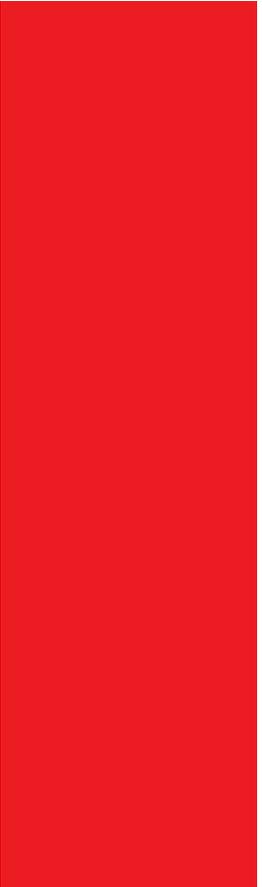




**HAVELLS**



Havells India Limited

Growing Tenaciously

June 2016

## HAVELLS - INTRODUCTION

- Havells – a leading brand in electrical consumer products in India
- Widest product basket with premium positioning, amongst top four
- Embarking growth in challenging economic environment, CAGR 13.5% over last five years
- Sequential improvement in growth in current financial year
- Translating into a FMEG with greater consumer focus, marketing practices and margins on lines of FMCG industry
- Disinvestment of Sylvania global to reduce volatility in consolidated earnings and to improve financial returns

# HAVELLS – INTEGRATED BOUQUET OF PRODUCT OFFERING



# HAVELLS – MARKET POSITION IN EACH CATEGORY

## Switchgears - Domestic MCB

Market Size ~ INR 20,000 million

Market share ~ 27-28% (15% in 2006)

Peers – Legrand, Schneider

## Switchgears – Switches\*

Market Size ~ INR 22,000 million

Market share ~ 14-15% (5% in 2006)

Peers – Panasonic (Anchor), Legrand

## Cable - Domestic

Market Size ~ INR 80,000 million

Market share ~ 16% (6% in 2006)

Peers – Polycab, Finolex

## Cable – Industrial

Market Size ~ INR 120,000 million

Market share ~ 10% (6% in 2006)

Peers – Polycab, KEI

## Lighting & Fixtures- Total

Market Size ~ INR 65,000 million

Market share ~ 10-14%

Peer Position – Philips, Bajaj, Crompton, Wipro

## Lighting & Fixtures-LED

Constitute 51% of Havells total lighting segment - FY16

## Electrical Consumer Durable - Fans

Market Size ~ INR 62,000 million

Market share ~ 15%

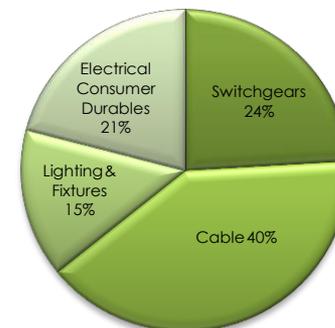
Peer Position – Crompton, Usha, Orient

## Domestic Appliances

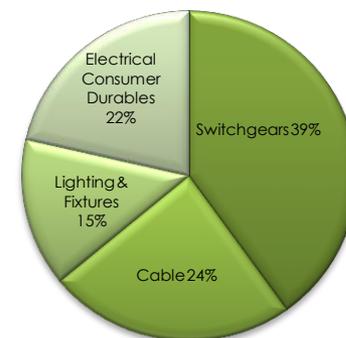
Market Size ~ INR 65,000 million

Peer Position – Bajaj, Philips

**FY16  
Revenue Mix**



**Contribution Margin Mix**



\* Premium modular plate switches

# HAVELLS – GROWING TENACIOUSLY

## DEEPENING DISTRIBUTION NETWORK

- Start building direct connect with retailers and electricians to create excitement and demand generation, to be serviced through existing dealer
- Vertical (tier II, III cities) and horizontal channel expansion - product extension to allow entry in uncovered distribution network (pumps, domestic appliances)
- Technology and use of mobile apps will provide convenience and speed
- Intimate dealer relationship with strategic initiatives



## **HAVELLS – GROWING TENACIOUSLY**

### **ATOMIZING GROWTH – STRING OF PEARLS**

- Technology based product extension in the new category (LED lighting) and in the existing category (home automation)
- Life style based product introduction in non existing markets as of now (air fryer, air purifier)
- Product introductions to feed existing channel (air cooler)
- Developing new customer channel (MFR, CSD, EESL, B2G)
- Extended other brands - 'Standard' into more product categories and geographies, 'Reo' to address untapped market
- Greater accountability with focused verticlization, inculcating senior resources fortifying management bandwidth

## HAVELLS – GROWING TENACIOUSLY

### INORGANIC

- To get access to new product, technology, brand or to expand distribution network, geographical reach in India
- Completed acquisition of 51% stake in Promptec Renewable in 2015
- Focus on high growth segment of LED street lighting, exploring IoT (internet of things) and solar
- Provide access to B2G and B2B segments hitherto sidelined in Havells
- Recently bagged a Rs 71 crores orders in street lights from EESL (Energy Efficiency Services Limited, a govt. enterprise)
- To provide manufacturing foothold in South Indian region

# HAVELLS – GROWING TENACIOUSLY

## REAFFIRMING BRAND EQUITY

- Electrical industry conventionally not brand driven
- Havells bridged the gap with aggressive marketing campaign, spending 3-4% of sales (industry ~1%)
- Leveraging digital media
- Premium brand perception: Achiever, Educated, Ambitious
- Creating specific platform for wider, diverse consumerism



Main Pankha Hun



Respect for Women



Bill Chhota Dil Bara



Wire that Don't catch fire

# HAVELLS – GROWING TENACIOUSLY

## STRONG MANUFACTURING

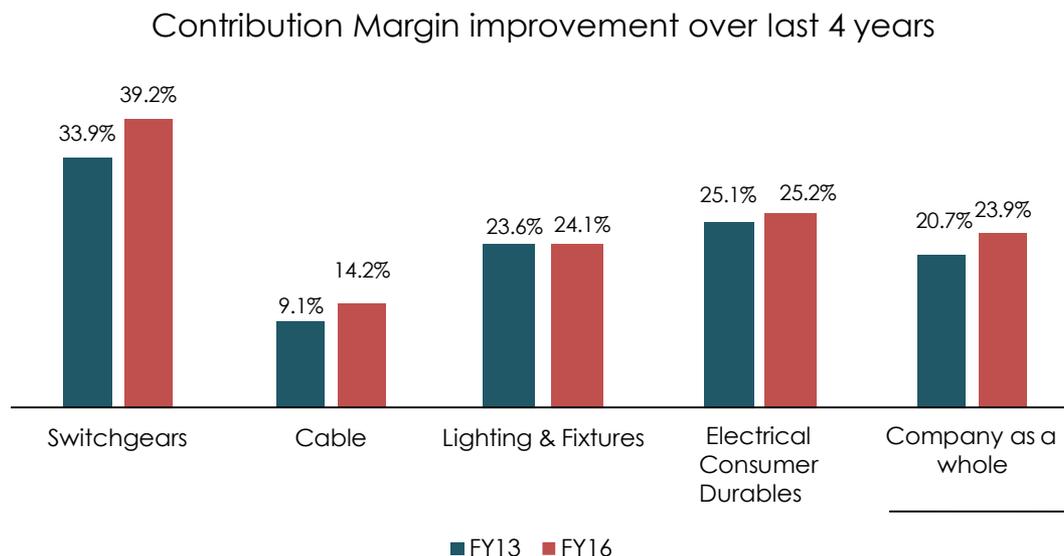
- Defying industry convention, Havells significantly invested in 11 large scale, well equipped plants
- One plant-one product focus to drive scale and cost efficiencies
- Provide confidence to dealers/ consumers and a critical and strategic swiftness to market opportunity, gaps and demand
- Insulated against wide forex fluctuation, 88% of revenue from in-house Manufacturing.



# HAVELLS – GROWING TENACIOUSLY

## IMPROVING MARGINS

- Improvement in contribution margins due to focused cost efficiency measures, price discipline and low commodity prices.



# HAVELLS STANDALONE FINANCIALS

in millions of Rupees

## Operational highlights

	FY14	FY15	FY16
Net Revenue	47,197	52,387	54,369
Growth (%)	12%	11%	4%
EBIDTA	6,416	6,991	7,493
EBIDTA %	13.6%	13.3%	13.8%
Profit Before Tax	5,951	6,463	9,142*
Net Profit	4,787	4,649	7,154*
Net Profit %	10.1%	8.9%	13.2%
CAPEX	919	1,689	1,728

- \*Profit for FY 16 includes exceptional profit of Rs.2,024 due to profit on Sylvania stake sale
- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with limited recourse on the company.

## Balance Sheet highlights

	March 14	March 15	March 16
Net Worth	21,299	23,758	26,442
Gross Debt	1,955	835	442
Net Fixed Assets	9,341	10,073	10,821
Investment	8,825	10,118	3,096^
Net working capital	3,697	4,277	5,057
Cash & bank balance	6,261	6,973	14,953

- 44% dividend payout on standalone profit in FY16
- Additional interim (special) dividend was paid @ Rs. 3 per share out of Sylvania sale proceeds
- ^Excluding investment of INR 1,507 million in tax free bonds, part of cash & bank balance

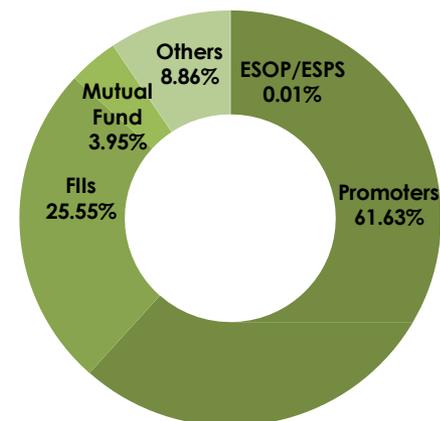
## SYLVANIA DISINVESTMENT

- In January 2016, 80% stake sale for Sylvania was completed
- Equity value of 100% stake is Euro 186 million (~Rs 1,357 crores) against cumulative investment of Rs 981 crores
- The divestment will help reduce the uncertainty and earnings volatility for Havells consolidated financials
- Improvement in financial returns and related matrix
- Havells will retain subsidiaries based in USA, Brazil and Thailand with an option to sell in next 24 months
- Operations in Chile and USA have been curtailed & Brazil and Thailand registered profit during March-16 quarter.

## HAVELLS - 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



**FIs;** Nalanda Capital, Norges Bank, Capital World, Franklin Templeton, Cantillon

**Mutual Funds;** HDFC/ UTI/ ICICI Pru/ DSP Blackrock

## SUMMARY

- Havells metamorphosing into branded consumer company benchmarked against the best-in-class across industries (not just electrical)
- Constant endeavor to strengthen core with technology and native business acumen
- Focus on growth with organic leverage and inorganically
- Well positioned for industry leading growth, spurred by anticipated economic revival