



HAVELLS

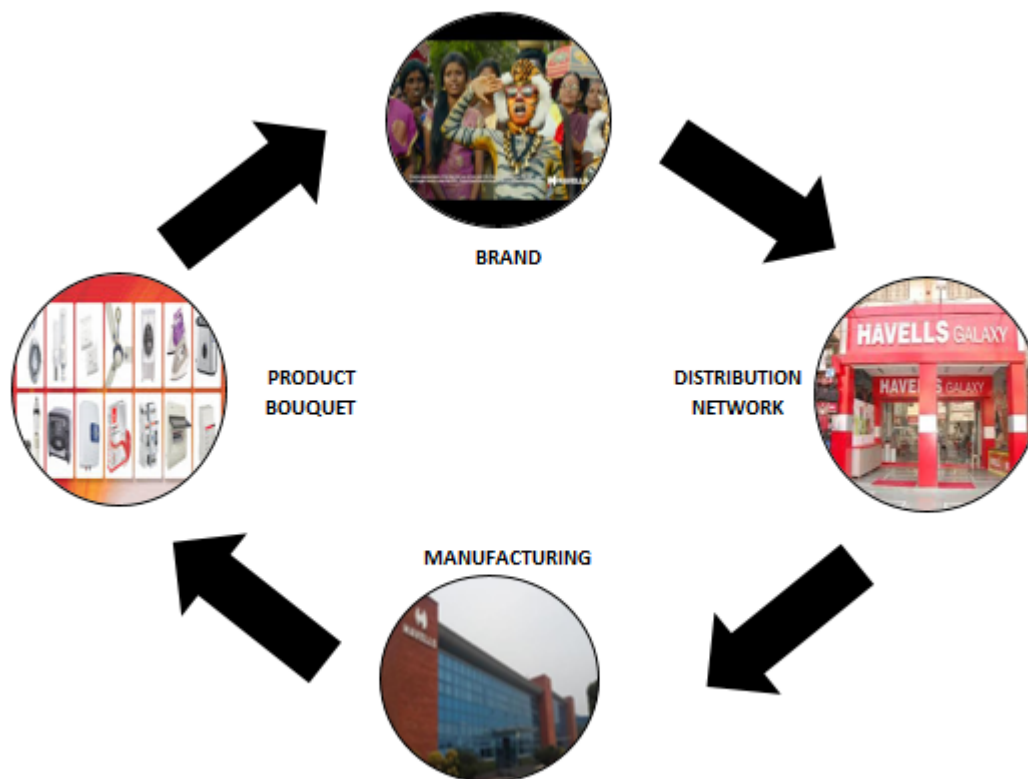


DEEPER INTO HOMES

INTRODUCTION

Havells is an electrical consumer product company in India

An efficient interplay



Higher Market Share

Higher Profitability

Free Cash Flow

Superior Return to shareholders

HAVELLS – SNAP SHOT

			(Rs. in crores)
■ An Indian FMEG	FY 2012	FY2017	CAGR% (5yrs)
Turnover	3,581	6,135	11%
EBITDA %	12.8%	13.4%	12%
Net Profit before exceptions	305	596	16%
Market Capitalization	7,138	30,456*	32%

* as on 31st May-17

DEEPER INTO HOMES



DEEPER INTO HOMES

Consumer Durables Industry Overview

- Historical growth of ~13% , consumer durables market (ACs, TVs, WMs and Refrigerators) in India is ~ INR 60-75k crores in size, expected to grow at ~16 – 17%
- Low level of penetration, increasing disposable income and urbanisation to drive growth

Transaction Rationale

- Lloyd provides a scaled up platform to Havells to enter a rapidly growing and sizeable industry, taking Havells “**Deeper into Homes**” with :
 - Pan India distribution network
 - Meaningful market share in AC and LED TV segments
 - Efficient Service network in place
 - Experienced team with track record of building a good business in ~5 years

LLOYD JOURNEY SO FAR

- Lloyd has become a significant player, registered a ~60% CAGR over F14-17
- Three key products AC, TV and Washing machines with greater focus on ACs
- Among top three players in AC market
- Priced competitively to the mid and value segment
- Supported by good relations with the Channel
- Created an aspirational brand image through innovative product range and marketing campaigns
- Service one of the key differentiators



Air Conditioners



Televisions



Washing
Machines

ENDEAVOUR GOING FORWARD

- Continue to grow higher than industry average
- Access greater part of the market through increased distribution
- Reduce dependence on a single sub-category
- Scale up the margins in line with the industry through series of actions over a period of time including, better price realisation, sourcing benefits, evaluate in-house manufacturing etc.

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

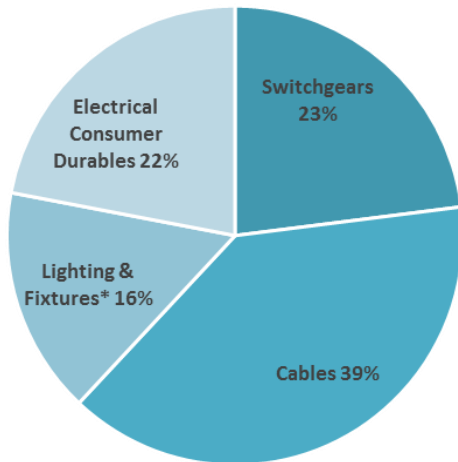
Growing middle class across urban, semi urban.

Brand aspiration, better standard of living and global exposure

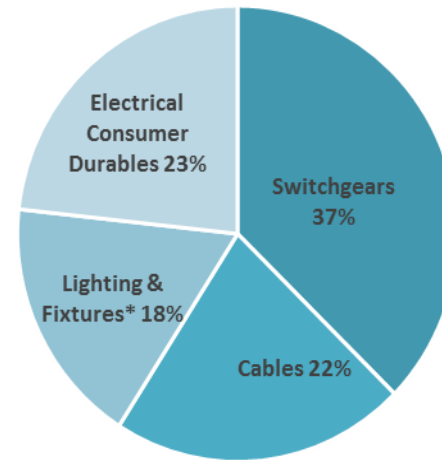
BUSINESS OVERVIEW

SEGMENTS

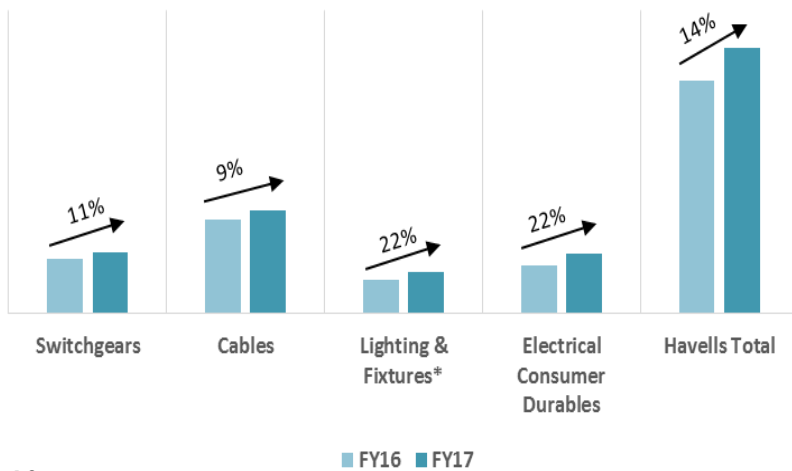
Revenue Mix



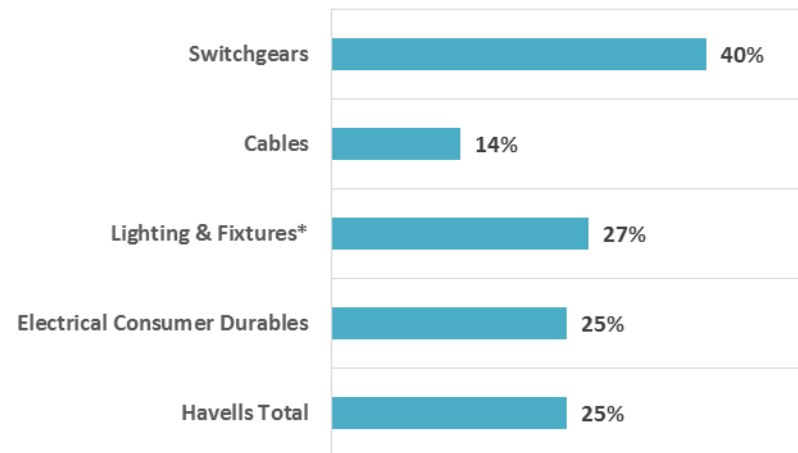
Contribution Margin Mix



Revenue Growth (CY vs LY)



Contribution Margin % (FY 17)



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	6,900	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

11 * Premium modular plate switches

PRODUCT AND GEOGRAPHIC EXPANSION

- 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
- Expand export markets by increasing local presence and introduction of wider range

New Products



Solar

Standard Fan



Personal Grooming

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Variants led by technology

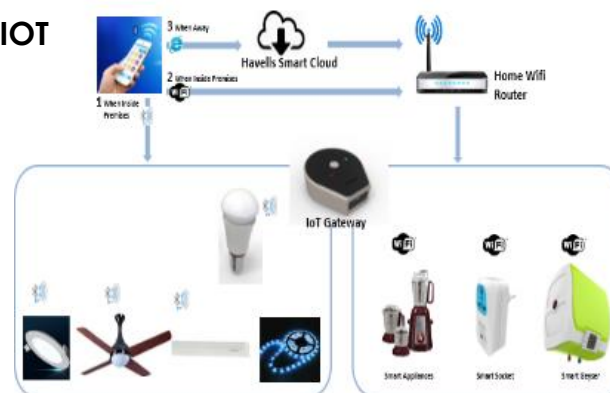
Home Automation



LED Lighting



IOT



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, 403 in nos. constituting 18% of non industrial cable revenue
- Interest also shown by Channel partners of STANDARD, 18 galaxies already opened

~7,500
Direct Dealers

~100,000
Retailers

~220,000
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

SUSTAINED INVESTMENT IN BRAND & SUPPLY CHAIN



Brand: Sizable investment in advertisement, 3-4% of revenue, comparable with industry leaders in paints, adhesive etc.

Invested Rs 770 crores in advertisement and promotion over last 5 years



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 ~ 90% 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

STRONG MANUFACTURING

- Defying industry convention, Havells significantly invested in 12 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, ~ 90% of revenue from in-house Manufacturing.



FORTIFYING MANAGEMENT BANDWIDTH

- 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
- Heavy lifting recruitment executed in current year
- Increased focus in India post Sylvania disinvestment
- Team strength at branches pan India increased by ~ 16% over last year

FINANCIALS

STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY15	FY16	FY17
Net Revenue	51,860	53,783	61,353
Growth %	11%	4%	14%
EBIDTA %	13.5%	14.0%	13.4%
PBT % before exceptions	12.5%	13.1%	13.5%
PAT before exceptions	4,649	5,096*	5,969*
PAT %	8.9%	9.5%	9.7%
CAPEX	1,689	1,766	2,386#

ROCE %	29%	27%	26%
Net Worth	23,758	29,537	32,736
Net Working Capital	4,277	5,057	5,274
Cash & Bank	6,973	13,652	19,375

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

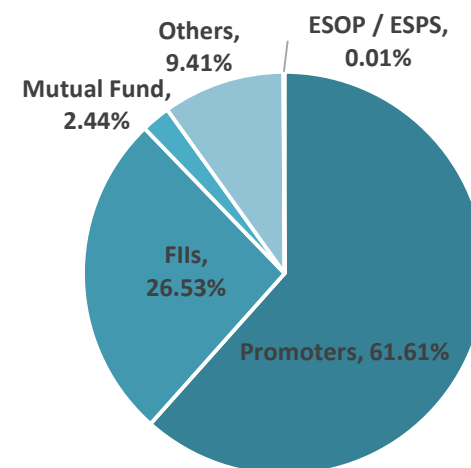
* PAT for FY17 and FY16 was Rs. 5,390 and Rs. 7,120 mn including exceptional items

Capex includes spend for augmenting and diversifying manufacturing capacity with proposed new plant at Bengaluru (YTD Rs. 240 mn), land acquisition at Gehlot (YTD Rs.470 mn) and expansion at Alwar Plant (Rs. 460 mn)

BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

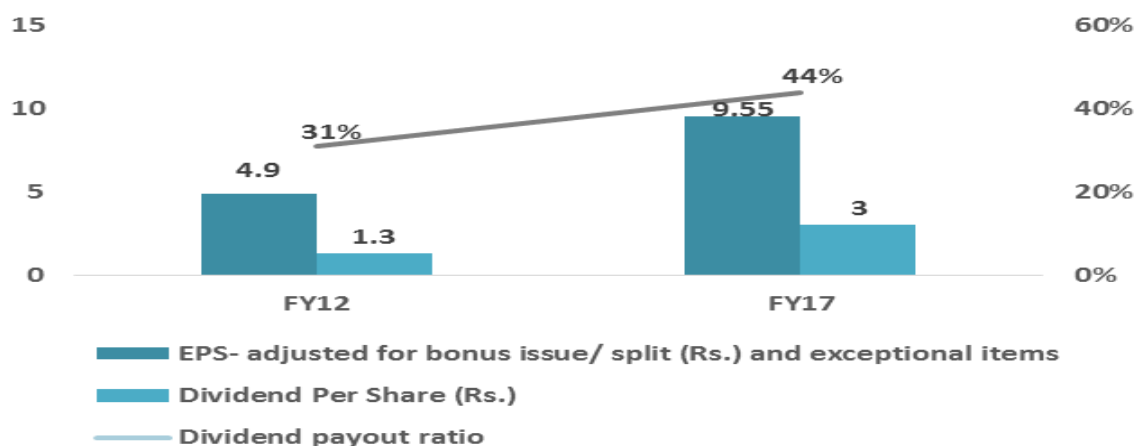
- Promoters- single business focus
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance, assigned CGR 2+ rating by CARE

Shareholding Pattern



As on 31.05.2017

EPS, DPS & Dividend Payout Ratio



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 ethics remain core values