



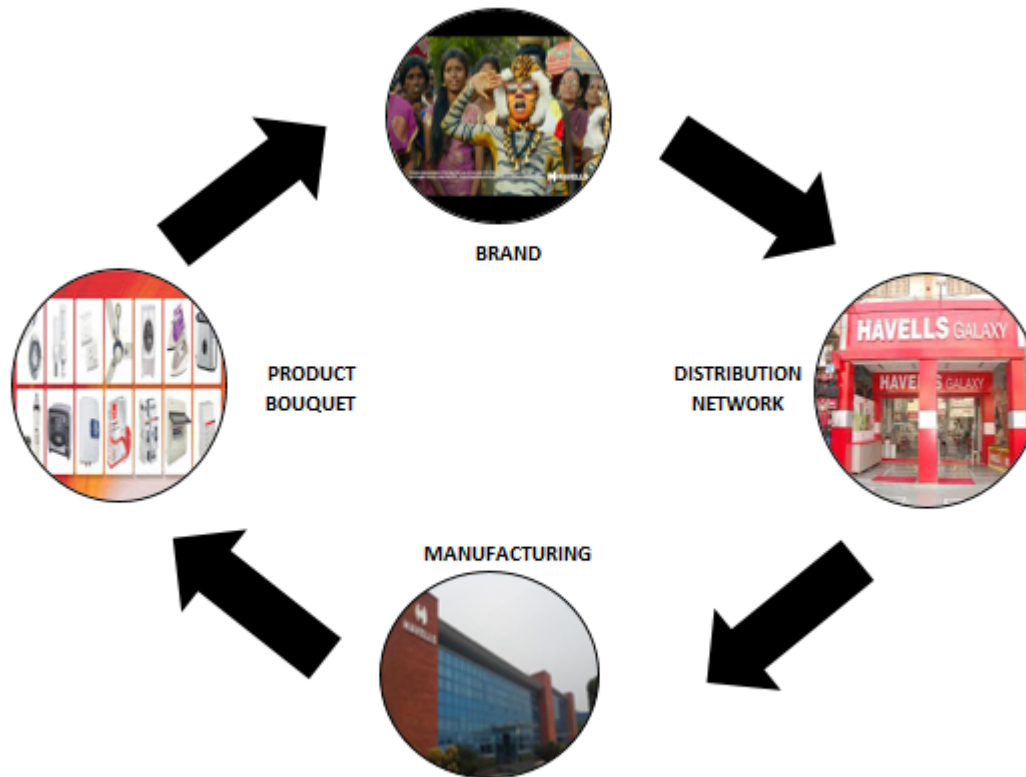
HAVELLS



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	71,38	30,700*	

* as on 1st Nov-17

MACRO LEVERS - FAVAOURABLE OUTLOOK

Urbanization

To be 40% by 2030 from 33% currently

Investment on infrastructure and housing will be key focus area

Electrification

High degree of focus on electrification, presently 78% households 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

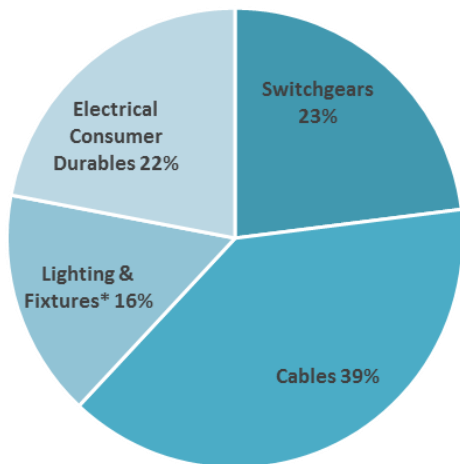
Growing middle class across urban, semi urban.

Brand aspiration, better standard of living and global exposure

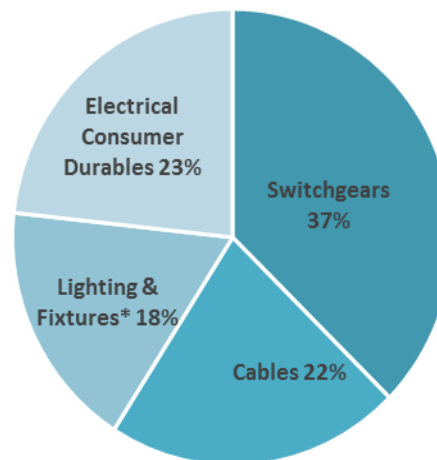
BUSINESS OVERVIEW: HAVELLS ELECTRICAL

SEGMENTS

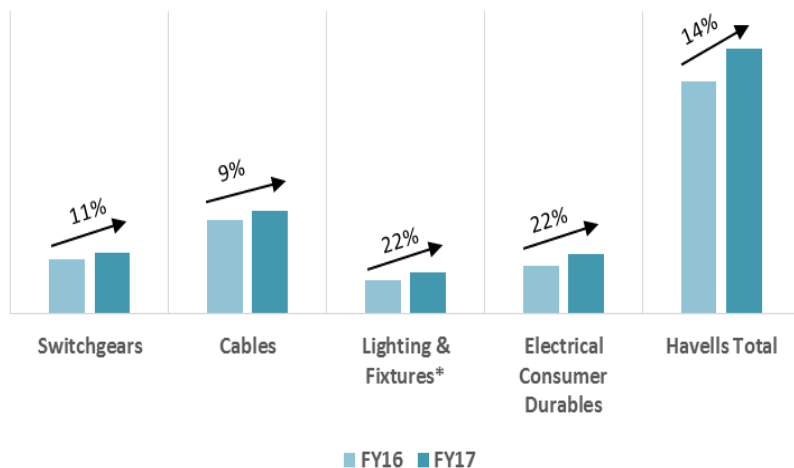
Revenue Mix



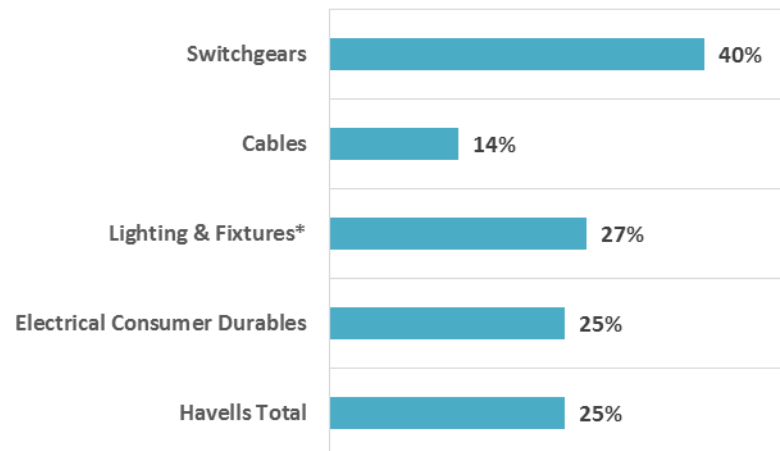
Contribution Margin Mix



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	2,200	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
LED Lighting	Lighting & Fixtures	6,500	10-14%	# 2-4	Medium	Philips, Crompton, Bajaj, Wipro
ECD	Fans	6,900	16%	# 3	High	Crompton, Orient, Usha
	Water Heaters	1,400	15%	# 3	Low	Racold, AO Smith
	Other Appliances	5,200	2-3%	-	Low	Bajaj, Philips

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
- Evaluate inorganic opportunities- brand & distribution focused
- Expand export markets by increasing local presence and introduction of wider range

New Products



Personal Grooming

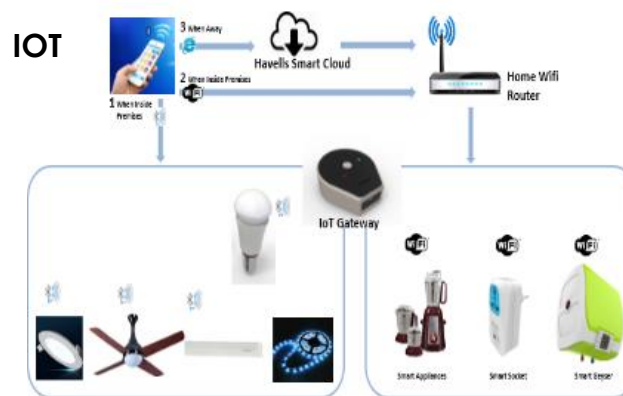
HAVELLS

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 ~7,500
Direct Dealers
- Simplified incentive scheme for easier adoption and participation ~100,000
Retailers
- Havells Galaxies, 420 in nos. constituting 19% of non industrial cable revenue ~220,000
Electricians

HAVELLS
SAMPARK2015



E-PLUS Loyalty Programme
for Electricians/Electrical Contractors
Instant Cash Reward

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 Havell's 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.



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.



Manufacturing: Currently ~ 90% of sale is from in-house manufacturing.

12 large scale, well equipped plants with one plant - one product focus.



After Sales Service: Large Network for entire product category – covering 400 cities, 7 vernacular languages + Hindi & English, 580 channel partners with 2,000 people + 250 Havells' employees.

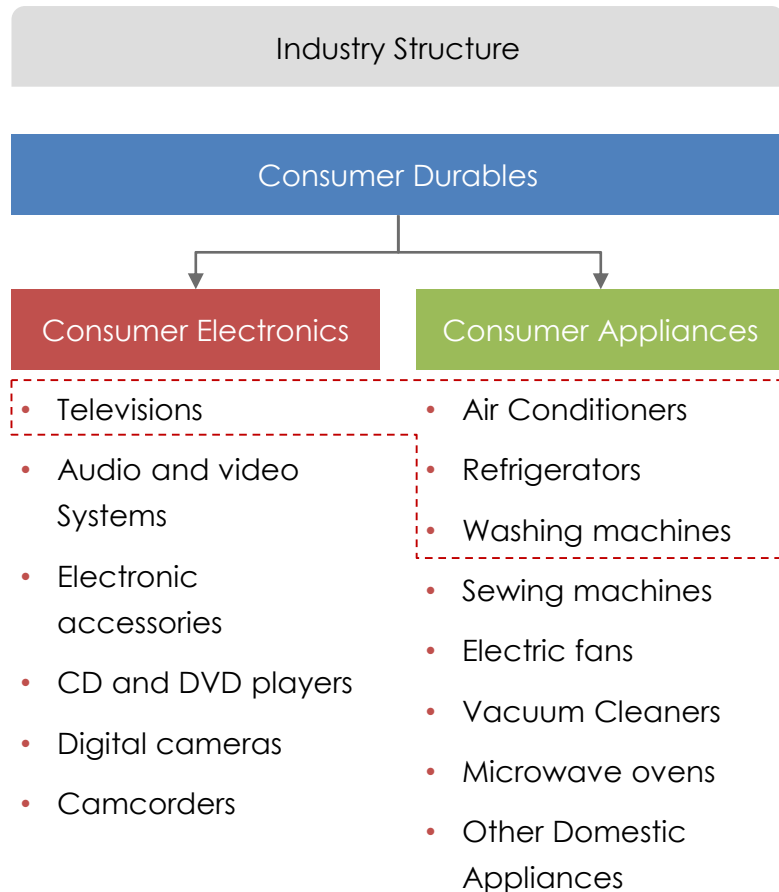
DEEPER INTO HOMES: LLOYD CONSUMER DURABLES





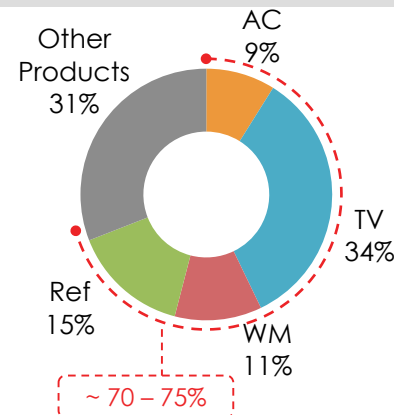
CONSUMER DURABLES INDUSTRY OVERVIEW

ACs, Refrigerators, WMs and TVs Collectively Contribute c.70 - 75% of the Market

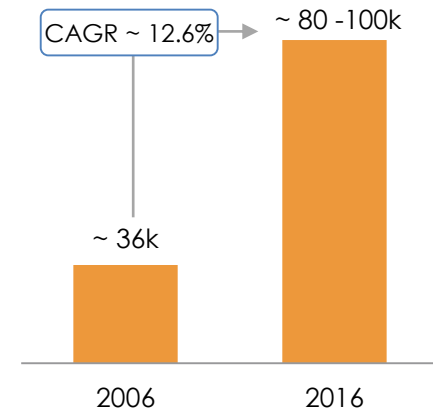


- Overall Consumer Durables account for more than 40% of end consumer spending in India
- Annual turnover in excess of INR 80 -100k Cr (ACs, TVs, WMs and Refrigerators constitute c.70-75%)
- Historical growth of c. 13%
- Urban markets account for the majority share (65%)
 - Future growth expected from tier-II/III cities and semi-urban markets (c.75% population base)

Consumer Durables Split (%)



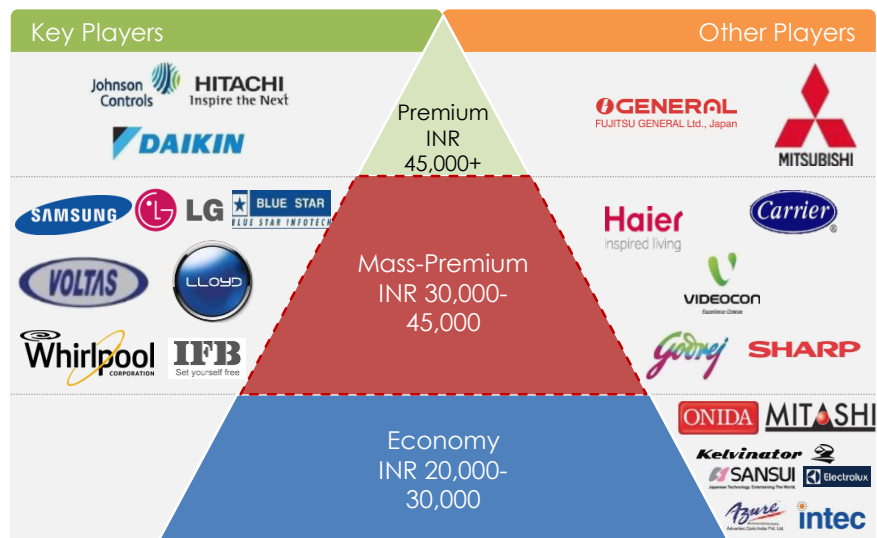
Consumer Durables Market (INR Cr)



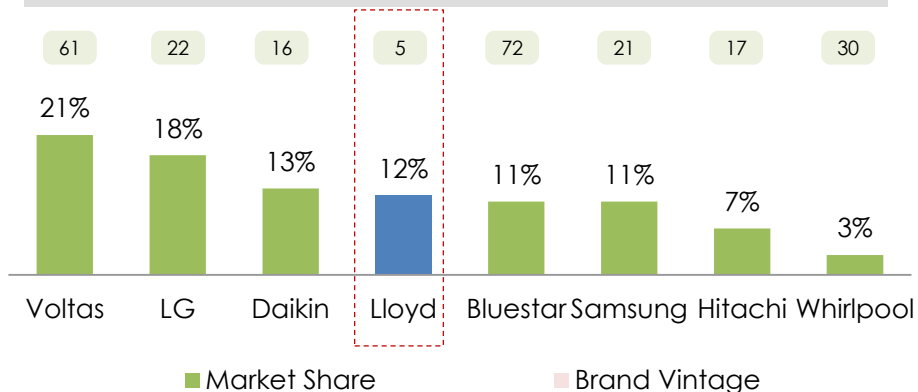
Source: IBEF and Crisil Research

MASS PREMIUM POSITIONING

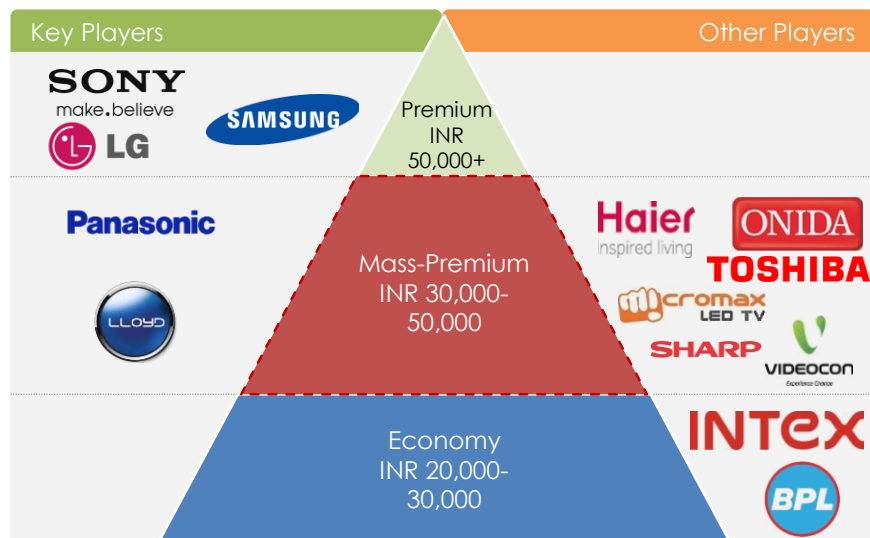
Air Conditioner Market in India



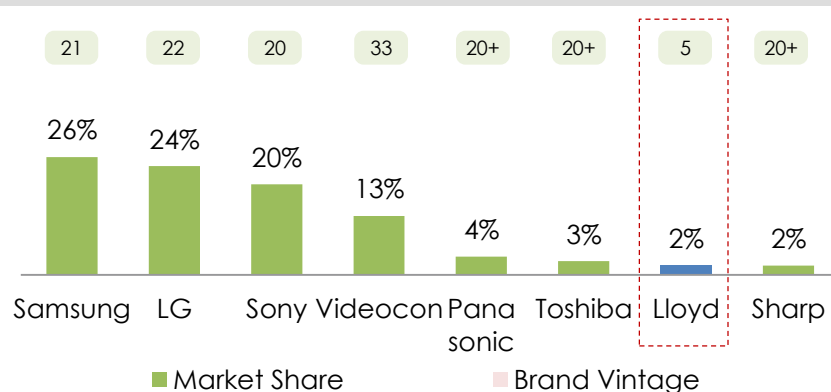
AC Volume Market Share



LED TV Market in India



LED TV Volume Market Share

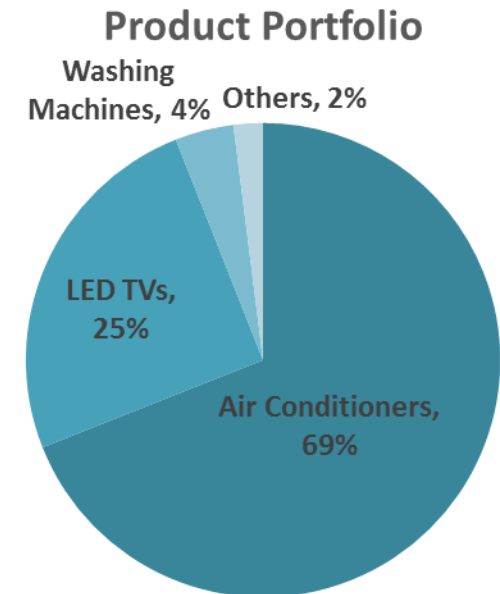


LLOYD

- A significant player in AC market with ~ 70% of revenue accruing from Air Conditioners and ~ 25% from LED TVs
- Developed a strong business with a market share of ~12% in AC segment within 8 years of launch
- Pan India distribution network providing beachhead to diversify product expansion into LED TVs and Washing Machines
- Service network and delivery a key value proposition
- An aggressive marketing campaign backed with superior channel management facilitated Lloyd to grow significantly

LLOYD: SUSTAIN INDUSTRY LEADING GROWTH

- Broaden distribution channels into LFR, RR, CSD and CPC
- Expand product categories with dedicated business heads and verticals
- Accelerate business growth and profitability through:
 - ✓ Increasing distribution reach
 - ✓ Investment in brand
 - ✓ Investment in product technology
 - ✓ In-house manufacturing



FINANCIALS

STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY16 Havells	FY17 Havells	H1 FY18 Havells	H1 FY18 Lloyd (from 8th May'17)	H1 FY18 Havells Total
Net Revenue	53,783	61,353	29,190	5,370	34,560
Growth %	4%	14%	6%**	--	25%
EBIDTA %	14.0%	13.4%	13.8%	5.9%	11.8%
PBT % before exceptions	13.1%	13.5%	13.9%	5.2%	11.4%
PAT before exceptions	5,096*	5,969*	2,914	196	2,924
PAT %	9.5%	9.7%	10.0%	3.7%	8.0%
CAPEX	1,766	2,386	--	--	620
ROCE %	27%	26%	--	--	24%
Net Worth	29,537	32,736	--	--	33,145
Net Working Capital	5,057	5,274	--	--	6,257
Cash & Bank	13,652	19,375	--	--	5,970

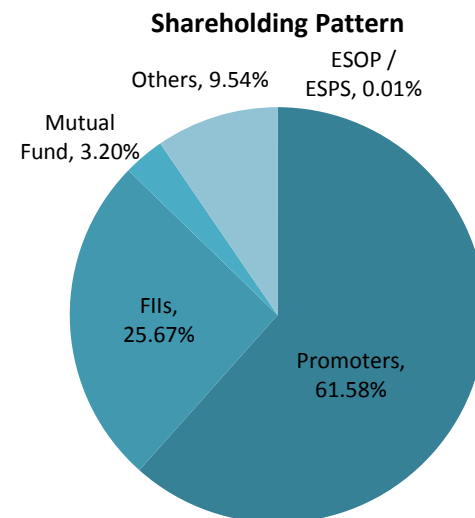
- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with no recourse on the company

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

BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

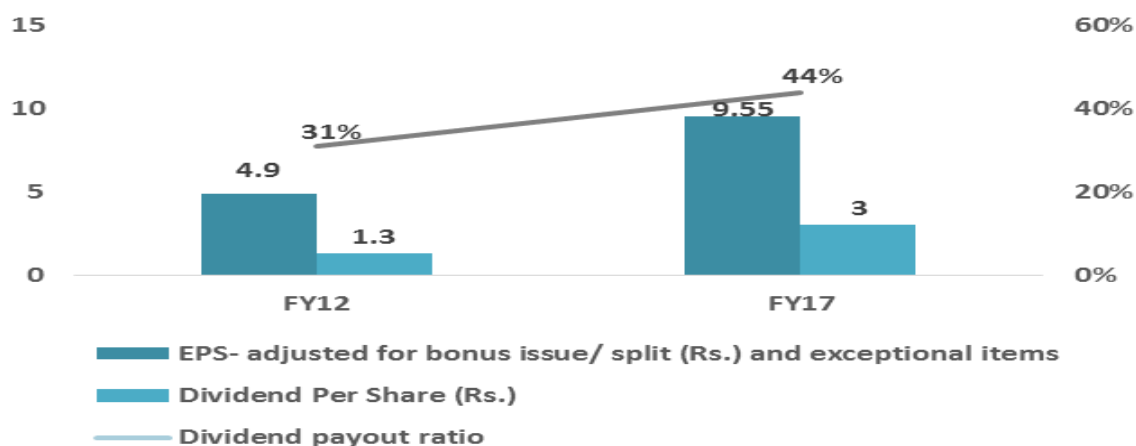
- Promoters- single business focus
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance, assigned CGR 2+ rating by CARE

Shareholding Pattern



As on 30.09.2017

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