumps, water purifiers, air conditioners, washing machines and LED televisions. The eStore is available as an app and a website (shop.havells.com).

Havells Consumer Connect and Lloyd Consumer Connect

These apps enable our customers to connect with our teams for support. They allow the end users to make demo/service/installation requests and track them. Additionally, customers may create their profiles, manage addresses, locate nearby stores, find FAQs, and shop online for our products using these apps.

Havells ePlus

Havells ePlus is specifically designed for the electrician community who are our largest influencers. Electricians can register themselves with Havells through the app and cull information about our latest developments in the industry. The app also serves as a powerful tool to bring the electrician community on a digital platform, which allows them to accumulate points and redeem those for mobile recharge and other services. The app can be directly linked to the bank account of electricians as well.

During the year, there was no breach of customer privacy and/or loss of customer data.

Enhancing customer experience

We develop products for the aspirational end user who seeks to improve quality of life. Our range of offerings includes flame-retardant flexible cables, energy-efficient fans, water heaters, alkaline water purifiers and air conditioners, among others that enrich customers' lifestyle.

Futuristic Crabtree Smart Experience Centre

Crabtree—our premium brand—launched India's first Futuristic Crabtree Smart Experience Centre in Jalandhar, Punjab. This is a first-of-its-kind initiative in the industry which will allow customers to explore, purchase and experience Crabtree's most intuitive and advanced offerings like smart switches, security systems and home automation products and others.

Nine-stage air filtration process

Our latest air-purifiers range, 'Freshia' creates a new benchmark in the air-purifier category with SmartAir technology and a rigorous nine-stage filtration system. The process curbs air-borne pollutants (up to 0.3 micron) and captures pollutants up to 99.99%. In addition to standard pre-filter, anti-bacterial, anion producer, cold catalyst and High-Efficiency Particulate Air (HEPA) filter, the product also embeds humidifier, activated carbon, sterilising UV light and anti-bacterial balls. It also absorbs toxic elements.

New-age water purifiers with enhanced water-recovery system

During the year, we unveiled a diverse range of Alkaline RO and Active UV water purifiers that combines simplicity with effortless convenience, design brilliance and modern technology.

Havells Delite alkaline water purifier offers RO purifier with over 50% water recovery. With eight stages of 100% RO and UV purification, it delivers alkaline water with 8+ pH level. This high-recovery, eco-friendly product comes with a stainless-steel tank and infuses essential minerals into the water. With two variants, these purifiers sport advanced consumer-friendly features, including alerts in case of low water pressure, pump failure and self-diagnosis requirements.

Educating the consumer

A consumer is generally influenced by electricians or salespersons when selecting electrical equipment like cables, MCBs, RCCBs and others. With customer safety being a priority at Havells, we initiated consumer education that allows us to evangelise safe practices and products. We periodically publish articles in leading English as well as vernacular language newspapers and release blogs on our website to enhance customer know-how.

On the other hand, we are also collaborating with electricians and power supply companies to develop safety-focused electricians and encourage safety installations. During the year, we organised the following programmes:

Training electricians to serve as safety influencers

We signed a Memorandum of Understanding (MoU) with Bombay Suburban Electric Supply (BSES) in Delhi to train 1,000 electricians. The initiative is approved by National Skill Development Council (NSDC) and will include BSES linemen, local electricians and those nominated by Resident Welfare Associations (RWAs) of South and West Delhi. With day-long training sessions for a period of six to nine months, we will sensitise and educate the participants on best industry practices and latest developments in the segment like home automation, internal house wiring, prevention of short circuits and electrical fires and the importance of installing ELCB/RCCB.

Encouraging safety installations

We signed an MoU with Tata Power Delhi Distribution Limited (Tata Power-DDL) to strengthen the distribution of electrical protection devices in North and North-Western Delhi. We undertook an extensive awareness and training programme to encourage proper installation of circuit protection devices like ELCB and MCB.

This project enables us to work closely with electricians, Resident Welfare Associations and Industrial Welfare Associations to spread awareness about good practices for installation and usage of circuit protection devices. We aim to reach 6,000 consumers applying for new connections every month on an average, along with 17 Lakhs residential and industrial users of Tata Power-DDL through this initiative.

Furthermore, we will make available our circuit protection devices, ELCBs, across all Tata Power-DDL Customer Care Centres at subsidised price as no new connections are energised in Delhi unless a suitable ELCB is installed at consumer premises.

Developing appealing designs

Design is as crucial for sustainability as it is important for customer delight. While well-designed products find adoration from the end users, they are also equipped to be more sustainable across their lifecycle. At Havells, innovative technology, enhanced performance and sleeker shapes are key focus areas when designing a product.

Our design thinking methodology is completely customer-centric, and we co-create products based on customer feedback and recommendations. We do this through our Customer Experience & Design (CXD) in Noida, where we showcase our newly minted products to select customers and observe their reactions. Based on these observations, we make changes in the design and other aspects of the product.

Square pedestals offer enhanced safety and wow factor

During the year, we launched India's first completely square-shaped pedestal fan, 'Aindrila'. It comes with many industry firsts, including its unique square design, hand-crafted guard and mood lighting. The square design makes it three times sturdier than round pedestal fans. Aindrilla is also protected from thermal overload and high voltage.



Switches that combine beauty with intelligence

We introduced SmartH, first-of-its-kind, modular, glass-finish touch switches, which can be operated by connecting with the internet and smartphones. SmartH fits in existing switch boxes and offers various benefits like different control options (fans, curtains, etc.), mood setting/dimming lights, voice control and others.

Customer Experience & Design (CXD)

The CXD enables us to spearhead customer centricity and design thinking by capturing the unmet, unarticulated and latent customer requirements. It aims to deliver category-leading, innovative design solutions to the market. Based in Noida, it has a multi-disciplinary 27-member design team, which specialises in industrial design, user experience design, design thinking, colour/finish/material, design research, and cognitive science and visual communication design. It emphasises delivering innovative designs for Havells and our power brands.

CXD has successfully applied for seven patents and registered 150+ original new designs for us till date. It has also received prestigious awards from international and domestic bodies, including

- 2 Red Dot Awards
- 3 CII Excellence Design Awards
- 5 India Design Mark Awards

Ensuring quality of products

At Havells, our quality is a key differentiator and is critical for satisfying consumers and retaining their loyalty. The quality of our products meet global standards and we have been recipients of various national and international awards for it.

Havells Electric Cable Research Institute and Laboratory (HECRIL)

Our focus on the quality of products has resulted in the development of a world-class testing laboratory for cables- HECRIL at Alwar, Rajasthan. It is the first-of-its-kind private technology and research centre that is certified by both NABL (National Accreditation Board for Testing & Calibration Laboratories) and Department of Scientific and Industrial Research (DSIR).

The laboratory is set up according to international standards to test XLPE cables up to 220kV grade, PVC cables, flexible cables, aerial bunched cables, photovoltaic cables and instrumentation cables. It is also recognised for eight different types of fire testing to demonstrate fire-retardant behaviour in cable.

HECRIL covers Indian standards as well as international standards like International Electro-technical Commission (IEC) standards, TUV-Germany standards, American Society for Testing and Material (ASTM) standards and Institute of Electrical & Electronics Engineers (IEEE) standards.

Diagnostic and Field Study Centre

We have established a Diagnostic and Field Study Centre at Alwar, as part of HECRIL, with the objective to build business excellence in the industry. The centre facilitates the effective use of diagnostic technologies to have trouble-free power network. The one-of-a-kind centre provides:

- A methodology for mapping test results to cable circuit failures
- A methodology for accessing the accuracy and compatibility requirements of cable installation accessories
- A knowledge-based systems programme shared for selecting cable by overcoming installation issues through field studies

Quality Circle

Quality Circle was introduced at Havells in August 2018 with key objective of nurturing culture of quality at the shop floor level with active engagement the front-line operators and production shop supervisors.

This has also resulted in saving of Rs. 6.6 Crores. Now more than 750 of our shop-floor fron-tline is directly engaged in structured problem solving through Quality Circles. Inter-plant Conventions are held every six months, where best teams across plants compete with each other to win top position recognition. Convention offers best practice learning to all plants and functions.

Enhancing product quality with focused approach

During the year, we undertook 'The Rise of Phoenix', a Quality Circle project that helped us reduce high customer return (of over 4%) of Lumeno down lighters.

Under this project, we observed that the use of current imported Driver on Boards (DOBs) was the root cause of the issue as they led to:

- LED failure
- Surge Protection Device (SPD) failure
- Housing melt due to high thermal

We realised that the outsourced LED had a low thermal threshold, causing it heat to more than 100°C at 300V. The team developed better thermal management circuitry in-house helping LED temperature rise to around 65°C at 300 V.

Post successful launch, we drastically reduced field returns thus improving customer satisfaction.



Notable Quality Circle projects

Project name	Objective	Annual monetary savings (INR in Lakhs)	Intangible benefit
Rakshak	Increasing productivity of paint shop by 25%	80	Skill enhancement
Snappy	Elimination of masking	52	Productivity improvement
Urja	Reduction in cable failure through in-house manufacturing	10.6	Quality improvement

Pursuing product safety

Product safety is a key element of our brand promise and we work relentlessly to provide it to our consumers. Over the years, we have innovated and enhanced the safety of our products and services.

We follow all relevant national and international standards of product safety, such as International Electrotechnical Commission (ITC), Bureau of Indian Standards (BIS), International Organisation for Standardisation (IOS), Japnese Industrial Standards (JIS) and others in all our products (wherever applicable). We also place safety sign labels on products (printed/pasted) and the 'Dos and Don'ts' labels, along with product manuals.

Some of our products have special safety features like:

- ELCB safety feature in the Havells range of water heaters to prevent consumers from electric shock due to earth leakage
- Early notification for re-installation of cartridges of water purifier upon exhaustion ensuring safe water for consumers
- Appropriate labels with statutory sign on Table Wall Pedestal (TPW) blades of fans for the ease of handling and operation without any accident
- Photo-biologically approved LED for lighting products, as safeguard for the eyes

Warranty for customer safety

Our EURO-II range of technologically advanced MCBs and RCCBs offer a warranty of six years, first-time ever in India's market. The EURO-II series comes with nickel-plated terminals to provide high resistance from corrosion and are made of flame-retardant material. It has new features like improved bi-stable clip, line load reversibility coupled with dual certification for both domestic and industrial applications. These MCBs and RCCBs are made completely of toxic-free materials. The new range of Havells MCB devices are designed keeping in mind user safety, threat of any current leakage and short circuit overload.



Shock-proof water heater for increased safety of consumers

We launched Puro Turbo water heaters with a variety of safety features, including shock safe plug, PUF insulation, Incoloy glass-coated heating element, adjustable knob for temperature setting and multi-functional safety valve. The Puro Turbo water heaters also have multiple heating options, anode rod, 0.8 MPa high working pressure and Whirlflow technology. They come with two-year comprehensive warranty, four-year warranty on components like heating element and seven-year warranty on the steel water tank.

The shock safe plug and multi-functional safety valve make Puro Turbo one of the safest water heaters in India's market

Did you know?

We eliminated the use of trace Kr-85 radioactive isotope from the entire CMI lighting range in FY 2013-14 and currently none of our offerings has radioactive components.

Adhering to product labelling standards

We view our customers' trust as a competitive advantage and ensure never to jeopardise it. This makes us focus simultaneously on the quality of our products and enable our customers to make informed decisions. Therefore, we stringently adhere to the product labelling standards, including those for transportation and marketing. We also ensure that information regarding the manner of disposal of our products at the end of their lifecycle is included in the packaging and labelling.

Guidelines mentioned by International Air Transport Association (IATA) – for shipments by air, International Maritime Dangerous Goods Code (IMDG) – for shipments by sea and European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) – for road transport, are strictly followed. For products marketed in India, we follow the BIS labelling standard, whereas other global standards' disclosures (like CE, FIA, TAC and DNV KEMA) are followed according to specific requirements of the countries where we market. Our products are also labelled as Bureau of Energy Efficiency (BEE)—BEEstar, S3, HIR, Restriction of Hazardous Substances (RoHS) Directive, Halogen-free, in addition to any other certifications as applicable to the product line.

All product-related information and disclosures in relation to product label, service information, safe disposal and others are provided in accordance to all applicable laws and regulations.

Delighting customers with top-rated after-sales services

At Havells, customer delight is a priority. Since inception, we have used IT as an enabler to establish deeper connections with our end users and till date have launched several mobile applications and portals to strengthen our bond with them.

We function with the objective of 'making a difference' in the lives of the consumers. This mantra is reiterated in our customer service through Care 360, the one-stop shop for 'consumer service solution'.

Care 360 aims to provide a seamless cycle of care for all Havells products, ensuring quality, value for money and timely resolutions for our consumers. It comprises an organised network of skilled experts who are equipped to tackle all technical requests from the smallest to complex system-related issues. Care 360 enables us to serve one of the largest portfolios in the industry with end-to-end value services under one umbrella.

Customer satisfaction is our priority

We bought a Havells air cooler from a multi-brand seller in Hyderabad. After a few days of use, we noticed some issues with it. We were not sure how to get help as this was during the `Great Lockdown' but contacted the Havells Customer Service Team. And kudos to its electrician who repaired the cooler during this lockdown with the limited resources available to him.

We are glad that we bought a Havells product and are extremely impressed by the skills of their technicians.

Rajeshwari Roy,
Customer, Hyderabad

CARE 360
ASSURANCE • REACH • EFFICIENCY

Did you know?

We are among India's first FMEG companies with in-house Social Media Command Centre and Data Science capabilities.

Social media connect with customers

We set up a Social Media Command Centre to track social media conversations around our brands and products, leveraging data science to identify and assess the performance of our brands. The command centre enables us to track over 2 million online conversations on a real-time basis on 30+ product categories and brands across 10+ online platforms. At Havells, we are using data sciences to:

- Manage our online reputation
- Chart changing behaviour of consumers due to impact of digital/e-commerce
- Map brand perception

The platform has enabled us to enhance customer delight with immediate response by an Online Reputation Management (ORM) agent on social media within an average of 20 minutes turnaround time (TAT), that is among the industry's best TAT. Besides, it also helps us to close loop customer complaint received across online platforms and understand brand and marketing through the eyes of consumers.

Way forward

Going forward, customer delight and customer centricity will continue to be our priority, as we develop products and experiences that make life simple and enhance its quality. With an unwavering focus on customer satisfaction and understanding their latent requirements, we will increase our engagement with them.

PEOPLE

Empowering and nurturing talent

Our people are our heroes and it is their commitment and hard work that powers our progress. Since inception, we have structured our people practices around our vision, beliefs and business priorities, always aligning our employee expectations in with organisational objectives. We empower and enable them with various initiatives that enhance their capabilities.

We aim to provide our people a conducive work environment that fosters thought leadership, innovation and a culture of involvement, participation and transparency. We offer our people opportunities to collaborate, learn and grow within the organisation and enhance their skills.

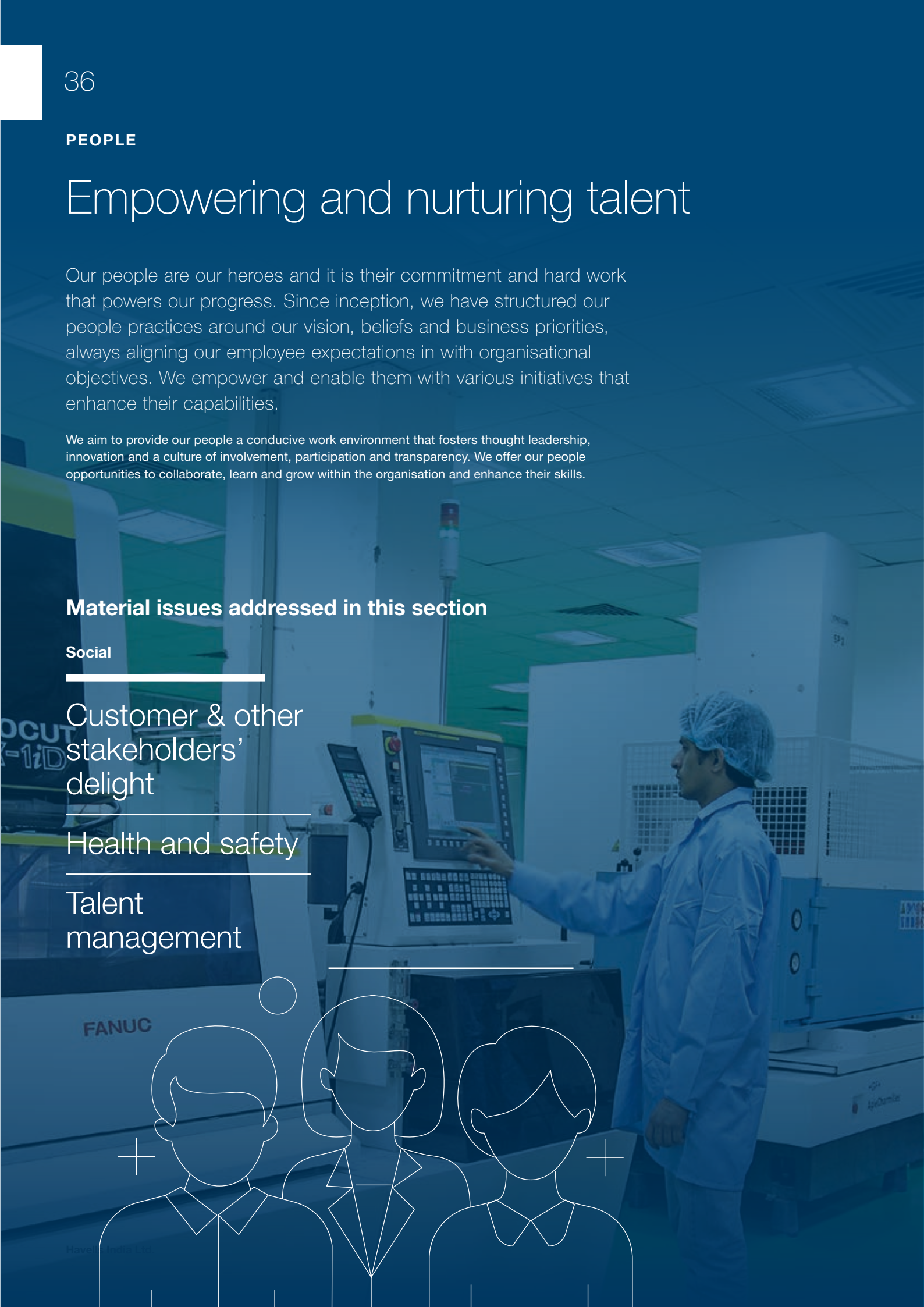
Material issues addressed in this section

Social

Customer & other stakeholders' delight

Health and safety

Talent management



Recruiting and assimilating talent

We attract talent aligned with our objectives and goals with a rigorous multi-layered recruitment process. We empower our recruits to grow with the organisation. This can be reaffirmed by the fact that over 35% of our people have been with us for more than five years.

At Havells, we ensure to follow a policy of preferred local hiring. Each department at Havells is responsible for hiring (and retaining) its people and the process is supervised by the Business Unit (BU) head.

1,171

Total new hires during the year

Induction programme

We absorb new recruits into our culture and values through a structured training programme that also educates them on our policies, various systems and processes.

During the year, we inducted 54 sales trainees from various management institutes for our branches. Post induction, they were all absorbed in the branch sales teams in frontline roles. They will be groomed to become product heads in future.

Our people

5,781

Permanent employees

9,001

Contractual workers

Driving diversity

Workplace diversity is more important today than ever before. At Havells, we are working towards increasing workplace diversity as we remain committed to equality and develop a culture that recognises and values people from different backgrounds and experiences.

Our Human Resource (HR) policies have been designed ensuring that all our people get equal growth opportunities irrespective of gender, religion, age, colour or disability.

Gender diversity at Havells

5,517

Total number of male employees

264

Overall female employees

During the year, we reduced our attrition rate which is 21% lower compared to the previous year.

Great Place to Work

We were certified as a **Great Place to Work®** organisation by Great Place to Work® Institute for the period October 2019 and September 2020. This certification is the first step in the journey of building a **High-Trust, High-Performance Culture™** and we have successfully accomplished this milestone in our maiden attempt.

Learning and development opportunities for all

Continuous learning and development for our team sets the tone for sustainability in the organisation with consistently improving skillsets, competencies and knowledge base of our people. Over the years, we have invested significantly in developing our human capital.

Training imparted during the year

52,607

Total person-hours of training

1,978

Total number of permanent employees participated in safety training

12,793

Total number of contractual workers participated in safety training

2,240

Total number of permanent employees participated in skill upgradation training

28,200

Total number of contractual workers participated in skill upgradation training

We focus on holistic development of our people and have developed various need-based training programmes that focus on skill building and safety.

Need-based training programmes

These are specific trainings designed to facilitate improvement in skills and capabilities of the participants and enable them to perform better. Throughout the year, we upgraded existing modules and added new ones to make these training modules more relevant and informative.

Project Saksham

We launched our on-the-go learning portal—Saksham—to strengthen product knowledge and application capabilities of our sales team. The programme offers comprehensive product insights to enable holistic understanding of our offerings to retail-focused sales personnel, who interact with the end users.

This is a compulsory programme and all team members are required to complete their allocated product modules by an assigned date. Our people can access this tool through their smart phones and/or through computers. This is a test-based learning programme that allows participants to revise and learn any number of times before attempting the test. During the year:

- 97% of our sales team underwent training on corporate initiatives with certification
- 95% of our sales team is now trained on their respective product modules with certification
- 100% LLOYD sales team and LLOYD In-Shop Demonstrator (ISD) have completed their AC Module in January 2020
- 85% Havells ISDs are now trained on five training modules (air cooler, personal grooming, consumer lighting, water heater and water purifier)

Fostering talent

We constantly focus on creating a talent pool through internal as well as external resources and building a pipeline of future leaders across levels. We have smoothened job rotation and cross-functional movement of our people with our Internal Job Posting (IJP) initiative. Launched in 2018, it helps us coordinate the job rotation process seamlessly and enable our people to take on larger roles.

Enabling people to expand roles

In line with our practice of grooming in-house talent, over 90 sales team members have taken larger duties from frontline to first-level managers as Branch Product Head (BPH) during the last performance cycle. Similarly, over 50 sales employees have accepted larger roles from first-level managers (BPH) to regional managers or similar functions with larger territories and teams.

Leadership Development Programme

We collaborated with IIM-Bengaluru and 45 leaders from Havells attended its Leadership Development Programme. Of the total participants, more than 10 have already taken on larger roles at leadership levels both in sales and manufacturing divisions.

Promoting sustainability approach across Havells

We ensure every employee is aware of the sustainability practices followed at Havells. We encourage sustainable mind-set among our people through different programmes, including various trainings on management systems, water, sustainability and others. We ensure all our people find a safe work environment and thus have mandatory programmes on sexual harassment sensitisation, Code of Conduct training and others.

Performance management and rewarding talent

We are constantly trying to provide a performance-driven, employee-friendly work environment where our people can fulfil their personal and professional goals while contributing towards organisational growth. We believe in meritocracy and have a robust performance management system to evaluate the performance of our people.

Bi-annual performance discussion

We initiated performance dialogue and mid-year discussion across locations. This provides an opportunity for managers to give constructive feedback to their subordinates and discuss concerns and issues. The review system runs on our online Performance Management System (PMS) wherein employee completes mid-year self-assessment on KRAs set for the year, which is further reviewed by the respective reporting manager in a joint meeting with the employee. For people in the General Manager rank and above, self-assessment is done on eight Leadership competencies. The initiative is driven from the top to help employees get developmental feedback.

Our well-defined reward and recognition strategy offers several benefits to our people, well into their retirement years. We have a robust programme for acknowledging the success of our people and teams. We motivate and reward our high-performing team members who meet expectations set for them.

Ensuring occupational health and safety

The health and safety of our people is a primary concern for us. Over the years, we have invested in adopting world-class safety standards at Havells and focused on developing health and safety as a key component of the organisational culture. We are an ISO 45001/OHSAS 18001 certified company. Our health and safety strategy has been aligned with our organisation-wide, Integrated Management System (IMS), Quality, Environment, Energy and Health and Safety (QEEHS) policy.

We have introduced contemporary health and safety infrastructure and technologies and use strategic communication to generate awareness towards them. All our manufacturing plants have safety committees with equal representation of permanent employees as well as contractual workers. These safety committees have an equal number of management representatives as well.

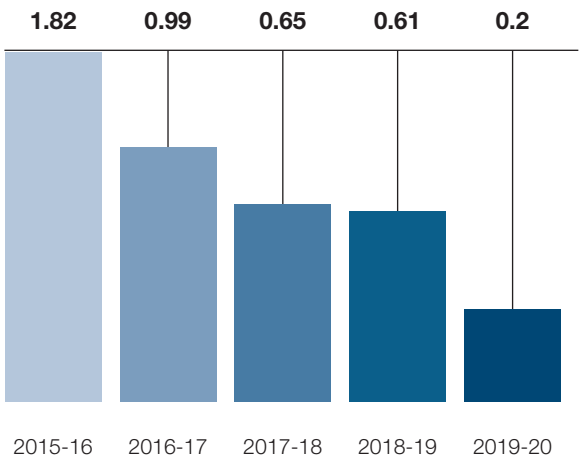
Staying safety-focused

We celebrate several special 'safety' occasions like National Safety Day, Road Safety Week and others across our plants, creating awareness for our workforce. We have also ingrained various safety trainings, like classroom trainings, fire-fighting demonstrations, daily toolbox talk and others as an integral part of our health and safety management system.

During FY 2019-20, we reported a safe year with zero fatalities across our plants and no occupational Incidents were recorded. Besides, we also recorded no Occupational Illness Frequency Rate (OIFR), occupational disease case due to occupational disease or injury. We are glad to announce that we reduced our injury count from 41 in the previous financial year to one during FY 2019-20.

In the last five financial years, we have also steadily improved our Lost Time Injury Frequency Rate (LTIFR).

Improving LTIFR



Did you know?

We celebrated a zero-fatalities year at Havells during FY 2019-20

Safety is everyone's duty

At Havells, safety is a collective responsibility. We engage our people in various safety programmes and drills like reporting near miss, identifying probable hazards and risks, among others, further working on mitigating those. Additionally, Proper Personal Protective Equipment (PPEs) and work-related health and safety trainings are provided to identified people, especially to those who work at high occupational-disease-prone areas.

Caring for our people

Our people are at the core of our business and they deliver tehri best at work because we care for them and their families. We offer them various perks and amenities, including healthcare, education, retirement benefits, loans and financial assistance schemes for our full-time employees and their families.

We believe these initiatives enable us to build long-lasting bonds with our people.

70%+

Return to work rate post maternity leave

Enriching experience

I joined Havells as a Management Trainee in 2018 after completing my MBA, and since then, there has been no looking back. One of the most important learnings for me was that strong customer relationship drives sales, sustainability and growth. After working in sales in the hinterlands of India, I derived immense learning outcomes. It has also helped me identify my strengths of adaptability and flexibility. Besides, the discovery of these abilities helps me leverage the innovation culture at Havells as I strive to innovate and stay ahead in the competition.

Mohammad Danish Iqubal,
Deputy Manager,
Sales (Head Office), Havells Grooming

Way forward

With changing domestic and global business scenario in unprecedented times, our human resource function will continue to support our business strategy in delivering growth in existing and new markets.

Aligned with organisational goals, we will continue to provide a conducive work environment with key focus on the safety and wellbeing of our people, along with the best utilisation of resources.

PARTNERS

Deepening our alliances

At Havells, we consider our dealers, distributors, retailers, vendors and suppliers as our 'extended enterprise' and believe that their growth is intrinsic to ours.. We work closely with them to ensure that both our downstream and upstream supply chains remain sustainable.

This philosophy has helped us develop enduring relationship with our partners. We have been associated with several of our partners for over generations, building deep bonds of trust with them.

Material issues addressed in this section

Economic and Governance

- Brand salience
- Technology and digital transformation

Social

- Customer & other stakeholders' delight
- Health and safety

Environment

- Emissions

Upstream supply chain

We focus on strengthening our supplier base by incorporating systematic processes that help us to simultaneously onboard vendors for new product segments and consolidate our existing supplier base. These systems also enable us to measure the accomplishments of our vendors in terms of their quality, delivery, service and prices and steer them towards sustainable business practices.

Supplier screening and assessment

Supplier assessment is mandatory for all Bill of Materials (BOM) suppliers—who enable us to manufacture end products—and discretionary for non-BOM vendors, depending on the criticality of their products. The assessment score is used in vendor registration and if it is lower than our desired score, then the supplier is not registered with us.

Vendor onboarding

We have designed a detailed Vendor Code of Conduct (VCoC) that establishes our organisational values and highlights our expectations from our suppliers/vendors. All suppliers must sign this VCoC before they are onboarded. During FY 2019-20, we rolled out a Product Sourcing Agreement, which is more detailed covering legal and other compliances. As of now, all BOM and Finished Goods suppliers are in the process of signing this agreement. During FY 2019-20, we onboarded several vendor partners for new product categories.

Did you know?

We have created an in-house SAP-based costing system, Automation of Purchase Items Cost System (APICS), for BOM-based cost sheets.

Consolidating vendor base

In 2016, we began our vendor consolidation programme with a standardised vendor rating system that helped us optimise our vendor base, based on the following parameters:

- Quality
- Delivery
- Services
- Price

The rating system enabled us to identify those suppliers who did not meet our performance criteria and we began dialogue with them. This involved explaining them the set parameters and how it concurrently impacted their and our business. The procedure helped us build stronger bonds with our suppliers due to transparent evaluation process.

We completed the second phase of vendor consolidation in FY 2019-20 and now we have a dependable supplier base that is in line with our sustainability and growth agenda. These suppliers meet all our requirements and have improved their business fundamentals, including their quality of output, employee benefits (work conditions, safety and health of workers) and skill development.

Did you know?

We source ~83% of our raw material from domestic suppliers across India.

Incentivising supplier partners

Under our vendor consolidation programme, we classified our suppliers into different categories. Vendors in top two grades were rewarded with 80% of our orders. This played a huge role in encouraging our suppliers to improve their focus on the four key parameters i.e. quality, delivery, services and price.



Measuring supplier performance

With a focus on the growth and development of our vendors, we consistently monitor their performance through automated rating systems and other methodologies. These supplier audits have allowed us to instil better operations, human resource practices, safety and health programmes among our supplier and vendor partners.

Audit systems

We audit our existing and new supplier partners on various parameters. We assessed 83 new partners during the previous financial year and 93 more during the reporting period. We also evaluated 273 partners under Radar Audit and 80 of them under Sustainability Audit.

Number of supplier audits

150+
FY 2018-19

350+
FY 2019-20

Did you know?

~90% of our suppliers have a rejection rate of only 100 ppm



Imbusing sustainability practices

We also encourage our upstream partners to enhance workplace safety, occupational health programmes, emissions control and other such factors. During FY 2019-20, we launched a special sustainability programme, Sustainability Management, for our suppliers and plan to include 258 vendors under its ambit. This programme intends to cover evaluation based on financial, high-energy, regulatory, environment, safety, fire and statutory risks. It is still in its first phase and we intend to scale it further in future.

HABIT scheme for vendors

We formed an association, Havells Association of Business Innovation and Transformation (HABIT) to help our vendors improve their profitability. HABIT also enabled them to make the most of the Government of India's cluster scheme for Micro, Small and Medium Enterprises (MSME)s.

Under HABIT, we formed six clusters of 10 suppliers each. Every cluster had a representative from Havells and an external consultant; and operated for 18 months. It took the vendors through five phases of development and helped them primarily in process and quality improvement and skill enhancement by aiding them to implement and reap the benefits of various industry best practices like lean manufacturing, Kaizen and 5S , value stream mapping and others.

Strengthening a decade-long quality journey

Our collaboration with Havells began a decade back with trade of a single component. Over the years, we have bolstered this association with constant encouragement, support and guidance from Team Havells. Today, we manufacture multiple components for the Company and supply to its various plants. This association has helped expand my business and enhance its credibility in the market, multiplying sales and revenues.

Jitender Arora
Managing Director
Lakshya Enterprises



Downstream supply chain

Our distributors, dealers and retailers are critical to ensuring the last-mile delivery of our products. Our ever-growing dealer and retailer network provides us a Pan-India presence. We also have exclusive brand showrooms called Havells Galaxy.

Strength of downstream supply chain

11,200+

Dealers

1,66,000

Retailers

650+

Havells Galaxy & Lloyd brand shops

Havells Galaxy & Lloyd brand shops

Havells Galaxy is a one-stop shop that provides customers' end-to-end solutions for all their electrical product requirements. It houses our entire product range. The Galaxy store is differently positioned from the existing retail format of electrical goods producers. It is created to adhere to the demands of modern living. We also have number of exclusive brand showrooms of our consumer durable brand -Lloyd across the country

Caring for our dealer partners

We understand the challenges our dealers face and we help in eliminating them. Over the years, we have introduced several dealer-centric programmes like health insurance, channel financing and others that helped us earn their loyalty.

Channel Financing

Under this scheme, we guarantee the banks on behalf of our dealers. Initiated in 2007, Channel Financing serves a two-way purpose as it allows our dealers to buy more stocks from us and simultaneously solves our cash-flow challenges, which result from high debtor turnover ratio. The scheme also provides discount to our dealers, which lowers their net interest payable.

Griha Lakshmi scheme

A unique initiative that began in 2014, Griha Lakshmi scheme aims at recognising the contribution of the lady of the house for her efforts in the growth of our channel partners' businesses. To appreciate and empower our channel partners' spouses, the incentive amount is directly remitted to the bank account of the lady.

QRG Growth Fund

We have always been invested in the growth and profitability of our channel partners. Hence, we conceived the QRG Growth Fund. Under this initiative, we manage some funds on behalf of our channel partners through an independent asset management service, thereby allowing a portion of their income to be saved and invested. They can retrieve this amount in their time of need.



Way forward

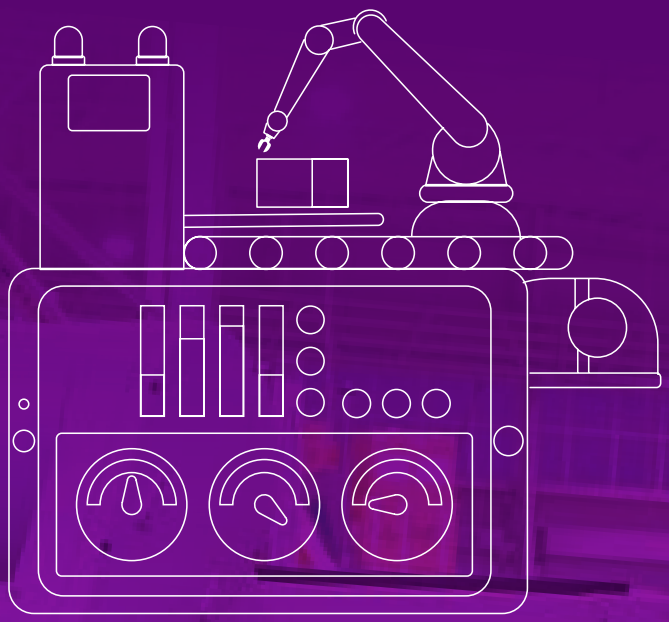
Going forward, we will focus more on localisation to reduce dependency on imports, mitigating global socio-political issues and exposure to foreign exchange fluctuation challenges. We will also emphasise moving single-source buying to multi-sourcing, de-risking the supply chain. Furthermore, we will launch more supplier clusters under HABIT initiative towards MSME supplier base improvement.

For our dealer partners, we will continue to be sensitive to their needs, encouraging them to learn more about our products and involving them more in deciphering consumer requirements. Besides, we will concentrate on strengthening our bonds with them through focused initiatives.

INNOVATION

Building a culture of innovation

Our pro-innovation culture allows us to maintain a competitive edge in the industry. We believe our strong market position and customer connect is a result of our ability to spot breakthrough ideas and develop products that address latent customer needs.



Material issues addressed in this section

Economic and Governance

- Research & Development
- Technology and digital transformation

Innovating today to create a better tomorrow

Innovation is the key to improving the quality of life. At Havells, we are constantly evolving in tandem with the continuous changes in consumer tastes and improvement in technology; and innovation plays a crucial role in this journey of staying ahead of their requirements.

Innovation-focused organisation

338

Total research team size

INR102 Crores

Total R&D expenditure during the year

123

Intellectual Property Rights (IPRs) filed

We are recognised as an organisation that proactively embraces new technology and aims to introduce innovative products to address latent consumer needs. During FY 2019-20, we directed about 1.1% of our net revenues towards R&D.

Innovation is a part of our core business strategy and is a key driver of the organisational innovation-based philosophy of 'Creating tomorrow, Innovating today'.

State-of-the-art R&D Centres

Our focus on innovation and new technology is strengthened by the management's consistent investments in bolstering research and development (R&D) centres. We expect these R&D centres will become the focal point for our growth in future. Besides, we also continue to invest in developing world-class infrastructure and test laboratories, at all plant locations to promote an environment for innovation, welcoming participation of all stakeholders.

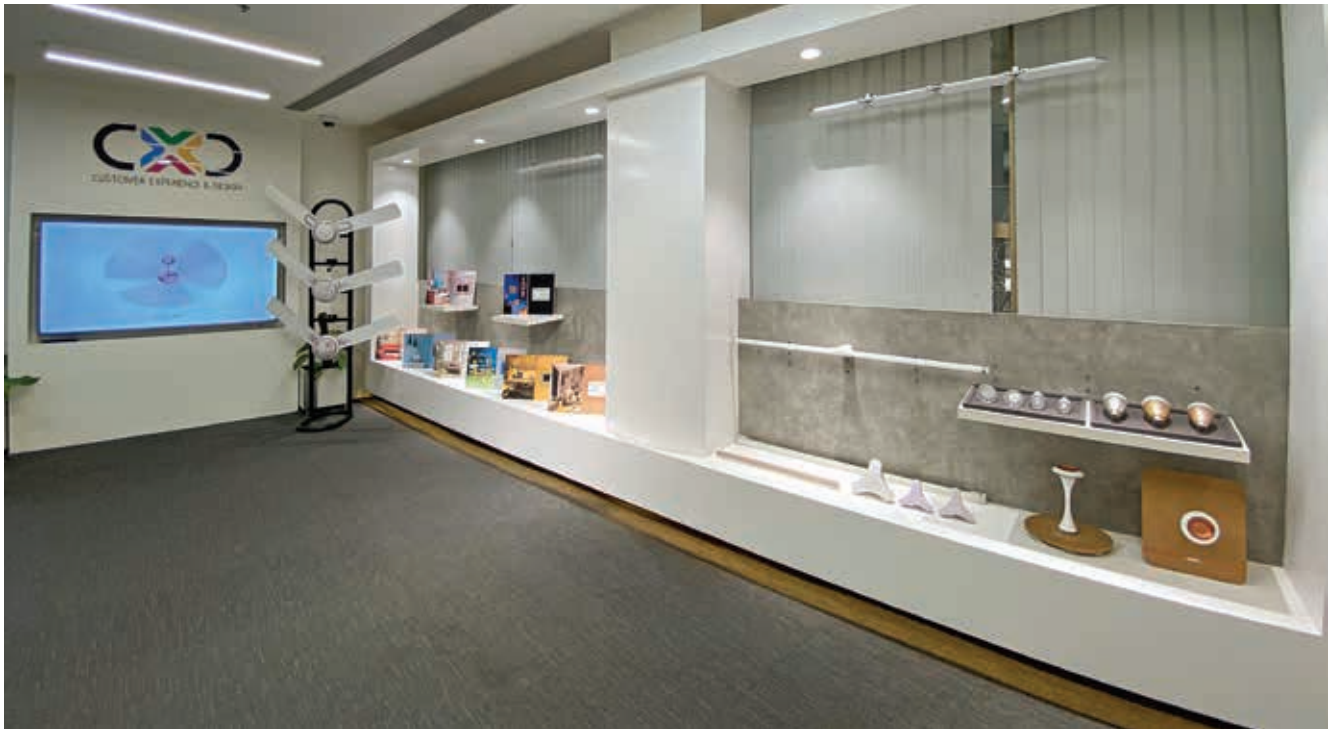
Our R&D activities revolve around the creation of solution-oriented, eco-friendly and energy-efficient products, besides, expanding our range of offerings catering to various customer segments.

We have a dedicated R&D centre in Noida, spanning over an area of 1,00,000 square feet. It houses the larger part of our product development team. The Centre for Research and Innovation (CRI) team is stationed here and focuses on continuous and sustainable product innovations, working across the product lifecycle, including design, development, manufacturability and use (in-field) phases.

We have also set up an Innovation Hub in Bengaluru that focuses on delivering future-ready products. The establishment attracts new-age talent from across the nation and houses 55 engineers, technicians, data analysts and others.

Developing future-ready products

We have been consistently investing in futuristic technologies such as Internet of Things (IoT), real-time data sharing, smart products, data analytics, artificial intelligence and machine learning for smart services to deliver unique, elevated and more personalised experiences and products. We already have a wide collection of copyrights, patents and trademarks in India and abroad and will continue to strengthen our Intellectual Property Rights (IPRs).





IoT-enabled fans with automatic speed adjustments

During FY 2019-20, we launched an IoT-enabled ceiling fan 'Carnesia-I' that adjusts speed automatically according to the room temperature. This fan was developed in-house and uses a temperature sensor to evaluate room temperature and appropriately adjusts fan speeds. The smart fan can be operated with a mobile application, remote and is also compatible with popular voice assistants - Alexa and Google Home

Smart switchgear for evolving electrical industry requirements

We introduced a technologically advanced switchgear range with MCB and Distribution Board (DB) that provides multiple functions like circuit indicator and positive contact indication. The smart product helps in continuous, real-time monitoring of switchgear device status, right from incomer MCBs to the final DB level. In case of fault-tripping, it immediately raises alarm through Havells BMS software, mobile SMS and e-mail alerts. It also helps in load management through to-the-point use, which translates into minimal energy wastage, low carbon footprint and monetary savings.

Did you know?

We have assigned people to specifically monitor SOCH—our platform for innovative solutions—which allows all our stakeholders to provide their suggestions and innovative ideas.

Encouraging innovation among our people

Innovation is embedded in the fabric of our organisation. At Havells, we provide our people with the necessary resources, tools and skills to facilitate innovation. We conduct workshops on innovation and problem-solving to motivate and engage with our people. These workshops serve as the germination ground for new ideas. Our strong R&D team evaluates the commercial viability of these ideas and converts them into innovative product offerings.

SOCH: A platform to nurture innovative ideas

We introduced SOCH in 2018 as an interface to garner innovative ideas transcending organisational boundaries and encourage a culture of innovation. SOCH offers everyone a chance to suggest unique solutions for our products, improve our business or enhance our sustainable practices. All one needs to do is visit our website (soch.havells.com) dedicated to SOCH and submit their ideas. It has already started delivering results with a good number of responses coming from various stakeholder groups.

SOCH
A Platform to Innovate



Way forward

As part of the ever-evolving FMEG industry, we will continue to embrace new technologies and focus on innovation. Going forward, we aim to increase our R&D expenditure over the next few years..

COMMUNITIES

Driving need-based interventions for social upliftment

Our bond with the communities where we operate is a result of mutual trust and consistent collaboration, which enables shared value creation.

At Havells, we undertake various initiatives that bring a holistic change in the lives of people. Most of our programmes are conducted in line with the United Nations' Sustainable Development Goals (SDGs). For over a decade, we have been initiating need-based programmes that have now reached a decent scale.

Material issues addressed in this section

Economic and Governance

Technology and digital transformation

Social

Customer & other stakeholders' delight



Initiatives during the year

Over the years, our philosophy of 'Shubh Labh' has facilitated our contributions to community welfare, where we have always prioritised social good. We firmly believe as a responsible corporate entity that 'social good' is our moral responsibility. Our focus has always been on children who are the future of the nation, as we serve our communities:

- Education and skill development
- Health and Nutrition, and Sanitation
- Environment and heritage conservation
- Health and Safety and Humanitarian causes

We believe administering change in these domains, especially near our manufacturing facilities will be vital in staying committed to our sustainability agenda.



Did you know?

We began our CSR initiatives in 2005, much before the mandated CSR came into practice.

Focusing on all-round development of children

Education is crucial for holistic development of children. At Havells, we are creating better opportunities for education by focusing on health and nutrition, hygiene and sanitation and school infrastructure. Over the years, these concentrated initiatives have delivered significant results by improving the health and cognitive development of children. Besides, they have served to increase attendance in schools, enhanced participation of girls in schools and established positive hygienic behaviour.

Did you know?

We are among the leading mid-day meal providers in the country.

Creating sustainable opportunities for all

We currently serve mid-day meals in 693 government schools across Alwar district, Rajasthan. The fresh, hygienic and nutritious meals are prepared according to government-approved diet chart in a modern kitchen, spread over an area of 4 acres. We use a fleet of ~30 vans to ensure on-time delivery every day.

We have developed an in-house app, which allows us to coordinate with the schools and our logistic teams seamlessly. It allows us to track the number of meals to be served on a daily basis and trace the food delivery. Our philosophy of providing best-in-class quality resonates here as well, as we ensure the quality of the meals served – by managing the entire operation from procurement to final delivery.

60,000+

Mid-day meals served daily











Providing hygienic sanitation facilities in school

At Havells, we are working towards developing schools that serve as a safe, hygienic haven for learning. To this end, we decided to concentrate on the WaSH (Water, Health and Sanitation) initiative which focuses on water, health and hygiene to encourage healthy habits among school-going children. We initiated WaSH in 2013 by setting up eco-friendly bio-toilets in the government-run schools of Alwar district, Rajasthan. We have a 360-degree view on sanitation – wherein we built bio-toilets, conduct sensitisation workshops, ensure cleanliness and maintain the sanitation infrastructure.

The bio-toilets convert human waste into biogas and water using special micro-organisms. The recycled water can then be used for gardening, cleaning and recharging groundwater basins. Our WaSH initiative is completely aligned with the Government of India's Swachh Bharat Mission' and reaches 500 schools in Alwar district.

Busting menstruation myths

It has been observed that adolescent girls miss school during their periods because of menstruation myths, which hampers their education and health. We joined hands with Project Baala to create awareness about menstruation among girls in rural region. Under this initiative, we have distributed re-usable sanitary napkins to girls studying in government schools. During the year, we distributed sanitary pads kits to **~56,000** school-going girls in government schools of Alwar district, Rajasthan and Haridwar district, Uttarakhand. We aim to reach **50,000** more girls during FY 2020-21.

~4,000

Bio-toilets constructed in Alwar district, Rajasthan over the years



Building infrastructure to encourage education

We are the founder members of Ashoka University and support it through scholarships for the underprivileged students and infrastructure development.

We also partnered with BML Munjal Foundation, during FY 2019-20, to provide financial assistance to students from economically backward families through scholarships as well as creating infrastructure for the benefit of such students.

Besides, we donate furniture for classrooms and libraries in the government-run schools of Alwar, Rajasthan and Haridwar, Uttarakhand. The school furniture is made of waste wood generated at our plants.

Our support to government schools is a continuous activity and we intend to consistently increase our infrastructural support for the schools in these regions. During the year, we donated over 700 sets of tables and benches to these schools.

Did you know?

We began our sanitation and hygiene programme in 2013, which was later validated by the Government of India's Swachh Bharat Mission.



Assisting in green development

We understand the importance of forests in our ecosystems, and in promoting and nurturing biodiversity. Besides, jungles also function as carbon sinks and are important in regulating the climate and sustaining communities. With this approach, we participate in tree plantations in and around the nearby areas of our manufacturing facilities. Since FY 2017-18, we have planted ~6.5 Lakh tree saplings. During the reporting year, we planted 3 Lakh tree saplings in Bhopal, Madhya Pradesh and 50,000 in Neemrana, Rajasthan.



Encouraging aspirations, inspiring dreams

I saw a bio-toilet for the first time in this school. It has certainly made life easier since I do not have to miss classes anymore during my periods. I can stay up to date with my studies like the boys in my class. Moreover, the school provides us various facilities, especially different workshops that inspire me to dream big. I aspire to be an Indian Administrative Service (IAS) officer and my school has played a significant role in encouraging this dream.

Rajani Kumari
SSC school student, Rajasthan

Conserving India's heritage

India's rich heritage and culture needs preservation. At Havells, we are working towards this objective in association with the Aga Khan Foundation India (AKFI). As part of this tie-up, we have contributed towards the development of Humayun's Tomb Interpretation Centre.

The structure, once completed, will be spread over more than 10,000 sqm and would be the first-of-its-kind facility planned at any of Delhi's World Heritage Sites. It is expected to welcome two million visitors annually. The proposed Interpretation Centre will also be the largest public cultural facility, built since the National Museum.

We would also be helping Aga Khan Foundation in conserving 'Sabz Burj', a nationally important monument situated at Nizamuddin in New Delhi.





Way forward

We will continue our social wellbeing initiatives and focus on increasing our efforts to give more back to the community, delivering on our responsibility towards sustainable communities.

ENVIRONMENT

Managing our ecological footprint

We recognise the impact our operations have on the environment. We are also cognisant that our products have ecological footprint both during and after use. Hence, we are focused on minimising our environmental impact during our manufacturing operations and products' lifecycle.

We are conscious of the fact that the earth has finite resources and once used up, most of them will be completely gone or will be in a form unfit to be reused. By embracing concepts like circular economy, 5Rs and waste reduction, we are trying to make a difference. We are also concentrating on developing better products that do not harm the planet, reduce our water consumption and emissions and enhance resource optimisation.

At Havells, we develop products with low-energy footprint and all our manufacturing units adhere to energy-efficient practices. We have also integrated environmental considerations into all phases of our value chain. Our focus lies on lean manufacturing resulting in efficient use of natural resources and reduction in generation of waste.

Material issues addressed in this section

Environment

- Emissions
- Water withdrawal and impact
- Waste generated and exposed
- Energy efficiency



Concentrating on energy and emissions reductions

Energy in its various forms is one of the key resources for any manufacturing company. The use of clean and renewable energy plays a major role in the sustainability strategy of any organisation. At Havells, our emphasis is on moving towards solar power and utilising clean energy like natural gas and electricity in key manufacturing areas that reflects our energy efficiency tactics. We have undertaken more than 40 energy saving projects, resulting in energy savings of ~1317.1 Mwh and elimination of 1,080 MT of CO_2 emissions.

Our new manufacturing facility at Ghiloth, Rajathan is one of the most technologically advanced AC manufacturing unit with IoT-based machine and systems. The process facility is also developed as per Green Building Criteria under Indian Green Building Council (IGBC) guidelines and norms.

Energy consumption within the organisation

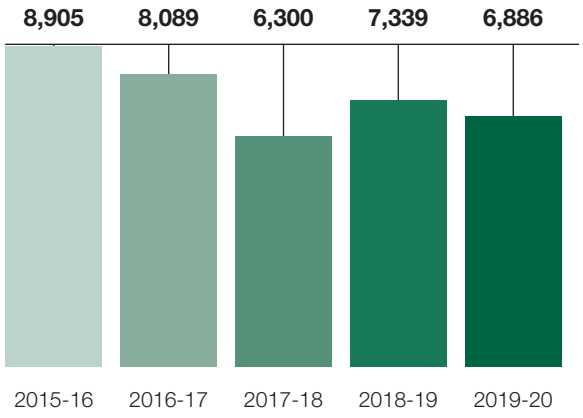
Total energy consumption within the organisation	Giga Joules (GJ)
From non-renewable sources	**406,789.5**
From renewable sources	**20,021.3**

In Scope 3 emissions, we only included employee commuting during this reporting year, which was 719.8 Mt. Total energy consumed outside the organisation was 10,234 GJ.

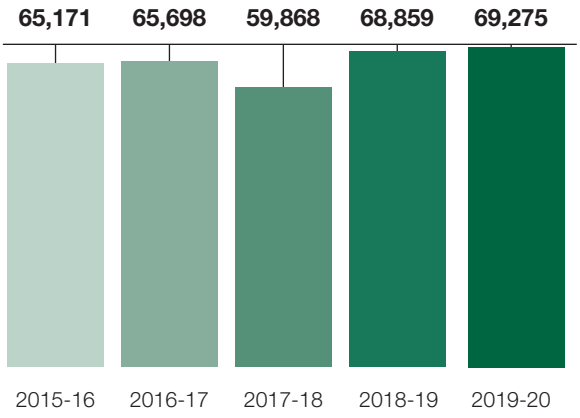
In recent years, we have reduced our dependence on grids for electricity by incorporating solar power capabilities.

Green House Gas (GHG) Emissions **($mtCO_2e$)**

Direct Scope- 1 GHG Emissions



In-direct Scope- 2 GHG Emissions



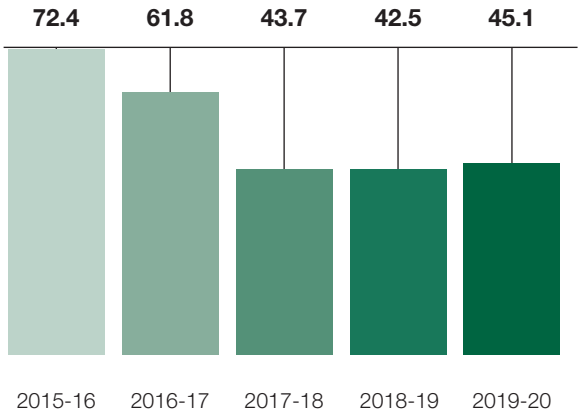
Our focus is on achieving carbon-conscious growth. With this purpose, we are embracing progressive low-emission development strategies to encourage integrated clean energy solutions and broader sustainable development objectives, moving towards low-carbon development.

Renewable energy

We have been consistently investing in the renewable energy generation infrastructure, which is helping us reduce electricity cost per unit and minimise our carbon footprint. We have set up a total of 5.6 MW solar power generation capacity. Our new facility at Ghiloth, Rajasthan has 1.8 MW of installed solar power generation capacity.

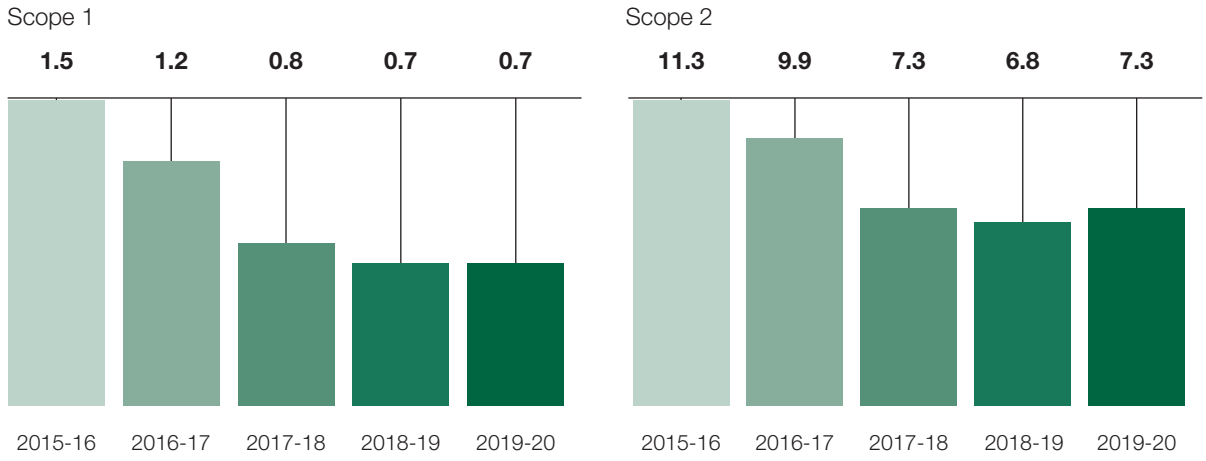
Over the years, we have been making continuous progress towards generation and adoption of renewable energy sources. During FY 2019-20, we generated 5.56 GWh of rooftop solar power.

Energy intensity ratio **($mtCO_2e$/Crores INR)**

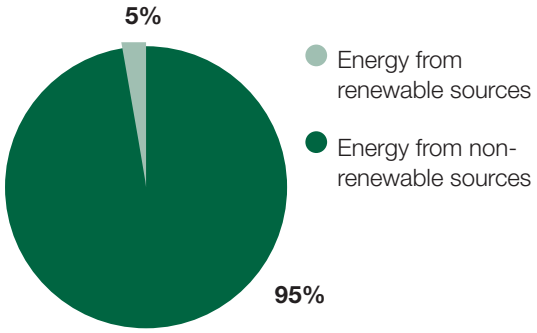


** Energy Emission Intensity increased in FY 2019-20 as revenue is decreased.*

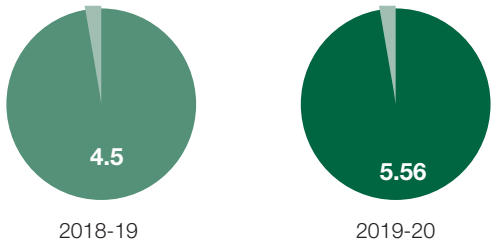
GHG emissions Intensity ($mtCO_2e$/Crores INR)



Energy mix



Renewable power generation (GWh)



Energy management system

Energy remains critical in any manufacturing process. Any fluctuation in energy prices directly impacts the cost of manufacturing and ultimately, profitability. We have been consistently working towards increasing energy efficiency and reducing our total energy consumption. Considering FY 2015-16 as the base year, we have been able to reduce our energy intensity by 37% in FY 2019-20.

37%

Reduction in energy intensity during FY 2019-20 (with FY 2015-16 as the base year)

All our plants are ISO 50001 certified for energy management system. The reduction in energy consumption and thereafter the reduced carbon emissions are a result of various eco-efficient projects that we have undertaken in our manufacturing sites.

Some of the major energy saving projects undertaken were:

- Conversion of 280kw DC motor to 315KW VFD and AC motor on AL RBD China HT Plant (main)
- Conversion of 55kw DC motor to 75KW VFD and AC motor on AL RBD China HT Plant (capston)
- Conversion of 30kw DC motor to 37KW VFD and AC motor on AL RBD China HT Plant (T/UP), and others
- Air compressor after replacement of GI pipes with aluminium pipes
- Energy saving closure to one-day working of paint shop, moulding and R&D lab
- Energy saving due to closure of production activities on Sundays (production lines, tool room, moulding, paint shop and others)
- Eliminating idle running of return conveyor
- Stopped idle running of press motor through optimisation
- All office ACs other than equipment temperature setup, controlled at 26°Celsius
- All lighting provided with motion sensor interlock and timer to reduce electricity wastage
- Optimisation of blower and air washer unit to be closed with line
- Lunch and tea break auto electricity cut-off
- Energy efficient all-in-one dryer installation
- Optimisation and synchronisation of chiller unit

Focusing on material efficiency

We understand our responsibility towards the use of raw materials. We use a wide variety of raw materials including steel, aluminium, zinc, copper and brass, engineering plastic, MPP Films, thermoset resin, bearings and others in our products. Copper, aluminium, brass and plastics constitute 78% of our total procurement budget for sourcing within India. We constantly endeavour to either explore alternative materials or to optimise usage in the first place.

Efficient raw material used (MT)

1,16,447

Raw materials used

721

Recycled materials used

Raw materials used in FY 2019-20

Particulars	Unit
Raw materials	1,16,447 MT
Associated process material (grease, lubricants, paints, solvents, inks)	35,136 Kg
	10,83,557 litres
Semi-manufactured goods or parts	7,35,888 nos.
Packaging material	11,66,977 FT3
	49,75,80,139 Nos
	42,45,345 Kg

Environment-friendly practices influencing business strategy

Our business decisions are based on sustainability and environmental factors. Over the years, we have adopted technologies that are better for our planet, people and profit.

Adoption of dry painting technology

With an aim to reduce water consumption and resource wastage, we installed state-of-the-art dry painting setup in our Neemrana and Haridwar plants. The technology uses powder paint and heat it to get the desired look and feel similar to the conventional water dependent painting technology. This procedure ensures zero water usage and has cut down wastage of paint. It is primarily an automated process that involves high-grade machinery and robotics.

Did you know?

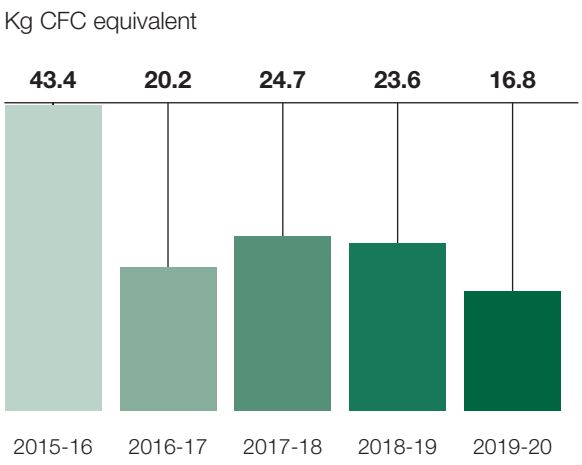
We are the first Company in India to set up a fully automated, most-advanced, green manufacturing plant for air conditioners.

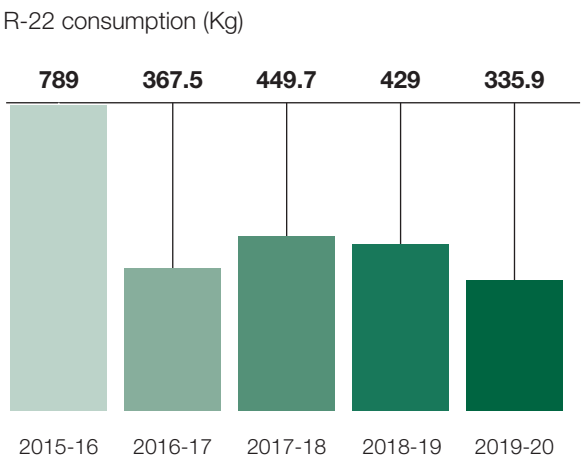
Reducing the use of ozone-depleting substances

Air conditioners, refrigerators and freezers rely on the circulation of a refrigerant – a chemical that can efficiently remove heat from the surroundings as it repeatedly cycles between liquid and gaseous states. R-22 refrigerant belongs to a class of chemicals called hydrochlorofluorocarbons that are being phased out because of their ozone-depleting effects. R134a refrigerant is an alternative that contains no chlorine and hence no ozone depletion potential.

At Havells, we are aware of the emissions from our air conditioning systems at our office and plant sites. Over the years, we have reduced our consumption of R-22 gas by more than 50%. We have started replacing R-22 with R-134 coolant gas and during the reporting year, we consumed 204 kg of R134a.

Ozone Depleting Substances (ODS) emissions





Moving towards a circular economy

Circular economy forms an integral part of sustainable development, as it involves actively building and effectively rebuilding at scale. Material efficiency and the 5Rs approach are the underlying factors that govern circular economy. The 5Rs include reduce, reuse, recycle, recover and residual management.

At Havells, we have a material intensive business and are focused on resource optimisation and the '5Rs' to contribute to the circular economy.

Under the 5Rs initiative, we have undertaken the following:

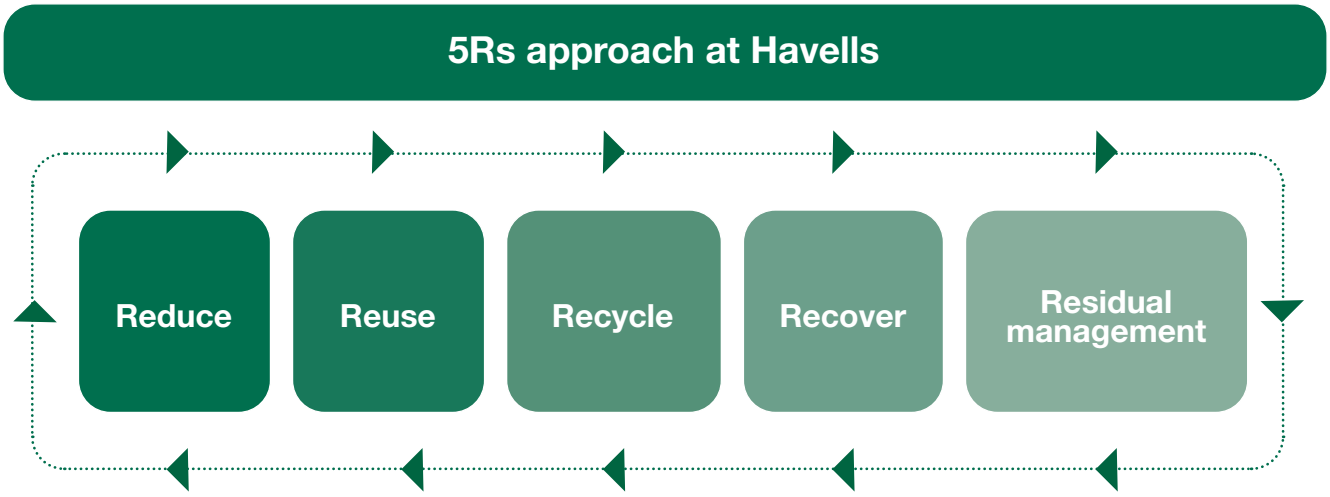
- Recycle and reuse ~93% of our non-hazardous waste, while all hazardous waste is sent to authorised dealers for treatment and disposal
- Do not use paper cups and plastic water bottles across the organisation
- Reuse waste wood from cable drums to build furniture for schools as part of our social responsibility activity

Waste management system

We maintain a stringent waste management system for hazardous and non-hazardous waste generated in our premises. For the reporting year, ~9,544 MT of non-hazardous waste was recycled and 661 MT was reused that included, metal, rubber and plastic scrap, which was sold to authorised waste recyclers. All the hazardous waste generated in our manufacturing plants are stored and disposed according to the applicable regulatory laws and guidelines provided by State Pollution Control Board/Central Pollution Control Board (CPCB) and Ministry of Environment Forest and Climate Change (MOEFCC). There were no significant spills reported in the current year. Total hazardous waste transported for the disposal was 203.3 MT.

Did you know?

At Havells, less than 5% of total waste goes to landfill. All hazardous wastes that are generated are disposed responsibly. Used oil and grease are sold to CPCB/SPCB authorised recyclers/dealers according to the applicable laws.



Eco-friendly packaging

Packaging is a very important aspect of our product value chain and hence we have undertaken several initiatives to apply the 5Rs principles to packaging. Currently, we are also searching for new ways to minimise the use of plastic in lamination of our products.

In search of environment-friendly packaging, we have embraced the Packaging Development Management System (PDMS). We emphasise minimising packaging material at the development and design stage itself and ensure to run the packaging prototype parallel to the product prototype. For this purpose, we developed the PDMS software that captures all inputs regarding the product and its packaging at this stage. This allows us to optimise packaging consumption at the onset. Besides, packaging vendors get to plan the raw materials required well in advance, eliminating wastage of time and materials. PDMS allows us to capture inputs from various departments like Marketing, Sales, CRI, Marcom and others to incorporate them into packaging development.

Going forward, we plan to integrate this software with the PMO software for enhanced R&D. This integration will enable us to capture and track complete details of product and packaging under a single platform and reduce the product launch timelines.

Did you know?

We have completely eliminated the use of plastic below 50 micros for packaging.

Contemporary packaging materials

We have completely replaced the use of thermocol with pulp trays in our cartons of fan motors. Pulp offers several benefits, including stable cost bases and excellent cushioning properties. Moreover, it is a sustainable product, fully recyclable, biodegradable and compliant with ISO 14000 series and European Green Dot Standards.

We have implemented this in 80% of Stock Keeping Unit (SKUs) from the Haridwar plant and 80% of our ceiling fan business. Recently, we replaced 21 tonnes of thermocal (annual usage) for wood pulp in our Enticer series ceiling fan's packaging.

We have also substituted thermocol fillers used in the fans with corrugated biodegradable fillers, preventing 25 tonnes of thermocol from coming into circulation.

At Havells, our packaging focuses on the aspects of:
- Improving the design look and feel
- Ensuring recyclability

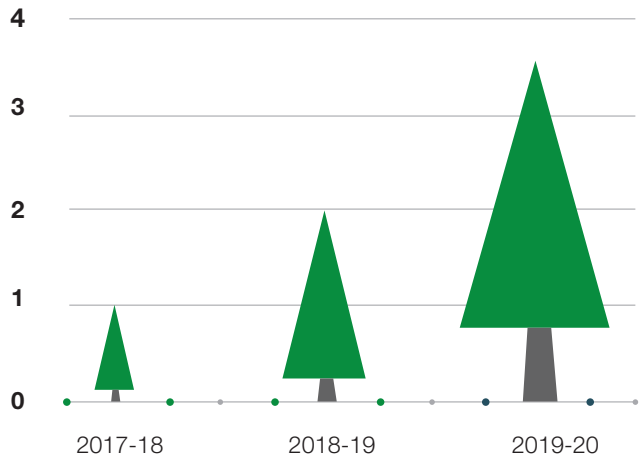
We already set up a target of using recycled material for packaging and have made significant progress towards it. The packaging materials are being improvised in partnership with research organisations in India and various NGO partners. We are also working towards introducing recycled materials in product design and reducing the use of virgin materials, gradually upgrading the infrastructure to handle recyclable materials.

Growing as a wood and paper conscious Company

We are working towards reducing our consumption of paper and currently plant ~3.5 Lakh trees every year to offset our use of paper and wood. We execute several tree plantation programmes like Chaanv in Madhya Pradesh and Kanya Upwan in Rajasthan.

We aim to develop 900 hectares of green cover by 2023 and have already covered 260 hectares, under our plantation drive with 6.5 Lakhs trees in Bhopal, Madhya Pradesh and Neemrana, Rajasthan.

Annual increase in tree plantation **(in Lakhs)**



Most of our operations are in the industrial areas/zones. None of our operational sites owned, leased and managed are in or adjacent to protected areas and/or areas of high biodiversity value outside protected areas. Also, there is no International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations. Hence, there is no impact in relation to concerning biodiversity aspects.

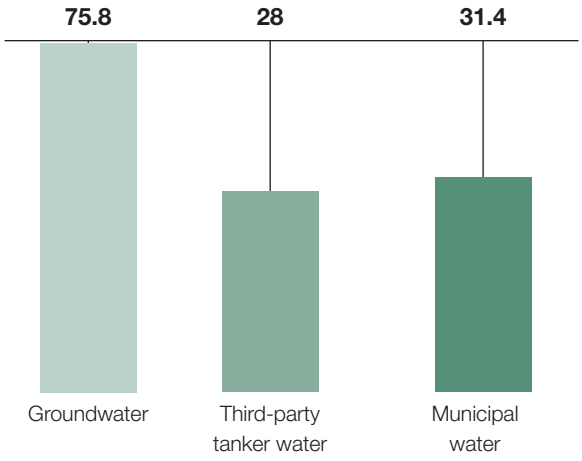
Being responsible with water

Water is a shared resource, making responsible usage a critical necessity. We are conscious of our water intake and believe that our growth as a water-positive organisation is the result of this approach. Gaining water efficiency and its conservation remains a key factor for us as some of our manufacturing establishments are in water-deficit regions. We are a water-positive Company since FY 2015-16 with an indeximproving 1.6 times over FY 2018-19, as assured by an independent third-party.

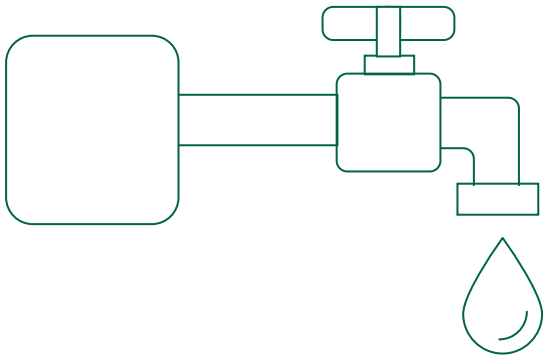
Water management strategy

Our water management strategy is focused on reducing water consumption, harvesting rainwater, recharging the ground aquifer and giving back to the world more than what we extract. Being an FMEG company, we are not water intensive in nature, however some of our units have water-based paint shops that require water during the painting process. These procedures are managed efficiently to reduce water consumption.

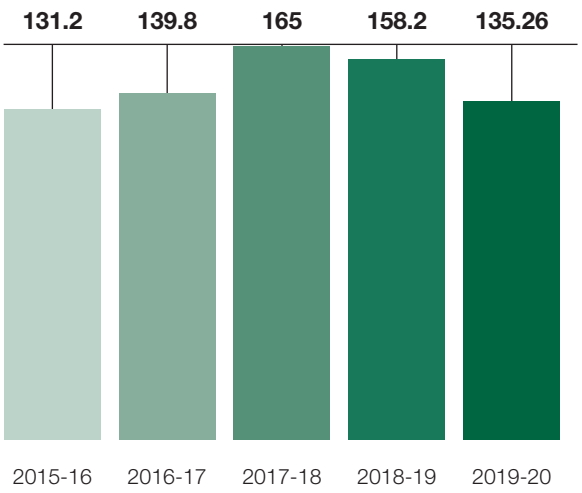
Sources of water for meeting total requirement in FY 2019-20 (mega litres)



Total freshwater consumed during the reporting year was 135.26 mega litres. Our source of water in the water-stressed regions is municipal water and tanker water instead of groundwater (as directed by the government).



Water consumption* **(mega litres)**



**Our water consumption initially increased with increase in capacity and through conservation measures it has now come down significantly.*

With a robust water management strategy that concentrates on every aspect of our water consumption from intake to discharge, we discipline our day-to-day water usage. We have in place various water conservation projects at our plant sites. With installation of dry powder based paint shops instead of the conventional water based paint shops; flow regulated taps and urinals; arresting water leakages and closing down unnecessary water distribution points; and the installation of new air-based compressors, among others, we are reducing our overall water consumption.

Use of contemporary technologies to minimise water consumption

We adopted air-based screw compressors that do not use water, like the conventional reciprocating compressors thus reducing our intake of this precious natural resource.

Did you know?

We reduced our water consumption by 18% from 165 mega litres in FY 2017-18 to 135.26 mega litres during in FY 2019-20.

Water recycling interventions

Consuming water in domestic and paint shop activities, we generate waste water from both the sources. All our units are equipped with Sewage Treatment Plants (STPs) and Effluents Treatment Plants (ETPs), as required. Domestic waste water generated from the toilet and canteen facilities is treated in STPs and waste water from paint shops in ETPs. Almost all the treated recycled water is used in our processes or in developing greenbelt and plantation, and there is no impact on any water body or related habitats.

Our Faridabad unit was the only factory to release small amount of treated water (after maintaining the minimum discharge standards) into municipal sewage line with consent from the concerned authorities during the reporting period. We follow all the necessary applicable guidelines and directions on maintaining required standards of STP and ETP as given by the regulatory bodies like Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs).

Total recycled water from STP

59.10 mega litres

Total recycled water from ETP

15.30 mega litres

Increased rainwater harvesting capacity at Neemrana

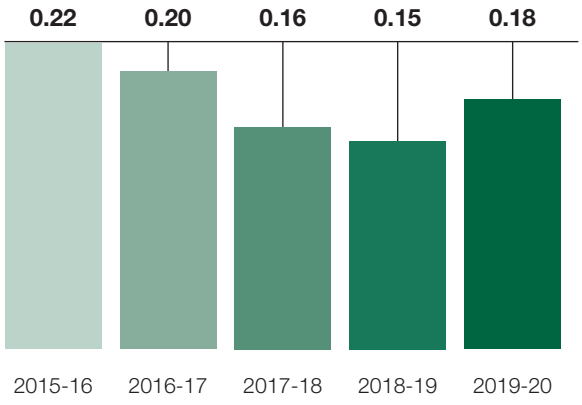
Our efforts have always been directed towards increasing water credit instead of water debit. Therefore, all our manufacturing plants are equipped with rainwater harvesting systems that collect water from rooftops and paved surfaces to channel it through dedicated rainwater drains into scientifically designed artificial groundwater recharging structures.

We constructed three new scientifically designed rainwater harvesting and groundwater recharge pits with capacity of 75 kilo litres each to make the most of the recently erected storage shed at the Neemrana plant. These new structures receive runoff rainwater from the new shed. We are confident that these measures will further add value to our status of water positivity.

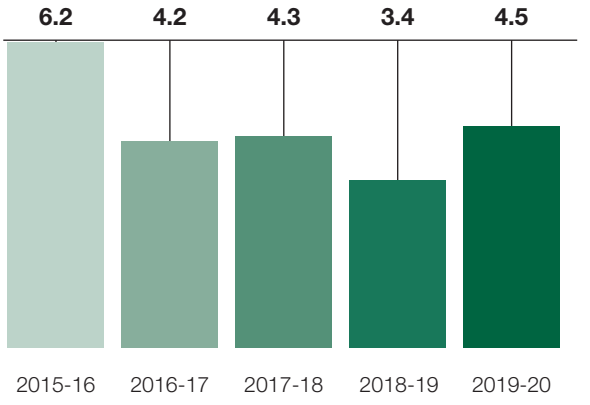
Managing emissions

We consistently work to minimise other emissions. We regularly monitor our process emissions from our oven and Diesel Genset (DG) stacks according to the applicable regulatory guidelines.

SOx emissions **(mt)**



NOx emissions **(mt)**



We have undertaken various steps to lower our environmental footprint on several fronts like water management, energy efficiency, emissions control, waste disposal and others. During FY 2019-20, our total environmental expenditure was INR 2.4 Crores.

Way forward

As a manufacturing company, we consistently focus on reducing consumption of natural resources and bringing more efficiency to our process through absorption of new technology, small and big in-house modifications and optimisations.

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GRI Standard	Disclosure	Page Number
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	102-40: List of stakeholder groups	20–21
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	102-51: Date of most recent report	2
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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundaries	20–23
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	Disclosure 201-2: Financial implications and other risks and opportunities due to climate change	27–29
	Disclosure 201-3: Defined benefit plan obligations and other retirement plans	39
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GRI 202: Market Presence 2016	Disclosure 202-1: Ratios of standard entry level wage by gender compared to local minimum wage	37
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Indirect economic impacts		
GRI 203: Indirect Economic Impacts 2016	Disclosure 203-1: Infrastructure investments and services supported	10–11
	Disclosure 203-2: Significant indirect economic impacts	10–11
GRI 204: Procurement Practices 2016	Disclosure 204-1: Proportion of spending on local suppliers	41
GRI 205: Anti-corruption 2016	Disclosure 205-1: Operations assessed for risks related to corruption	26–29
	Disclosure 205-2: Communication and training about anti-corruption policies and procedures	26–29
	Disclosure 205-3: Confirmed incidents of corruption and actions taken	26–29
GRI 301: Materials 2016	Disclosure 301-1: Materials used by weight or volume	57
	Disclosure 301-2: Recycled input materials used	57
	Disclosure 301-3: Reclaimed products and their packaging materials	57
GRI 302: Energy 2016	Disclosure 302-1: Energy consumption within the organisation	55–56
	Disclosure 302-2: Energy consumption outside of the organisation	55–56
	Disclosure 302-3: Energy intensity	55–56
	Disclosure 302-4: Reduction of energy Consumption	55–56
	Disclosure 302-5: Reductions in energy requirements of products and services	55–56
GRI 303: Water and Effluents 2018	Disclosure 303-1: Interactions with water as a shared resource (MA)	60–61
	Disclosure 303-2: Management of water discharge-related impacts (MA)	60–61
	Disclosure 303-3: Water withdrawal	60–61
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GRI Standard	Disclosure	Page Number
Emissions		
GRI 305: Emissions 2016	Disclosure 305-1: Direct (Scope 1) GHG emissions	55–56
	Disclosure 305-2: Energy indirect (Scope 2) GHG emissions	55–56
	Disclosure 305-3: Other indirect (Scope 3) GHG emissions	55–56
	Disclosure 305-4: GHG emissions intensity	55–56
	Disclosure 305-5: Reduction of GHG emissions	55–56
	Disclosure 305-6: Emissions of ozone-depleting substances (ODS)	57
	Disclosure 305-7: Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	61
GRI 306: Effluents and Waste 2016	Disclosure 306-1: Water discharge by quality and destination	61
	Disclosure 306-2: Waste by type and disposal method	11, 58
	Disclosure 306-3: Significant spills	11, 58
	Disclosure 306-4: Transport of hazardous waste	11, 58
	Disclosure 306-5: Water bodies affected by water discharges and/or runoff	61
GRI 307: Environmental Compliance 2016	Disclosure 307-1: Non-compliance with environmental laws and regulations	27
GRI 308: Supplier Environmental Assessment 2016	Disclosure 308-1: New suppliers that were screened using environmental criteria	41–42
	Disclosure 308-2: Negative environmental impacts in the supply chain and actions taken	41–42
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GRI 401: Employment 2016	Disclosure 401-1: New employee hires and employee turnover	37
	Disclosure 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	36–39
	Disclosure 401-3: Parental leave	39
GRI 402: Labour/Management Relations 2016	Disclosure 402-1: Minimum notice periods regarding operational changes	26
GRI 403: Occupational Health and Safety 2018	Disclosure 403-1: Occupational health and safety management system (MA)	38–39
	Disclosure 403-2: Hazard identification, risk assessment, and incident investigation (MA)	38–39
	Disclosure 403-3: Occupational health services (MA)	38–39
	Disclosure 403-4: Worker participation, consultation, and communication on occupational health and safety (MA)	38–39
	Disclosure 403-5: Worker training on occupational health and safety (MA)	38–39
	Disclosure 403-6: Promotion of worker health (MA)	38–39
	Disclosure 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (MA)	38–39

GRI Standard	Disclosure	Page Number
	Disclosure 403-8: Workers covered by an occupational health and safety management system	38–39
	Disclosure 403-9: Work-related injuries	38–39
	Disclosure 403-10: Work-related ill health	38–39
GRI 404: Training and Education 2016	Disclosure 404-1: Average hours of training per year per employee	37
	Disclosure 404-2: Programs for upgrading employee skills and transition assistance programs	37–39
	Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews	37–39
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1: Diversity of governance bodies and employees	24–27
	Disclosure 405-2: Ratio of basic salary and remuneration of women to men	24–27
GRI 406: Non-discrimination 2016	Disclosure 406-1: Incidents of discrimination and corrective actions taken	26–27
GRI 407: Freedom of Association and Collective Bargaining 2016	Disclosure 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labour 2016	Disclosure 408-1: Operations and suppliers at significant risk for incidents of child labour	26–27
GRI 409: Forced or Compulsory Labour 2016	Disclosure 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour	26–27
GRI 410: Security Practices 2016	Disclosure 410-1: Security personnel trained in human rights policies or procedures	26–27
GRI 411: Rights of Indigenous Peoples 2016	Disclosure 411-1: Incidents of violations involving rights of indigenous peoples	26
GRI 413: Local Communities 2016	Disclosure 412-1: Operations that have been subject to human rights reviews or impact assessments	26–27
	Disclosure 412-2: Employee training on human rights policies or procedures	26–27
	Disclosure 412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	42
GRI 413: Local Communities 2016	Disclosure 413-1: Operations with local community engagement, impact assessments, and development programs	20–23
	Disclosure 413-2: Operations with significant actual and potential negative impacts on local communities	37
GRI 414: Supplier Social Assessment 2016	Disclosure 414-1: New suppliers that were screened using social criteria	41–42
	Disclosure 414-2: Negative social impacts in the supply chain and actions taken	41–42
GRI 415: Public Policy 2016	Disclosure 415-1: Political contributions	26
GRI 416: Customer Health and Safety 2016	Disclosure 416-1: Assessment of the health and safety impacts of product and service categories	34
	Disclosure 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	34

GRI Standard	Disclosure	Page Number
GRI 417: Marketing and Labelling 2016	Disclosure 417-1: Requirements for product and service information and labelling	34
	Disclosure 417-2: Incidents of non-compliance concerning product and service information and labelling	34
	Disclosure 417-3: Incidents of non-compliance concerning marketing communications	34
GRI 418: Customer Privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	31

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Independent Limited Assurance Statement to Havells India Limited on their Sustainability Report for Financial Year 2019-20

To the Management of Havells India Limited, QRG Towers, 2D, Sector 126, Noida- Greater Noida Expressway Noida, Uttar Pradesh- 201304.

Introduction

Havells India Limited ('the Company' or 'HIL') has requested KPMG in India ('KPMG', or We) to provide an independent assurance on its Sustainability Report 2019-20 ('the Report').

The Company's management is responsible for identifying its material topics, engaging with its stakeholders and developing the content of the Report.

KPMG's responsibility is to provide limited assurance on the Report content as described in the scope of assurance.

Reporting Criteria

HIL applies its sustainability performance reporting criteria, derived from the 'In-accordance Comprehensive' option as per Sustainability Reporting Standards of GRI as detailed in the 'Report scope and boundary'.

Assurance standards used

We conducted the assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement [(ISAE) 3000, (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. Under this standard, we have reviewed the selected information presented in the Report against the principles of relevance, completeness, reliability, neutrality and understandability.

Boundary Scope, and Limitations

The following is covered under the scope and boundary of the assurance engagement:

- The scope of assurance covers the sustainability performance of HIL's sustainability performance disclosures for the period of 01 April 2019 to 31 March 2020, as per the table below.
- The boundary of the report includes the data and information from HIL sites as mentioned in the Sustainability Report section – Reporting Boundary:
    - Haridwar (Uttarakhand)
    - Neemrana (Rajasthan)
    - Alwar (Rajasthan)
    - Baddi (Himachal Pradesh)
    - Faridabad (Haryana)
    - Ghiloth, (Rajasthan)
    - Sahibabad (Uttar Pradesh)
    - Corporate Office, Noida (Uttar Pradesh)
- The assurance scope excludes:
    - Aspects of the report other than those mentioned in the table below;
    - The Company's financial performance;
    - Data and information outside the defined reporting period;
    - The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues;

KPMG, an Indian partnership firm, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

The disclosures subject to assurance as per GRI Standards were as follows:

Standard Disclosures	Topic-Specific Standard Disclosures
• Organizational Profile: GRI 102-1 to GRI 102-13 • Strategy and Analysis: GRI 102-14 • Ethics and Integrity: GRI 102-16 • Governance: GRI 102-18 • Stakeholder Engagement: GRI 102-40 to GRI 102-44 • Reporting Practice: GRI 102-45 to GRI 102-56 • Management Approach: 103-1 to 103-3	• Economic: Anti-Corruption (GRI 205-1 to GRI 205-3) • Environment: Materials (GRI 301-1 to GRI 301-3), Energy (GRI 302-1 to 302-5), Water and Effluents (GRI 303-1 to GRI 303-5), Emissions (GRI 305-1 to 305-7), Effluents and waste (GRI 306-1 to 306-5), Compliance (GRI 307-1), Supplier Environmental Assessment (GRI 308-1 to GRI 308-2) • Labour Practices and Decent Work: Employment (GRI 401-1 to GRI 401-3), Occupational Health and Safety (GRI 403-1 to 403-10), Training and Education (GRI 404-1 to GRI 404-3), Diversity (GRI 405-1 to GRI 405-2), Non-Discrimination (GRI 406-1), Freedom of Association and Collective Bargaining (GRI 407-1), Child Labor (GRI 408-1), Forced or Compulsory Labor (GRI 409-1), Security Practices (GRI 410-1), Human Rights Assessment (GRI 412-1 to GRI 412-3), Local Communities (GRI 413-1 to GRI 413-2) • Supply Chain: Supplier Social Assessment (GRI 414-1 to GRI 414-2), Supplier Environmental Assessment (GRI 308-1) • Public Policy (GRI 415-1) • Product Responsibility: Customer Health and Safety (GRI 416-1 to GRI 416-2), Customer Privacy (GRI 418-1), Marketing and Labelling (GRI 417-1 to GRI 417-3)

Assurance procedures

We have obtained sample evidence, information and explanations that were considered necessary in relation to the assurance scope and have arrived at conclusions mentioned below. Our work included a range of evidence-gathering procedures including:

- Assessing that the report is prepared in accordance with the GRI Standards: Comprehensive option.
- Understanding the appropriateness of various assumptions used for estimation of data by HIL.
- Verifying systems and procedures used for quantification, collation and analysis of sustainability performance indicators included in the Report.
- Assessing the systems used for data collection and reporting of the Universal Standard Disclosures and Topic-Specific Standard Disclosures of material aspects as listed in the assurance scope above.
- Reviewing the Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.
- Reviewing the materiality and stakeholder engagement framework deployed at HIL.
- Testing on a sample basis, the evidence supporting the data and information.
- Holding discussion with senior executives at the plant locations and at the corporate office to understand the risks and opportunities from a sustainability perspective including the strategy that HIL has adopted to address the same.
- Assessing data reliability and accuracy.
- Verifying select key performance data through site visits to operational locations and corporate office for:
    - Testing reliability and accuracy of data on a sample basis.
    - Assessing stakeholder engagement process through interactions with relevant internal stakeholders and review of related documentation.
    - Limited review of the materiality assessment process.
    - Reviewing the processes deployed for collection, compilation and reporting of sustainability performance indicators at corporate and plant level.

Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected on account of confidential information our team verified the same at HIL's premises.

Conclusions

We have reviewed the Sustainability Report of HIL. Based on our review and procedures performed as described above, nothing has come to our attention that causes us not to believe that the sustainability data and information presented in the Report is appropriately stated, in material aspects, and in accordance with GRI Standards.

We have provided our observation to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of the ISAE 3000 (revised) standard. Our work was performed in conformance to the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) code

Responsibilities

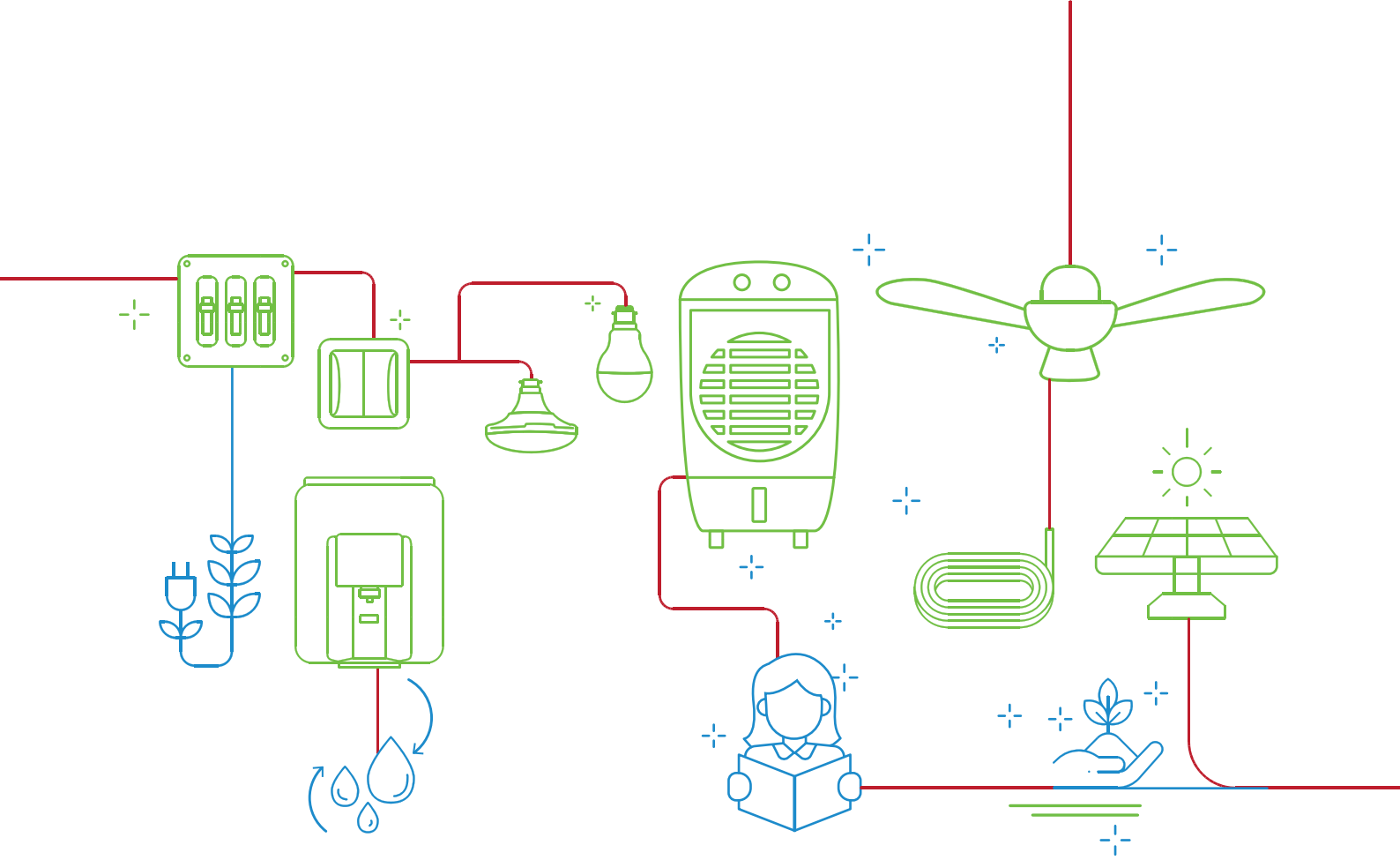
HIL is responsible for developing the Report contents. HIL is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of HIL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HIL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HIL for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.



Manpreet Singh
KPMG in India
Dated: 12th May 2020

Notes

Notes



HAVELLS

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