



HAVELLS



Havells India Limited

December 2016

HAVELLS – SNAP SHOT

- Havells – A leading brand in electrical consumer products in India

(Rs. In crores)

■ An Indian FMEG	FY 2011	FY2016	CAGR% (5yrs)
Turnover	2,882	5,437	14%
EBITDA %	11.7%	13.8%	17%
Net Profit before exceptions	242	513	16%
Market Capitalization	4,625	25,500*	36%

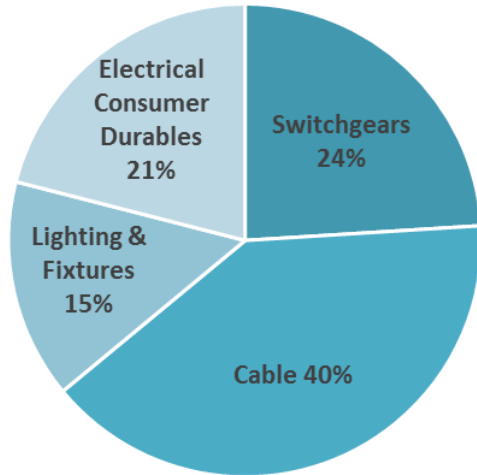
* as on 30th Oct-16

DEEPER INTO THE HOME

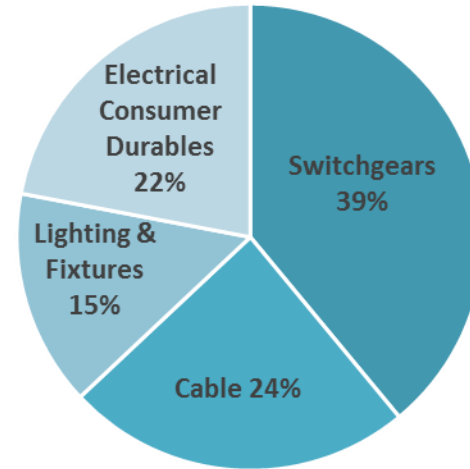


SEGMENTS OVERVIEW

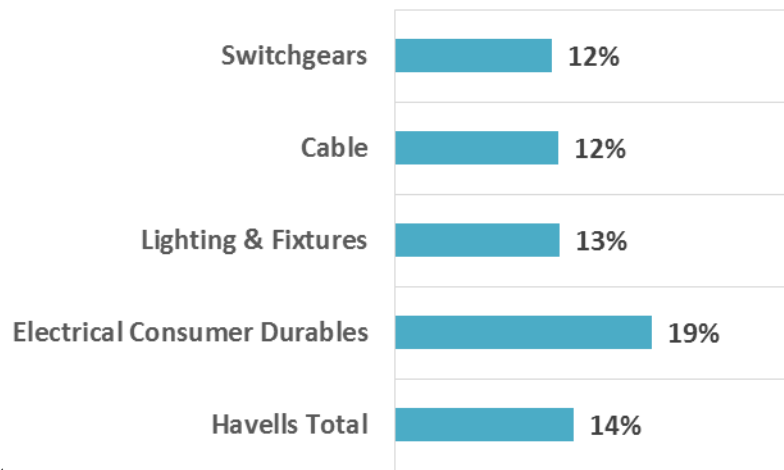
Revenue Mix



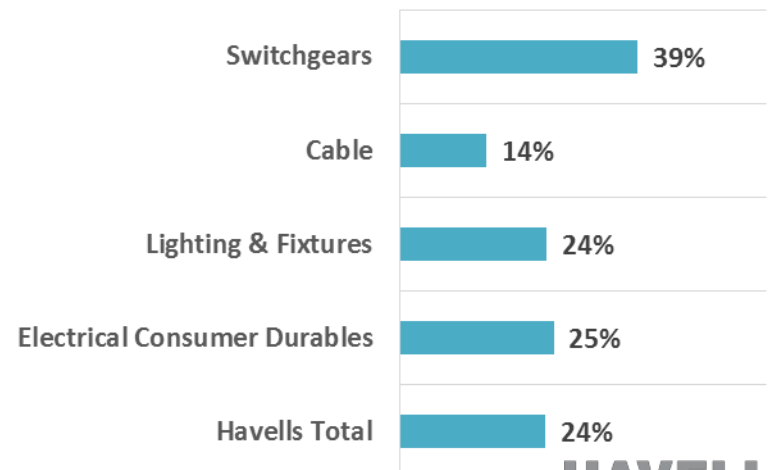
Contribution Margin Mix



Revenue CAGR % (5 Years)



Contribution Margin % (FY16)



MARKET SHARE

	Product	Indicative Market Size (Rs. in crores)	Indicative Market Share	Indicative Rank	Organized Penetration Level	Peers
Switchgears	MCB	2,000	27-28%	# 1	High	Legrand, Schneider
	Switches*	2,200	14-15%	# 3	Medium	Panasonic (Anchor), Legrand
Cable	Domestic	8,000	16%	# 3	Low	Finolex, Polycab
	Industrial	12,000	10%	# 3	Low	Polycab, KEI
Lighting	Lighting & Fixtures	6,500	10-14%	# 2-4	Medium	Philips, Crompton, Bajaj, Wipro
ECD	Fans	6,200	15%	# 3	High	Crompton, Orient, Usha
	Water Heaters	1,400	9%	# 4-5	Low	Racold, AO Smith
	Other Appliances	5,200	2-3%	-	Low	Bajaj, Philips

THE FMEG COMPANY



Top of the mind Brand recall

Strong distribution network in India

Prudent management of financial resources

Widest product portfolio

MACRO LEVERS - FAVAOURABLE OUTLOOK

Urbanization

To be 40% by 2030 from 31% currently

Investment on infrastructure and housing will be key focus area

Electrification

High degree of focus on electrification, presently 78%

population electrified, low quality and regular supply are key issues

Organized Penetration

Low to medium penetration in most of the categories

Large presence of unorganized sector

Young Demography

Growing middle class across urban, semi urban.

Brand aspiration, better standard of living and global exposure

FOCUS ON GROWTH

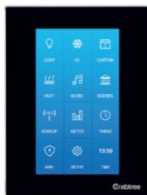
- Expand and straddle existing product category led by product variants and technology
- Bankroll fresh verticals with 2-3 years incubation, empirically constituting 8-10% of total revenue
- 'Standard' and 'Reo' brands extended to new categories – maximize distribution network
- Inorganic, evaluate opportunistically- brand & distribution to be focused

New Products



Variants led by technology

Home Automation



LED Lighting



DEEPENING PARTNERSHIP WITH CHANNEL – 360* CONNECT

- Deeper focus on distribution and last mile connect with retailers and electricians, to be serviced through existing dealer
- Simplified incentive scheme for easier adoption and participation
- Havells Galaxies, 388 in nos. constituting 19% of non industrial cable revenue

~6,500
Direct Dealers

~100,000
Retailers

~200,000
Electricians

HAVELLS
SAMPARK2015



E-PLUS
Instant Cash Reward

Loyalty Programme
for Electricians/Electrical Contractors

E-Plus is an instant cash reward programme for electricians and electrical contractors on DP, switch & wire.

SIMPLE STEPS TO GET INSTANT CASH



STEP 1
Identify the E-Plus coupon with perforation
or inside the packaging.



STEP 2
Hand-over the unscratched E-Plus coupon
to Havells retailer or dealer.



STEP 3
Collect cash instantly.

HAVELLS

FORTIFYING MANAGEMENT BANDWIDTH

- Smooth transition after the demise of founder, aligning core strengths with changing environment and consumer preference
- Strengthening organization structure for sharper focus with greater accountability
- 5 strategic business units to be managed separately with complete responsibility of P&L
- Deepen and diverse management pool with FMCG background
- Increased focus in India post Sylvania disinvestment

SUSTAINED INVESTMENT IN BRAND & SUPPLY CHAIN

- **Brand** – Sizable investment in advertisement, 3-4% of revenue, comparable with industry leaders in paints, adhesive etc.
- **IT and supply chain** – Robust IT systems to provide efficient and timely services to dealer. Connect with last mile retailers and electricians, ~ 300,000 registered users under multiple schemes.
- **Manufacturing** – Currently 91% of sale is from in-house manufacturing, setting up new plant in east and south for national footprint
- **After Sales Service** – Large Network for entire product category – covering 400 cities, 7 vernacular languages + Hindi & English, 560 channel partners with 2,000 people + 250 Havells' employees

STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY14	FY15	FY16	H1 FY17
Net Revenue	47,197	52,387	54,369	29,190
Growth %	12%	11%	4%	13%
EBIDTA %	13.6%	13.3%	13.8%	13.8%
PBT % before exceptions	12.6%	12.3%	13.1%	14.0%
PAT before exceptions	4,787	4,649	5,130*	2,914
PAT %	10.1%	8.9%	9.4%	9.9%
CAPEX	919	1,689	1,728	1,200

ROCE %	30%	29%	29%	27%
Net Worth	21,299	23,758	26,442	30,245
Net Working Capital	3,697	4,277	5,057	7,970
Cash & Bank	6,261	6,973	14,953	12,981

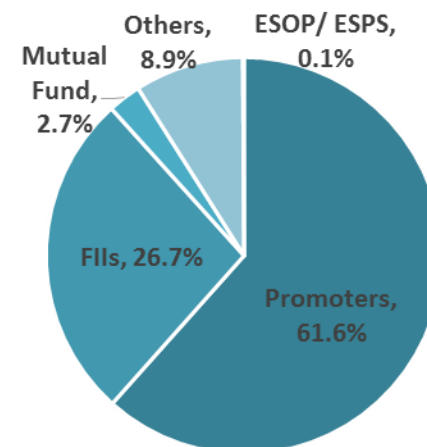
- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with limited recourse on the company

* PAT for FY16 was Rs. 7,154 mn including exceptional items

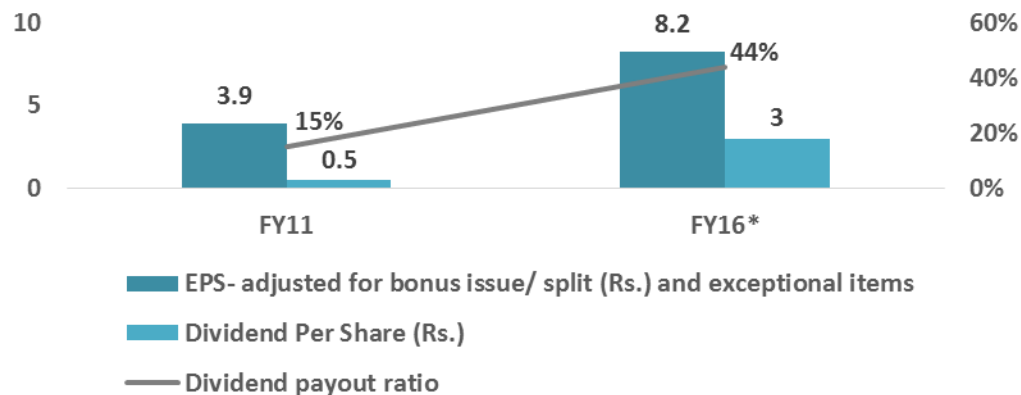
BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- Promoters- Single business focus
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance

Shareholding Pattern



EPS, DPS & Dividend Payout Ratio



* Excluding special dividend of Rs.3 per share, paid out of proceeds of Sylvania disinvestment

SUMMARY

- India represents large untapped opportunity with lower penetration, higher unorganized sector & growing electrification
- Havells preparing for future with constant products expansion, deepening market reach & brand reinforcement
- Organic leverage with opportunistic acquisition to drive growth
- Strengthening management bandwidth to lead ambitious growth plan
- Native business acumen, market connect and value system remains core