



HAVELLS



Havells India Limited

June 2015

INTRODUCTION

- Havells is a leading electrical consumer product company in India



An efficient interplay

Higher Market Share

Higher Profitability

Free Cash Flow

Superior Return to shareholders

HAVELLS

Havells India - Standalone

INTEGRATED BOUQUET OF PRODUCT OFFERING



PREMIUMISATION ACROSS CATEGORIES

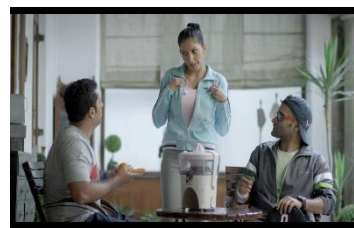


DEVELOPING BRAND EQUITY

- 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



Hawa Badlegi



Respect for Women



Bill Chhota Dil Bara



Wire that Don't catch fire

HAVELLS

STRENGTHENING THE CORE

Reinforce premium positioning of brand and products



Reinforce premium positioning

Re launch Standard brand identity

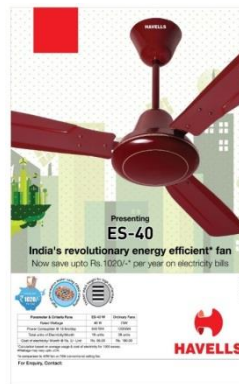


Advertising through Cricket and GEC (general entertainment)
Category oriented to enhance brand equity
Focus on regional language and print

Using Innovation at fore front



India's brightest LED



India's revolutionary fan



Crabtree Murano Touch Switch

AFFINITY WITH DISTRIBUTION NETWORK

- Central to Havells philosophy, participatory approach
- Integrated bouquet of products offered through same channel, maximizing shelf space and long term bonding
- Leveraging technology to create 360° connect with dealer, retailer, electrician and consumer
- Targeting younger next generation – reinforcing relationship
- B2G, online, B2B channels being targeted, balancing channel conflict



STRENGTHENING THE CORE

Strengthening the connect with retailers, electricians, consumer



Unique engagement with retailers



Engagement with Electricians, registered 200k in last 2 years



One-stop, Exclusive showrooms #280-400

Using Technology at fore front



m Catalogue

Mobile App
Unique augmented reality feature allows to see products at the place of installation

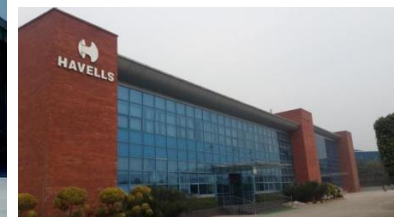


m Connect

Mobile App for trade partners

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, 91% of revenue from in-house manufacturing
- Promptec acquisition also provides foothold in South region



INORGANIC

- Recently acquired 51% stake in Promptec Renewable
- Revamp to gain foothold in LED street lighting and solar energy
- Both segments offer key growth opportunity with substantial push towards green energy
- It would also provide access to B2G and B2B segments, hitherto in revenues
- Promptec akin to start up being leveraged to access Havells brand, distribution network
- Havells would explore such opportunities to widen and smoothen portfolio in rapidly changing industries

MARKET POSITION IN EACH PRODUCT CATEGORY

Switchgears - Domestic MCB

Market Size ~ INR 17,800 million
 Market share ~ 29% (15% in 2006)
 Peers – Legrand, Schneider

Switchgears - Switches

Market Size ~ INR 17,000 million
 Market share ~ 20% (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

Electrical Consumer Durable - Fans

Market Size ~ INR 52,000 million
 Market share ~ 15%
 Peer Position – Crompton, Usha, Orient

Lighting - CFL

Market Size ~ INR 28,000 million
 Market share ~ 10%
 Peer Position – Philips, Surya, Osram

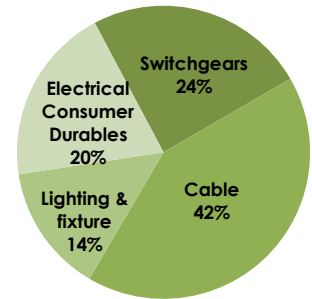
Lighting - Luminaires

Market Size ~ INR 30,000 million
 Market share ~ 14%
 Peer Position – Philips, Bajaj, Crompton, Wipro

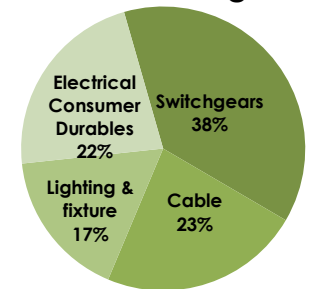
Domestic Appliances

Market Size ~ INR 65,000 million
 Peer Position – Bajaj, Philips

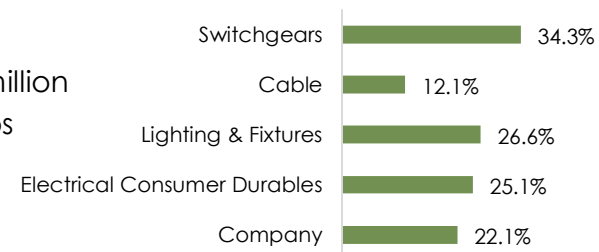
FY15
Revenue Mix



Contribution Margin Mix



Contribution Margin %



HAVELLS STANDALONE FINANCIALS

in millions of Rupees

Operational highlights

| | FY13 | FY14 | FY15 |
|---------------------|--------|--------|--------|
| Net Revenue | 42,250 | 47,197 | 52,387 |
| <i>Growth (%)</i> | 17% | 12% | 11% |
| EBIDTA | 5,349 | 6,415 | 6,991 |
| <i>EBIDTA %</i> | 12.7% | 13.6% | 13.3% |
| Profit Before Tax | 4,572 | 5,951 | 6,462 |
| Net Profit | 3,714 | 4,787 | 4,649 |
| <i>Net Profit %</i> | 8.8% | 10.1% | 8.9% |
| CAPEX | 1,200 | 920 | 1,718 |

Balance Sheet highlights

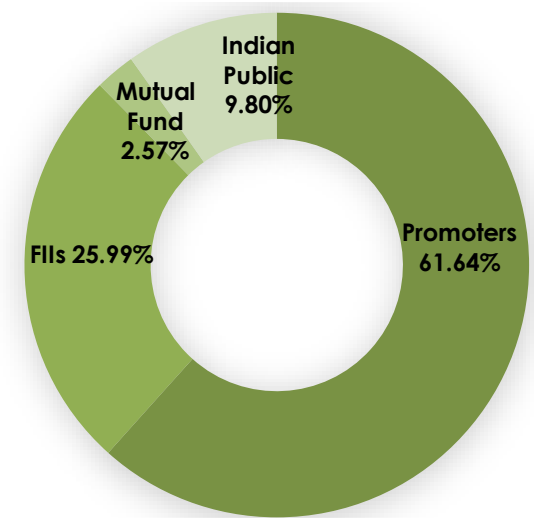
| | March 13 | March 14 | March 15 |
|-----------------------|----------|----------|----------|
| Net Worth | 18,702 | 21,299 | 23,758 |
| Gross Debt | 1,088 | 1,955 | 835 |
| Net Fixed Assets | 9,135 | 9,341 | 10,073 |
| Investment (Sylvania) | 7,751 | 8,515 | 9,809 |
| Net working capital | 3,942 | 3,697 | 4,277 |
| Cash & bank balance | 2,465 | 6,261 | 5,223 |

- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with limited recourse on the company
- 49% dividend payout on standalone profit

BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- Promoters- Single business focus
- Alignment of interest with other investors through transfer of “HAVELLS” Brand at no consideration
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance

Shareholding Pattern



Nalanda Capital
Capital World
Pension Funds

Sylvania

CONSOLIDATION IN SYLVANIA GLOBAL

- Sylvania acquired in 2007, under consolidation phase
- Establishing stability in profit margins and reduction in debt
- Europe stable yet challenging, LATAM offering growth
- Working closely to align portfolio on LED, focussing on end consumer need.
- LED is 40% of lighting fixtures in European business
- Focus on deleveraging and cash flows

Product Portfolio - Lighting

LED Lighting



Non LED Lighting



Geographical Presence

Europe 59%
LATAM 36%

SYLVANIA FINANCIALS

in millions of Euro

Operational highlights

| | IFRS | | INDIAN GAAP | |
|-------------------|---------|---------|-------------|----------|
| | FY14 | FY15 | FY14 | FY15 |
| Net Revenue | € 440.1 | € 443.1 | € 440.1 | € 443.1 |
| EBIDTA | € 22.6 | € 20.7 | € 16.5 | € 6.3 |
| <i>EBIDTA %</i> | 5.1% | 4.7% | 3.7% | 1.4% |
| Profit Before Tax | € 7.6 | € 1.1 | € (0.2) | € (11.9) |
| Net Profit | € 0.5 | € (2.0) | € (4.0) | € (11.5) |

Balance Sheet highlights Indian GAAP

| | Mar 13 | Mar 14 | Mar 15 |
|---------------------|----------|----------|----------|
| Share Capital | € 141.2 | € 141.3 | € 141.3 |
| Reserve & Surplus | € (65.6) | € (78.1) | € (81.8) |
| Net debt | € 68.4 | € 57.7 | € 17.2 |
| Net Fixed Assets | € 34.1 | € 32.0 | € 30.4 |
| Goodwill | € 53.0 | € 53.0 | € 53.0 |
| Net working capital | € 122.8 | € 109.9 | € 74.4 |

- Under IFRS change in pension liability is effected through balance sheet where as under Indian GAAP, it still require treatment through P&L, impacting EBIDTA

CONSOLIDATED

in millions of Rupees

Operational highlights

| | FY13 | FY14 | FY15 |
|--------------------------------|--------|--------|--------|
| Net Revenue | 72,478 | 81,858 | 85,694 |
| Growth (%) | 11% | 13% | 5% |
| EBIDTA | 6,915 | 7,790 | 7,653 |
| As % to NR | 9.6% | 9.5% | 8.9% |
| Profit Before Tax | 6,638 | 5,941 | 5,689 |
| Net Profit | 5,814 | 4,463 | 3,853 |
| Net Profit before exceptional* | 3,923 | 4,959 | 4,933 |

Balance Sheet highlights

| | FY13 | FY14 | FY15 |
|---------------------|--------|--------|---------|
| Net worth | 14,420 | 16,660 | 18,182 |
| Net debt | 5,079 | 1,716 | (3,536) |
| Net fixed assets | 11,555 | 12,068 | 12,212 |
| Net working capital | 12,477 | 12,868 | 9,384 |

* Net profit before exceptional excludes money received from Osram in FY13, change in pension liability in Sylvania Global

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