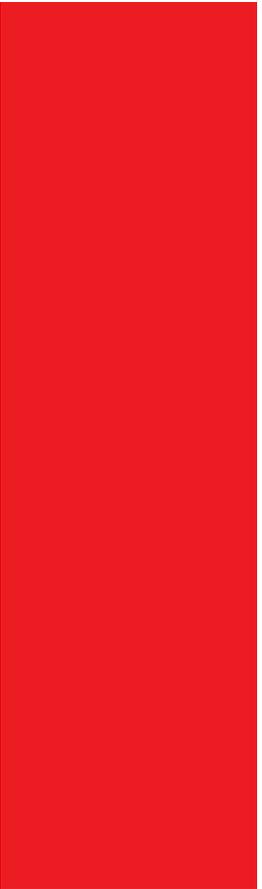




**HAVELLS**



Havells India Limited

November 2016

## HAVELLS – SNAP SHOT

- Havells – A leading brand in electrical consumer products in India

(Rs. In crores)

■ An Indian FMEG	FY 2011	FY2016	CAGR% (5yrs)
Turnover	2,882	5,437	14%
EBITDA %	11.7%	13.8%	17%
Net Profit before exceptions	242	513	16%
Market Capitalization	4,625	25,500*	36%

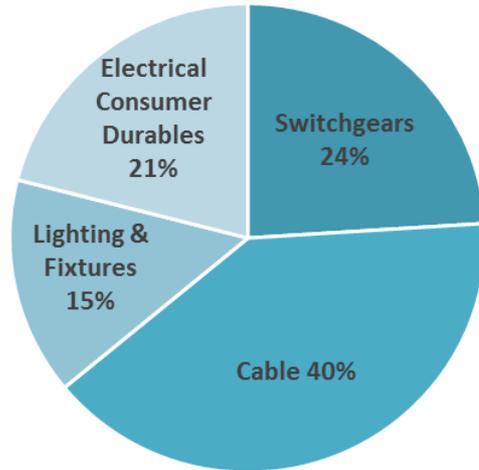
\* as on 30<sup>th</sup> Oct-16

# DEEPER INTO THE HOME

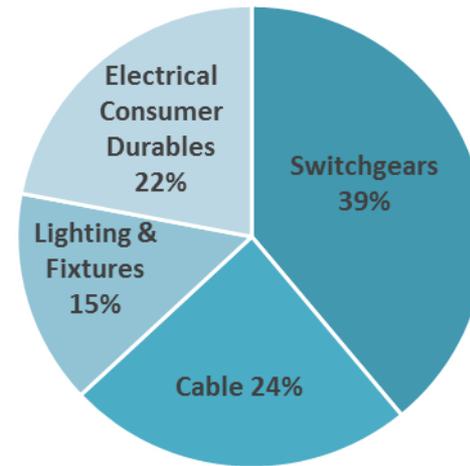


# SEGMENTS OVERVIEW

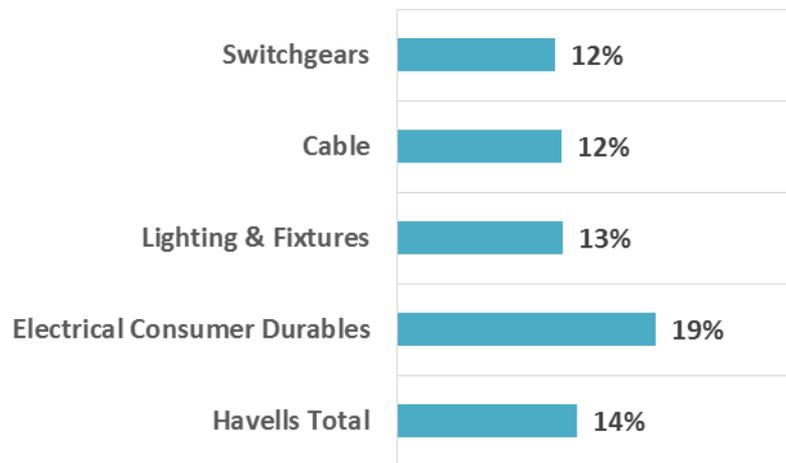
Revenue Mix



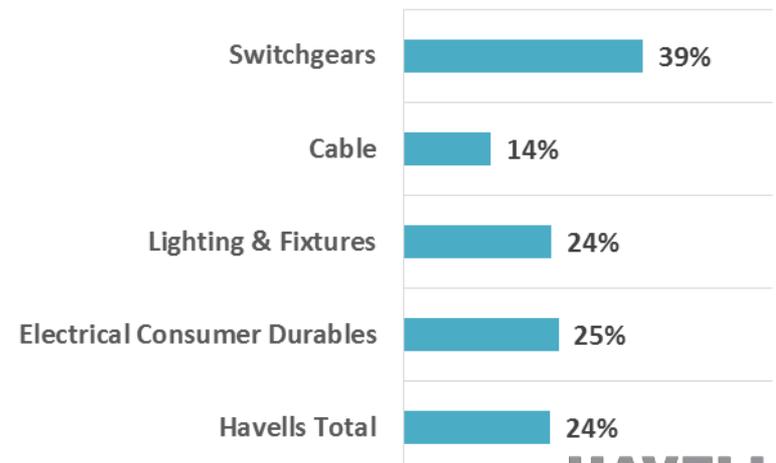
Contribution Margin Mix



Revenue CAGR % (5 Years)



Contribution Margin % (FY16)



## 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	Medium	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	6,200	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

# THE FMEG COMPANY



Top of the mind Brand recall

Strong distribution network in India

Prudent management of financial resources

Widest product portfolio

## 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

## FOCUS ON GROWTH

- 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

### New Products



### 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
- Simplified incentive scheme for easier adoption and participation
- Havells Galaxies, 388 in nos. constituting 19% of non industrial cable revenue

~6,500  
Direct Dealers

~100,000  
Retailers

~200,000  
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**

## **FORTIFYING MANAGEMENT BANDWIDTH**

- Smooth transition after the demise of founder, aligning core strengths with changing environment and consumer preference
- 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
- Increased focus in India post Sylvania disinvestment

## SUSTAINED INVESTMENT IN BRAND & SUPPLY CHAIN

- **Brand** – Sizable investment in advertisement, 3-4% of revenue, comparable with industry leaders in paints, adhesive etc.
- **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 91% 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

## STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>H1 FY17</b>
Net Revenue	47,197	52,387	54,369	29,190
Growth %	12%	11%	4%	13%
EBIDTA %	13.6%	13.3%	13.8%	13.8%
PBT % before exceptions	12.6%	12.3%	13.1%	14.0%
PAT before exceptions	4,787	4,649	5,130*	2,914
PAT %	10.1%	8.9%	9.4%	9.9%
CAPEX	919	1,689	1,728	1,200
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ROCE %	30%	29%	29%	27%
Net Worth	21,299	23,758	26,442	30,245
Net Working Capital	3,697	4,277	5,057	7,970
Cash & Bank	6,261	6,973	14,953	12,981

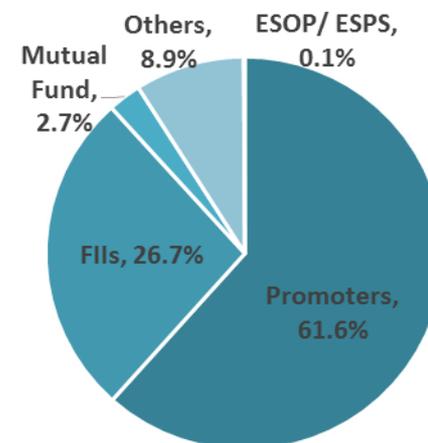
- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with limited recourse on the company

\* PAT for FY16 was Rs. 7,154 mn including exceptional items

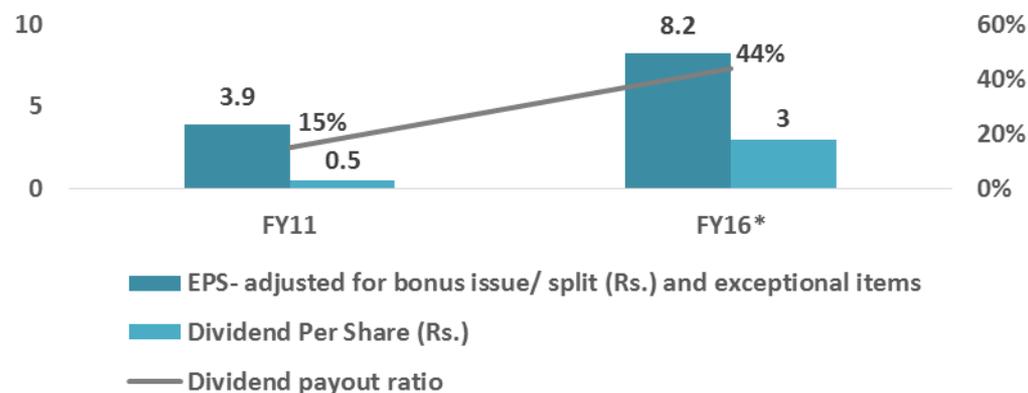
## BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- Promoters- Single business focus
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance

Shareholding Pattern



EPS, DPS & Dividend Payout Ratio



\* Excluding special dividend of Rs.3 per share, paid out of proceeds of Sylvania disinvestment

## 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 value system remains core