



**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

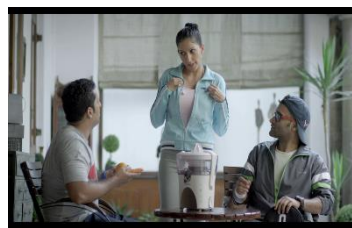


## DEVELOPING BRAND EQUITY

- 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

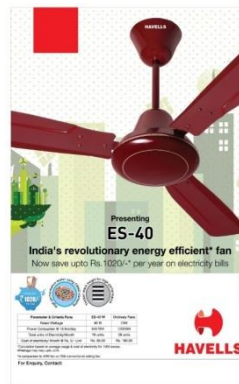


Advertising through Cricket and GEC (general entertainment)  
Category oriented to enhance brand equity  
Focus on regional language and print

*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

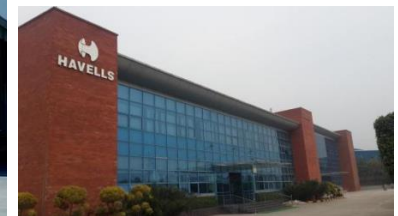


m Connect

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

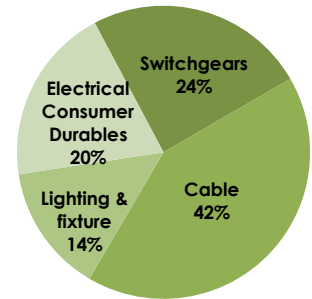
## Lighting - Luminaires

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

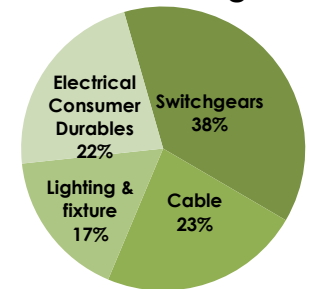
## Domestic Appliances

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

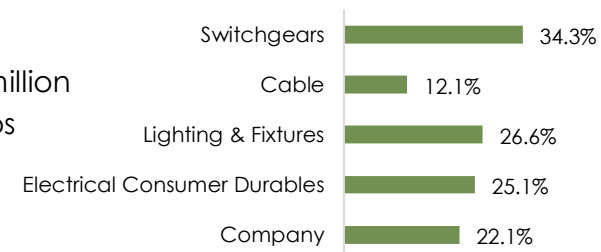
FY15  
Revenue Mix



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

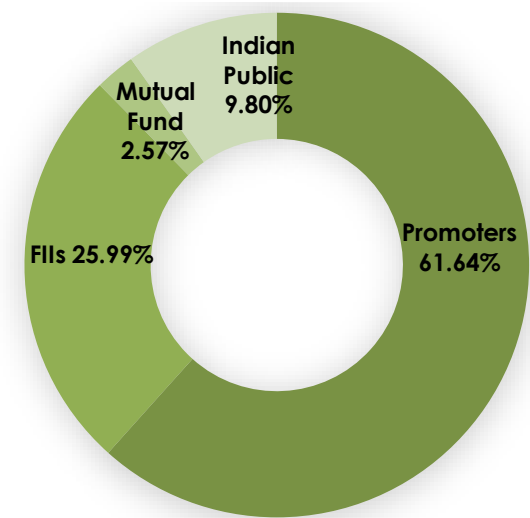
	March 13	March 14	March 15
Net Worth	18,702	21,299	23,758
Gross Debt	1,088	1,955	835
Net Fixed Assets	9,135	9,341	10,073
Investment (Sylvania)	7,751	8,515	9,809
Net working capital	3,942	3,697	4,277
Cash & bank balance	2,465	6,261	5,223

- 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