

14th August 2024

The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai- 400 051

NSE Symbol : HAVELLS

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001

Scrip Code : 517354

Sub: Corporate Governance Rating

Dear Sir,

In terms of Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with corresponding circulars and notifications issued thereunder, it is hereby informed that CARE Analytics and Advisory Private Limited (CAAPL) has assigned the following rating to the overall performance of Corporate Governance of the Company:-

Particulars	Rating
Corporate Governance Rating	'CG 2+' (CG Two Plus)

In this regard, the Grading Report issued by CAAPL is also enclosed herewith.

Thanking you.

**Yours faithfully,
for Havells India Limited**

**(Sanjay Kumar Gupta)
Company Secretary**

Enck: As above

HAVELLS INDIA LTD.

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For CARE 360, Call us : for Havells : 08045771313, for Lloyd : 08045775666. CIN: L31900DL1983PLC016304

Havells

Corporate Governance Grading Report

August 2024

Havells India Limited

Corporate Governance (CG) Grading

Date of Incorporation	August 8, 1983	CG Grading Scale CG 1 CG 2+ CG 2 CG 3 CG 4 CG 5 CG 6
Managing Director	Mr. Anil Rai Gupta	
Geographical Area of Operation	Present in 70 plus countries and 15 manufacturing facilities in Uttarakhand, Himachal Pradesh, Uttar Pradesh, Haryana, Rajasthan and Andhra Pradesh.	

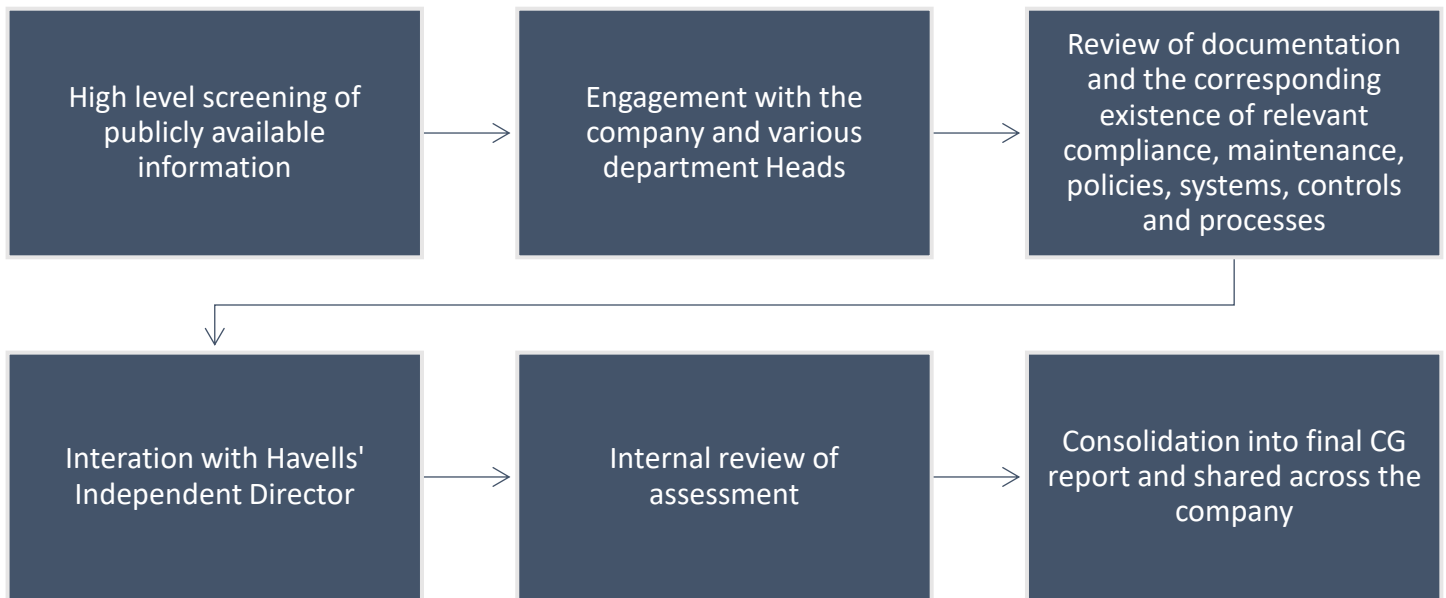
CARE Analytics and Advisory Private Limited (CAAPL) has assigned grading of '**CG 2+**' (**CG Two plus**) to **Havells India Limited**. Grading is assigned on a six-point scale with CG 1 being the highest and CG 6 being the lowest. CAAPL's CG grading is a measure of overall performance of the corporate governance on the following broad range of parameters. The CG rating is valid for a term period of one year from the date of issuance.

The detailed Corporate Governance Grading information is given in Annexure-1 of this report.

INTRODUCTION

This report summarizes the approach and analysis of the Corporate Governance report. The assessment is done based on the engagement with the Board, Company Heads and existing disclosures available on the public domain.

CG METHODOLOGY



ASSESSMENT CRITERIA

Board Composition & Functioning

This theme captures the qualifications and structure of the board of directors, emphasizing their role in overseeing the company's strategy, management, and performance. It also highlights the board meetings, attendance, diversity of factors considered in board-level discussions, committee meeting agendas and the criteria for re-appointments.



Organization Structure & MIS

This theme captures the company's internal control systems, internal audit functions & checks as well as the organizational risk framework, highlighting risk management practices. It also considers the company's hierarchical structure and succession planning.



Shareholder Relationship

This theme captures the company's governance of stakeholder engagement, including the oversight of stakeholder mapping, feedback mechanisms and grievance procedures.



Ownership Structure

This theme captures the protection of shareholders' rights and equitable treatment of all stakeholders.



Disclosure & Transparency

This theme captures the company's commitment to providing relevant, accurate and timely financial and non-financial disclosures, ensuring shareholders and other stakeholders receive a true representation of material events.



Financial Prudence

This theme captures the company's financial stability, emphasizing sound stewardship of assets, operational effectiveness and accurate reporting.



Statutory & Regulatory Compliance

This theme captures the company's thorough adherence to policies, procedures, laws, and regulations.



KEY DRIVERS

Efficient board functioning & strategic deliberations

Requisite and thorough quality of information in agenda discussions

Ground-level board interactions at the factory level

Adequate transparency and regulatory compliance

Structured risk framework, audit functions and ensured financial stability

Effective policy implementation and redressal systems

KEY CONSTRAINTS

Internal board performance evaluation

Board diversity limited to compliance requirements

Committee composition lacks over the above compliance requirements of being fully independent

Independence of the board can be considered to be enhanced

CG ASSESSMENT

Board Composition and Functioning	
Composition	The board composition adheres to regulatory standards, with 50% independent directors, including one woman director and ensuring that at least 50% composition on each of the committees comprise of independent members. There has been no change in the composition of the board since the past two financial years. Havells has appointed a Lead Independent Director. Currently, though the company meets compliance requirements with one-woman director on board, there is scope for improvement in enhancing the board diversity in future.
Meeting Frequency	Five board meetings held with a gap not more than 120 days between any two. Good attendance record of board and AGM meetings
	Agenda and minutes of the board and committee meetings sent well in advance
	Ameet Kumar Gupta (Executive Director) is a Member of the audit committee meetings
	Agenda notes cover all Business verticals, by way of presenting specific performance of each Plant, Product Category and Corporate Function. The agenda incorporates diverse intellects, experiences, and judgments, aligning with the company's evolving size, complexity, and development stage. This approach ensures the board benefits from multiple perspectives on issues and the ability to forecast potential future scenarios for strategic planning.
	The board dynamics are highly rated, with discussions delving into granular details and independent directors' views being actively considered and incorporated.
Evaluation & Performance	Performance evaluation of board, committee and individual directors carried out internally on an annual basis
	Experienced members on board with expertise majorly in electrical engineering, strategy development, finance, marketing and supply chain
	The board has effectively implemented policies by establishing structured mechanisms and efficient grievance redressal systems. Training sessions for the policies are conducted and statutory policies are amended as and when necessitated on account of any regulatory changes. Havells has established 'Gurukul', an innovative Learning Management System (LMS). Gurukul is a comprehensive resource hub designed to foster continuous learning and development across the organization.
	The company encourages interaction of the board members with mid-stream and downstream teams. Further, we have been informed that during the year board members visited one of the plants and had interactions at the factory site where a team of 10-15 members presented to the board. Havells employed a large number of women in their Andhra Pradesh factory plant.
	No director commitments exceed the no. of directorships as per SEBI guidelines
	Assessment and appointment / re-appointment of members to the Board is based on a combination of criteria that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualifications required for the position. Re-appointment term for independent directors is of 5 years.
Roles	The Chairman and MD roles are combined
Committees	The Audit and Nomination & Remuneration committees are in line with SEBI compliances while the Shareholder Grievance committee comprising of non-executive members exhibits best composition amongst all the committees.

Oversight of ESG	The CSR committee has been rechristened as the CSR & ESG committee to emphasize their dedication to sustainability across their upstream and downstream operations
Ownership Structure	
Voting Rights	The promoters hold over 59.4% stake in the company The MD and Non-Executive Non-Independent director have shareholdings through family trusts.
Organization Structure and MIS	
Hierarchy & Succession	A "participative management style" is followed and the executive decisions are percolated downwards and classified into layers of delegation with clear policies and norms to ensure that they are implemented religiously. The management style across the organization (units/ corporate headquarters) is to build a 'core team' around every leader so that even in the absence of the individual leader, the core team can take charge and keep the business going without the compromise on leadership. The Board annually affirms the succession plans and periodically evaluates the feasibility of its plans and adapts any change required. Its endeavor is to identify gaps and amend this position to fill such need so that the continuity of business as envisaged in the spirit of Succession Planning is always upheld.
Internal Controls	The company has a robust MIS which is digitized through the Mconnect app to ensure seamless functioning of the business operations. The app offers sales tracking reports that are accessible to employees from different departments as per their respective roles
Risk Governance	The company has a well-established Three Line of Defence Governance Framework Model for managing risks that commensurate with the nature and size of its business considering both financial & non-financial controls.
Internal Audit	A review of the appointment of Internal Auditors is done every 3 (three) years with a maximum of 3 (three) terms. This is in addition to the Company's internal policy putting down a maximum of 10 years for any class of auditors for which period is not defined in law. At present, EY are the Internal Auditors of the Company appointed for FY 2024-25. The appointment was done after following a structured evaluation mechanism based on certain pre-defined criteria to ensure quality, standardization and transparency. RFPs (Request for Proposals) were circulated to prospective firms and a comparison of each firm's scoring against defined parameters was put up before the Audit Committee. Quarterly review by the Internal Audit team (both in-house as well as outsourced) is conducted. The company has a well-established Internal Audit function. Risk-based audits are carried out across all organizations, departments and sites. The Audit Committee at the start of the year approves the Internal Audit Plan and Scope of work. In addition, the Audit Committee receives a quarterly update of the key findings and the action taken report. Risk audit plans with follow-up actions taken up by the Enterprises Risk Management committee
Shareholder Relationship	
Investor Relations	Promptness in communication and payment of dividends to shareholders Investor / shareholder feedback is collected by the Investor Relations team on a regular basis through a combination of one-on-one interactions and group meetings. More than 380+ investors were engaged with this year. The same is presented to the management on regular basis and to the board twice a year in the Stakeholders Relationship/ Grievance Redressal Committee (SRGR).

Grievance & Engagement	<p>The company has established a well-structured shareholder relationship committee and implemented a share transfer allotment system to ensure effective redressal of issues and timely communication with all shareholders</p> <p>All shareholder grievances are addressed and there were no pending complaints by end of FY24</p> <p>On periodic basis, Havells conducts ESG materiality surveys where 5 step methodology is used to identify, strategize, manage, score and rank the material topics wherein participants include the management and senior leadership team.</p>
Disclosures and Transparency	
Corporate Policies	<p>The Company ensures the basic principles of Corporate Governance through effective functioning of Policies framed for specific purposes such as-</p> <ul style="list-style-type: none"> • Code of Conduct to Regulate, Monitor, Report Trading by Designated Persons • Code of Practices & Procedures for Fair Disclosure of UPSI • Code of Ethics • Nomination & Remuneration Policy • Policy for Determination of Materiality • Policy for determining Material Subsidiaries • ERM Policy • RPT Policy • Satark (Whistle blower) Policy • CSR Policy • Nirbhaya Policy <p>Statutory Policies are reviewed and monitored by a dedicated Board level Committee.</p>
Related Party Transactions	<p>Nature of the related party transactions and transactions have been clearly disclosed. The disclosures are well in compliance with statutory and regulatory requirements. The RPTs are run through by the independent directors and approved by the audit committee.</p>
Financial Prudence	
Financial Reporting	<p>The financial statements are in accordance with Indian Accounting Standards (Ind AS) with consistent application of accounting policies.</p>
Risk Appetite	<p>The company demonstrates no reliance on debt funding.</p> <p>D/E= 0 which remained same as last year. Full debt repaid in previous year, no leverage.</p> <p>ROE increased over last year by 1.06%. Increase in profitability led to increase in return on equity.</p> <p>ROA has increased by 6.3%, better returns generated from company's assets.</p> <p>Current ratio has remained the same as the last year. The company's ability to cover its short-term liabilities with its short-term assets has not changed.</p>
Statutory and Regulatory Compliance	
Compliance	<p>The company complies with all requisite regulations and laws, such as SEBI, tax authorities, factories act, environment control boards, companies act and labor laws.</p>

Profile of Board members

Name	Brief Profile	Designation
Mr. Anil Rai Gupta	M. Anil Rai Gupta was inducted on the Board in September, 1992 and later appointed as the Joint MD in 2006. He is an MBA (Marketing & Finance) from Wake Forest University, USA.	Executive Chairman & Managing Director
Mr. Surjit Kumar Gupta	Mr. Surjit Kumar Gupta is one of the first Directors of the company and has been on the Board since incorporation in 1983. He is an F.Sc. from Punjab University and Diploma in Mechanical Engineering from State Board of Technical Education, Punjab	Non-Executive Director
Mr. Ameet Kumar Gupta	A BE (Electronics & Communication) from DU, MBA (Marketing and Finance) from Wake Forest University, USA, Mr. Ameet Kumar Gupta has been working with the QRG group for over 2 decades.	Executive Whole-time Director
Mr. Rajesh Kumar Gupta	Mr. Rajesh Kumar Gupta is a Chartered Accountant with long experience in Finance and allied fields and serving the company for more than 40 years.	Executive Whole-time Director and Group CFO
Mr. Jalaj Ashwin Dani	Mr. Jalaj Ashwin Dani is the co-promoter of Asian Paints and has spent over 2 decades in various capacities with the company. Involved with CII, FICCI and various other business councils and also part of the Pradhan Mantri Kaushalya Vikas Yojana Steering Committee instituted by the Ministry of Skill Development and Entrepreneurship of India. He is a Chemical Engineering from USA, Advanced Management Program from INSEAD, Paris	Independent Director
Mr. Upendra Kumar Sinha	Mr. Upendra Kumar Sinha is the former Chairman, Securities and Exchange Board of India. Former Chairman & Managing Director of UTI Asset Management Company Ltd. and Chairman of Association of Mutual Funds in India. Former Joint Secretary (Banking) and Joint Secretary (Capital Markets), Ministry of Finance, Government of India.	Independent Director
Mr. T V Mohandas Pai	Mr. T V Mohandas Pai was a Member of the Board at Infosys Ltd., where he also served as CFO and the lead for HR and Education & Research.	Non-Executive Non-Independent Director
Mr. Puneet Bhatia	Mr. Puneet Bhatia is the MD and Country Head – India for TPG Asia. He is an IIM from Calcutta.	Non-executive Non-Independent Director
Mr. Siddharth Pandit	Mr. Siddharth Pandit is heading the Legal Department of the company since 2015. He is a BBA LLB from Delhi University and LEP (Leader Excellence Program) from Harvard Business School.	Whole-Time Director
Mr. Subhash S Mundra	Mr. Subhash S Mundra retired as Deputy Governor of Reserve Bank of India in 2017 after completing a stint of three years. Prior to that, he was as Chairman and Managing Director of Bank of Baroda. Mr. Mundra was also the Vice-chair of OECD's International Network on Financial Education (INFE).	Independent Director

Mr. B. Prasada Rao	Mr. B. Prasada Rao served as the Chairman and Managing Director (CMD) of BHEL, India till 2015. Post retirement from BHEL, he took up the responsibility as Managing Director of Steag Energy Services India. Mr. Rao served as member of the Studies Group of World Energy Council for two terms. He is a Mechanical engineer and Post Graduate in Industrial Engineering from NITIE, Mumbai.	Independent Director
Mr. Vivek Mehra	Mr. Vivek Mehra has held various leadership roles till 2017 in Price Waterhouse Coopers Private Ltd. ('PWC') as Partner/ Executive Director. He is a Chartered Accountant, Bachelor of Commerce (Hons) Degree from Delhi University.	Independent Director
Ms. Namrata Kaul	As Managing Director at Deutsche Bank AG, Ms. Namrata Kaul led the Corporate Bank practice as its India Head. She is a Scholar from the London School of Economics, Bachelor of Commerce degree from Delhi University and Management Postgraduate from IIM Ahmedabad.	Independent Director
Mr. Ashish Bharat Ram	Mr. Ashish Bharat Ram took over as Managing Director of SRF Ltd. in January 2007. Prior to joining SRF Ltd. in 1994, Ashish had successful stints at American Express Bank, Toyota Motor Corporation, Japan, and DCM Toyota handling a variety of functions that included Sales, Strategy, Marketing, TQM, among others.	Independent Director

Brief profile of the organization

Havells India Limited (HIL) (CIN No. L31900DL1983PLC016304), incorporated in August 1983, is one of the leading players in consumer electrical products sector in India. HIL was founded by Late Mr. Qimat Rai Gupta, and his son Mr. Anil Rai Gupta is the current Chairman and Managing Director.

HIL operates in five broad business segments viz. Cables (34% of sales in FY24, PY: 33%), Switchgears (12% of sales in FY24, PY: 13%), Electrical Consumer Durables (19% of sales in FY24, PY: 20%), Lloyd (20% of sales in FY24 PY: 20%) and Lighting & Fixtures (9% of sales in FY24, PY: 9%). Apart from the flagship brand "Havells", HIL owns brands like Lloyd, Havells Crabtree, Standard, Reo etc. Havells manufactures 90% of its finished products in-house through a large base of 15 manufacturing plants across 8 locations in India. The company's various manufacturing plants are located at Haridwar, Baddi, Sahibabad, Faridabad, Alwar, Neemrana Ghiloth and Sricity.

In FY23, Havells entered its manufacturing foray into South India with 2 new plants.

Organizational profile

Managing Director	Mr. Anil Rai Gupta
Date of incorporation	August 8, 1983
Geographical areas of operation	Present in 70 plus countries and 15 manufacturing facilities in Uttarakhand, Himachal Pradesh, Uttar Pradesh, Haryana, Rajasthan and Sricity.
Branches	15 manufacturing facilities as on 31 March 2024
Employees	6712 employees as on 31 March 2024
Corporate address	QRG Towers, 2D, Sector 126, Noida, UP- 201304

GRADING RATIONALE
KEY STRENGTHS

<p>Efficient board functioning & performance</p>	<ul style="list-style-type: none"> ✓ Havells ensures efficient board proceedings through effective practices, including adequate board and committee independence and strong attendance records ✓ Agendas and minutes are shared with board and committee members to keep everyone informed and prepared for meetings ✓ The board conducts internal performance evaluations and holds dedicated meetings with independent directors for strategic input and growth planning ✓ Though interactions of independent directors with the larger team are limited, factory visits are conducted where a team of 10-15 members presented to the board ✓ Conflicts of interest are professionally managed ✓ The board engages with lower management through informal meetings and considers independent directors' views in detailed discussions ✓ A participative management style is adopted, with executive decisions delegated through clear policies ✓ The board affirms and evaluates succession plans annually, addressing any gaps to ensure business continuity ✓ The CSR committee has been renamed the CSR & ESG committee to emphasize the company's focus on sustainability
<p>Efficient operational and audit mechanisms</p>	<ul style="list-style-type: none"> ✓ The audit systems are reviewed for completeness and accuracy by the Internal and Statutory auditors. They independently submit quarterly updates to the audit committee/board, highlighting key findings and Action Taken Reports (ATRs). Both in-house and outsourced Internal Audit teams conduct quarterly reviews ✓ Havells boasts a robust and efficient MIS system, enhanced by digital and real-time updates. This MIS reporting strength aids senior management with up-to-date information for oversight and decision-making. The digitized MIS, accessible via the Mconnect app, ensures seamless business operations and is restricted to respective department employees
<p>Effective financial and risk prudence</p>	<ul style="list-style-type: none"> ✓ The company has consistently applied accounting policies across all years, except where newly issued accounting standards have been adopted ✓ This financial year, the company repaid all its debt, achieving a zero debt-to-equity ratio ✓ The company's ROE and ROA have increased over the last year, indicating enhanced profitability and efficient asset utilization
<p>Consistent and enhanced disclosures</p>	<ul style="list-style-type: none"> ✓ Havells maintains transparency and consistent disclosures, ensuring compliance and providing comprehensive information about its business activities. This approach helps investors and shareholders gain a clear understanding of the organization ✓ This year, Havells has enhanced their ESG disclosures by filing CDP disclosures, achieving a "B" rating in water security (above the global average) and a "C" rating in climate change (global average) ✓ The company expanded its reporting boundaries from just plants to also include branch offices and warehouses ✓ Havells has also initiated its journey towards a Net-zero roadmap

KEY CONSTRAINTS

Board composition	<ul style="list-style-type: none">Havells meets key regulatory requirements for board composition with 50% independent members. However, the company falls short in some areas, such as enhancing board diversity, separating the CMD roles, having an executive on the audit committee and increasing the percentage of independent directors beyond the regulatory minimum
Performance Evaluation	<ul style="list-style-type: none">Havells can consider evaluating their board externally, ensuring an unbiased review of board and management effectiveness, providing actionable feedback and enhancing transparency. Independent evaluations benchmark performance against industry standards, highlighting areas for improvement and fostering ongoing development to meet evolving governance expectations

Annexure-1

Symbols	Definition
CareEdge CG 1	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders highest comfort on the degree of corporate governance. CareEdge 's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.
CareEdge CG 2	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders high level of comfort on the degree of corporate governance. CareEdge's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.
CareEdge CG 3	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders adequate level of comfort on the degree of corporate governance. CareEdge's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.
CareEdge CG 4	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders moderate level of comfort on the degree of corporate governance. CareEdge's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.
CareEdge CG 5	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders inadequate level of comfort on the degree of corporate governance. CareEdge's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.
CareEdge CG 6	In CareEdge's opinion, the company has adopted corporate governance practices which would provide its stakeholders poor level of comfort on the degree of corporate governance. CareEdge's CG grading is however not a certificate on statutory compliance and is not a recommendation to buy or sell securities issued by the entity.

CareEdge assigns '+' or '-' signs to be shown after the assigned grade (wherever necessary) to indicate the relative position within the band covered by the respective symbol.

About CARE Analytics & Advisory Private Ltd (CareEdge Advisory)

CareEdge (CARE Group) is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics capability and detailed research methods. CareEdge (CARE Ratings Limited) is one of the leading credit rating agencies in India. It has an impressive track record of rating companies for almost three decades and has played a pivotal role in developing the corporate debt market in India. CareEdge provides near real time research on all domestic and global economic developments. CARE Analytics & Advisory Private Ltd is a wholly owned subsidiary focused on providing advisory and consultancy services including the following:

Advisory Services	Customised ESG Solutions	Research Services	Grading Services
			
<ul style="list-style-type: none">• Investment Advisory• Stressed Assets Advisory• Debt Viability Studies• Corporate Due Diligence• Vetting of Resolution Plans	<ul style="list-style-type: none">• ESG Assessments• ESG Gap Analysis• Policy Advisory• ESG Strategy and Roadmaps• ESG Portfolio Mapping and Monitoring	<ul style="list-style-type: none">• Customized Sectoral Research• Credit & Investment Research for Global Fund Houses	<ul style="list-style-type: none">• ESG Grading• AIF Grading• MFI & COCA Grading• NGO Grading• ESCO, LPG, Grading

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