



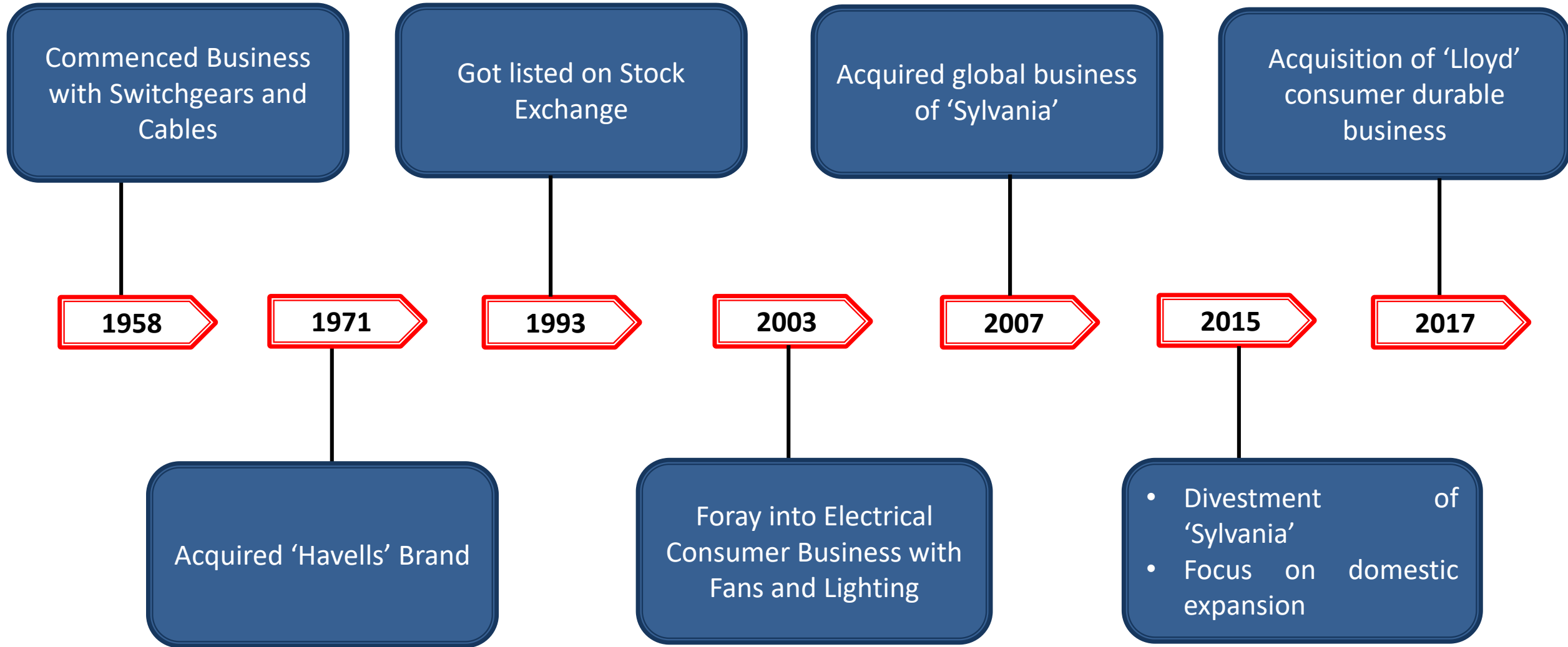
HAVELLS



HAVELLS INDIA LIMITED

MAY 2021

AN EVOLVING JOURNEY



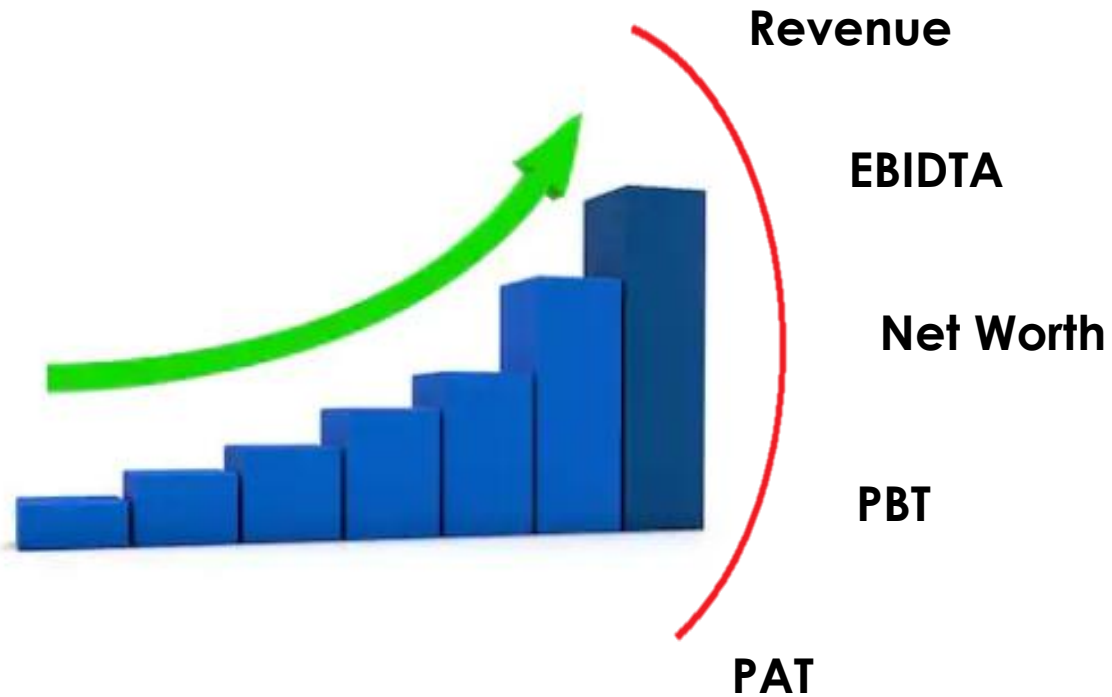
KEY MILESTONES

- **Largest channel- dealer friendly**
 - ✓ Transition from Industrial to consumer company
 - ✓ Consumer and residential mix from 20% to 80% now
- **Manufacturing**
 - ✓ Large scale manufacturing with high standards of quality assurance
 - ✓ ~90% in-house
- **National Advertising and uniform discounting**
 - ✓ Disproportionate ad spend on 'non-consumer' products
- **Mass to 'mass premium'**
 - ✓ Steady premiumisation
- **Acquisition of Sylvania and pragmatic exit**
 - ✓ Changing industry dynamics and capital allocation
- **Lloyd Acquisition**
 - ✓ Entry into high potential Consumer Durables
 - ✓ Aligned with 'Deeper into Homes'



CONSISTENT DELIVERY

Financial performance



➤ Growth during last 20 years:

✓ Revenue- 70x

✓ Profit- 167x

✓ Asset base- 182x

➤ Net cash positive

GROWTH WITH RESPONSIBILITY

Havells Mid-Day Meals Program



Serving 60,000+ students daily

Sanitation



Built over 4,000 bio-toilets in 450+ schools

DOW JONES SUSTAINABILITY INDEX-2020



Now a Part of **S&P Global**

- Ranked 7th globally in the Electrical Components & Equipment Industry
- Only Indian company in the Electrical Components & Equipment Industry to be part of this index

SUSTAINABILITY



Tree plantation: ~11 lakh tree planted in last 3 years



12 manufacturing plants are zero water discharge



Energy intensity reduced by 47% from FY16 to FY21



94% of waste recycled / reused

BENCHMARKING WITH THE BEST CORPORATE AND SHAREHOLDERS GOVERNANCE

- Committed to high standards of corporate governance
- Well experienced and diversified professional Board
- Promoters- single business focus
- Transparent and detailed communication to shareholders

PRUDENT FINANCIAL MANAGEMENT

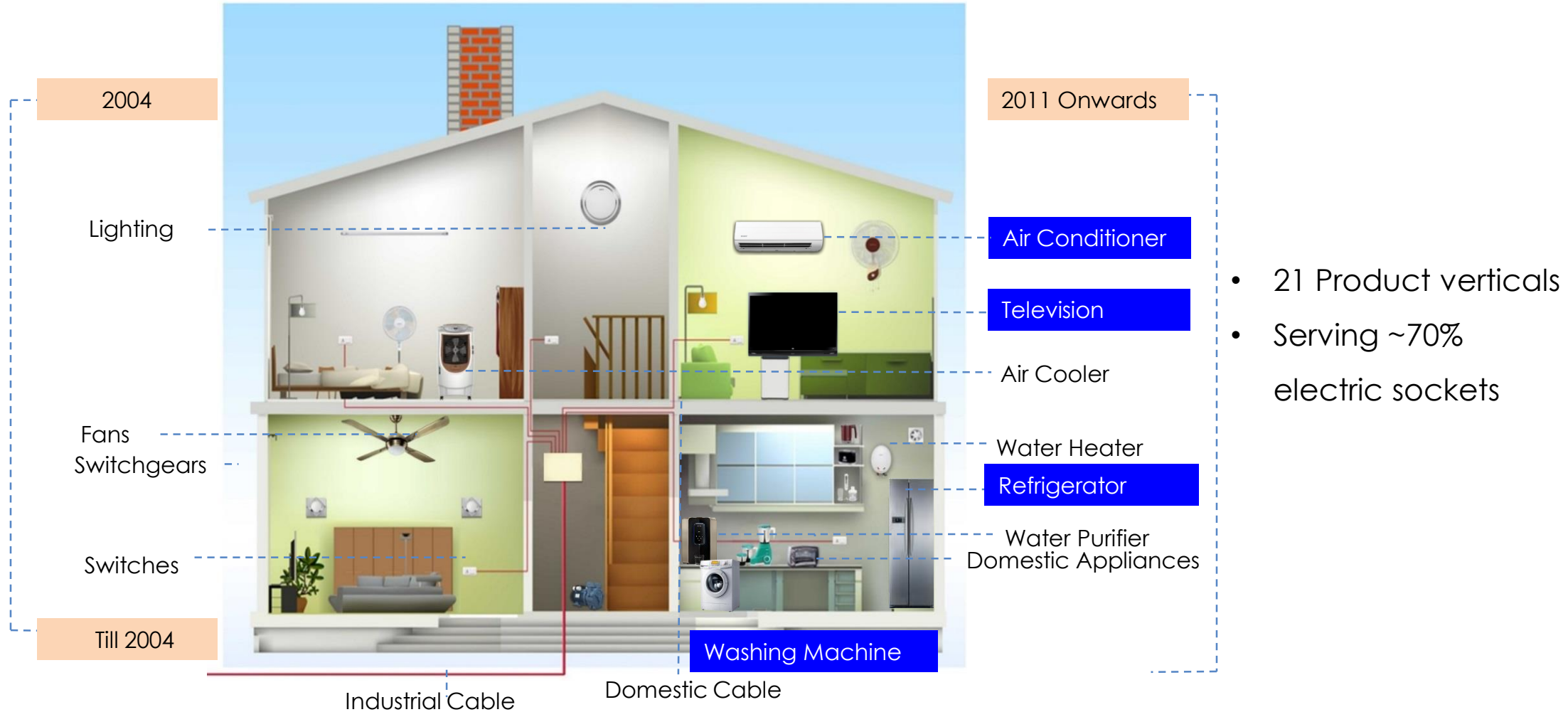
Capital allocation strategy:

- Investing in organic growth
- Open to value-creating acquisition with brand and distribution focus
- Return to shareholder
 - Consistent dividend payout of ~43%
 - Returned Rs. 16 billion to shareholders in last 5 years as dividend

Maintaining investment grade Balance Sheet:

- Lean balance sheet accommodating growth and acquisition
- Net cash positive
- Rated **AAA** for long-term facilities and **A1+** for short-term facilities by CARE

MOVING AHEAD



DEEPER INTO HOMES

WIDEST CONSUMER OFFERING

Electricals

Industry size: ~ Rs. 45,000 cr.
CAGR (2019-25): ~12%

Home Appliances

Industry size: ~ Rs. 70,000 cr.
CAGR (2019-25): ~15%



SEGMENTS

Revenue Mix (FY21)

Switchgears



15%

Cables



33%

Lighting & Fixtures



11%

Electrical Consumer & Durables



24%

Lloyd



17%

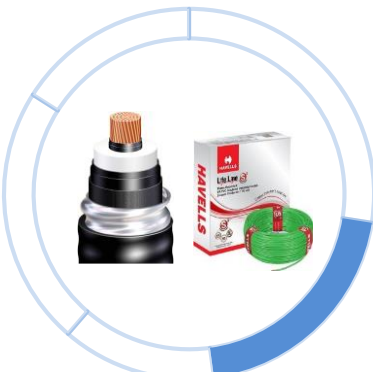
Contribution Margin Mix (FY21)

Switchgears



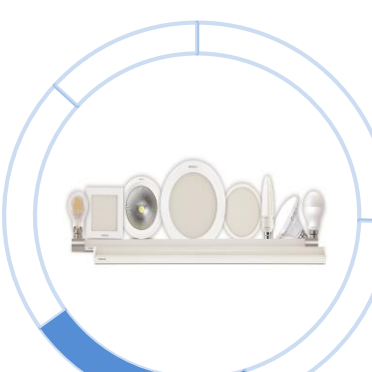
27%

Cables



27%

Lighting & Fixtures



14%

Electrical Consumer & Durables











27%

Lloyd



5%

MARKET SHARE: TOP 3 ACROSS CATEGORIES

	Product	Indicative Market Size (Rs. in crores)	Indicative Market Share	Indicative Rank	Organized Penetration Level	Peers
Switchgears	MCB 	2,900	~18%	# 1-2	High	Legrand, Schneider
	Switches* 	4,500	~12-13%	# 3	Medium	Panasonic (Anchor), Legrand
Cable	Flexible 	10,000	~16%	# 3	Low	Finolex, Polycab
	Power 	15,000	~10-11%	# 3	Medium	Polycab, KEI
LED Lighting	Lighting & Fixtures 	10,000	~12-15%	# 2-4	Medium	Philips, Wipro, Crompton
ECD	Fans 	7,500	~19%	# 2	High	Crompton, Usha, Orient
	Water Heaters 	1,700	~19%	# 1	Medium	Racold, AO Smith
	Other Appliances 	5,000	~6%	#3-4	Medium	Philips, Bajaj

* Modular plate switches

RECENT TRENDS AND OUR RESPONSE

EXTERNAL HEADWINDS

- Covid emerged as a significant business risk
- Economic activities remained soft
- Multi-year low GDP growth rate
- Persistent Liquidity issues faced by trade
- Weakness in investment and consumption sentiment
- Sluggish activity in construction and capital goods sector

INTERNAL INITIATIVES

- Constant and consistent communication with all stakeholders
- Proactive customer service and robust supply chain
- Understanding shifting consumer behaviour
- Aggressive channel expansion
- Venturing in semi-urban and rural markets. Exploring export opportunities- new markets and products
- Continued investment in Research & Development and production capacities

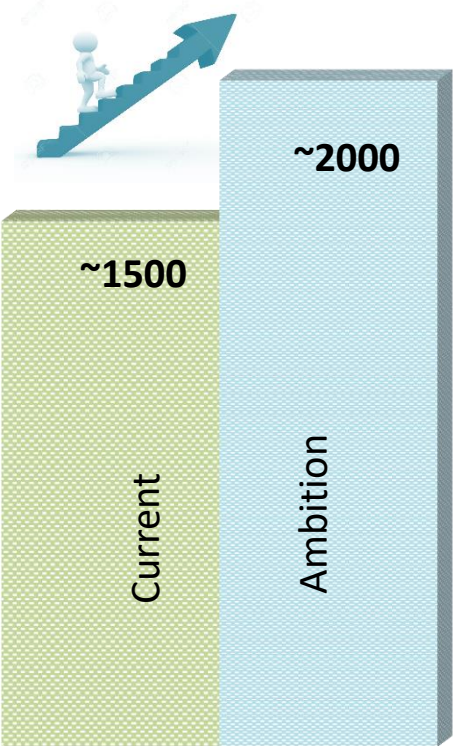
KEY LEVERS

- **Distribution**
- **Product extension and expansion**
- **Digitization**
- **Research & Development**

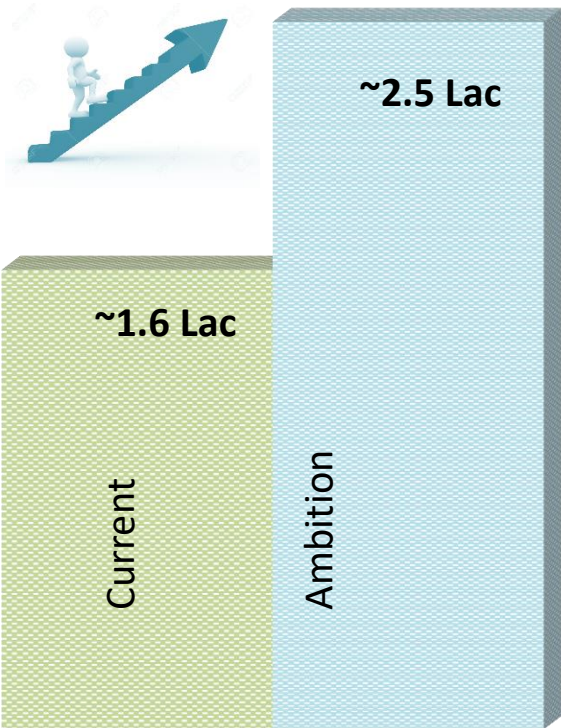
DISTRIBUTION: DEEPER PENETRATION

Proximity to Consumer

TOWN PENETRATION



RETAILER - COUNT



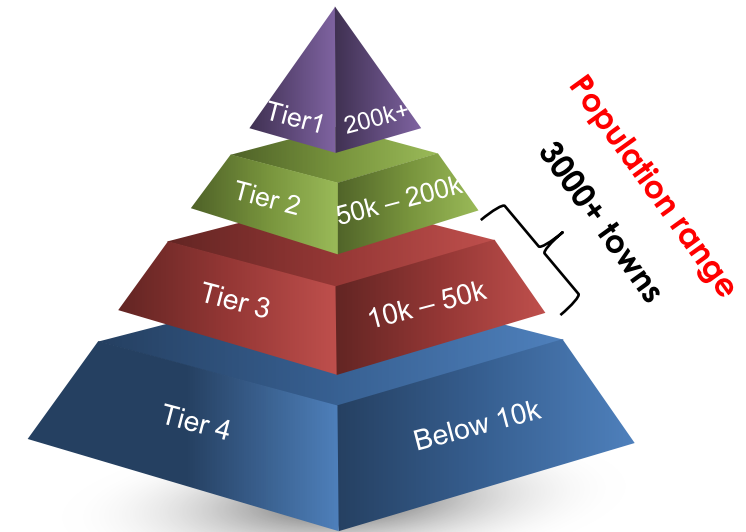
~14,200
Direct Dealers

~180,000
Retailers

~150,000
Electricians

DISTRIBUTION: RURAL- UNTAPPED OPPORTUNITY

- Opportunity to tap demand created by improved electricity penetration in rural territories
- Identified 3000 towns with population range of 10K-50K, covered 2,500+ towns by now
- Catering through basic products like Lighting, Switches, MCBs, Wires, Fans, Small Domestic Appliances and Capacitors



Present portfolio for rural markets



Lighting



Switches



Switch gear



Wires



Small Domestic Appliances



Fans



Capacitors

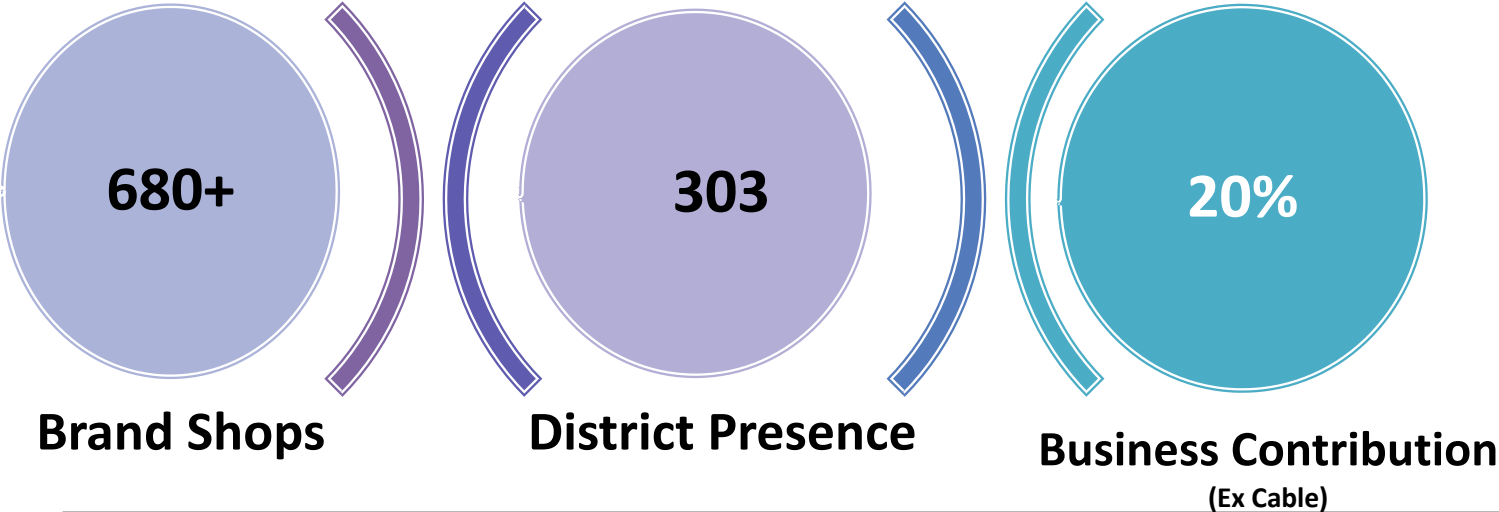


Immersion Rod

DISTRIBUTION: MULTI CHANNEL

- Grow inclusively :
 - ✓ MBOs
 - ✓ Brand stores
 - ✓ Organized retail chains
 - ✓ Canteen Stores
 - ✓ Projects & Enterprise Business
 - ✓ E-commerce

Largest Brand Shop channel in electrical industry



CONSISTENT NEW PRODUCT INTRODUCTIONS

2012: Water Heaters



2013: Domestic Appliances and Pumps



2016: Air Coolers



2017: Water Purification and Personal Grooming



SERVED WITH REGULAR FRESH LAUNCHES



'Carnesia I' IoT enabled smart ceiling fan



Mixer Grinder Silencio:
Silent | Smart | Stylish



"India's First Digital OFR":
11 & 13 Wave Fin



Heat Pump Water Heater:
300 L



Digiplus Alkaline: 100% RO & UV



Stealth Dry Iron:
India's only dry iron with Red Dot award

DIGITIZATION: SALES PROCESS

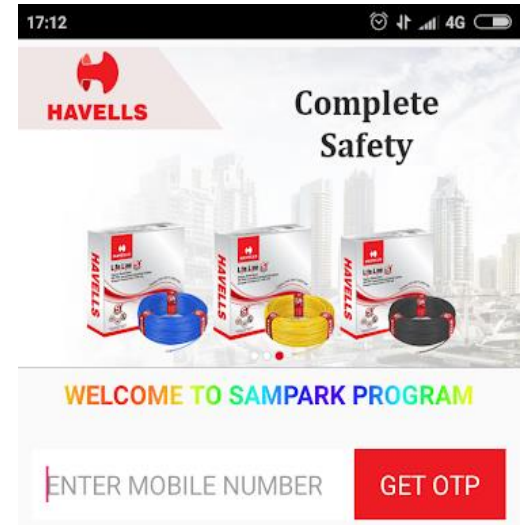
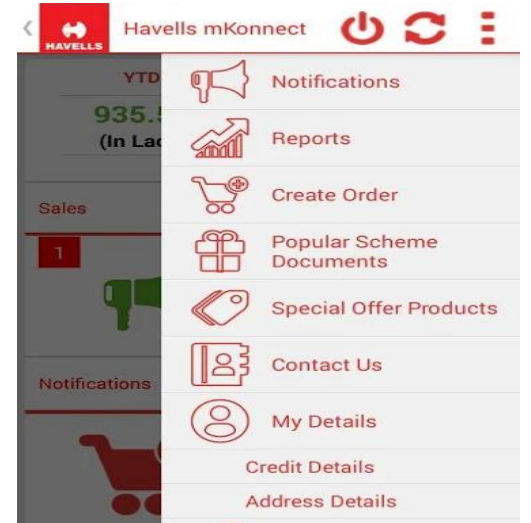
Distribution
Management
System (DMS)

- Mini ERP solution for dealers
- Helps real-time monitoring of payables, settlement of schemes, better inventory management, ensuring **'Peace of Mind'** to channel partners

mKconnect:
Dealer App

- Mobile-based two-way communication platform
- Enabling dealers and distributors to place orders from the ease of their shops, this has ben effective in creating 80% of revenue being booked through this portal

- Digital platform for retailers, 150K+ retailers registered with Company
- Features includes instant redemption of points, DBT, real-time info updates etc.



HAVELLS

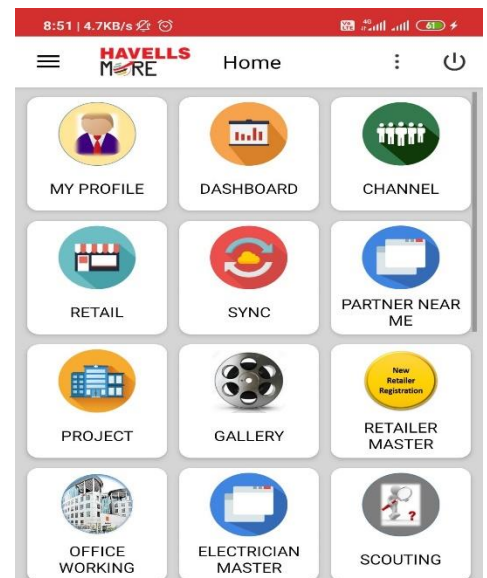
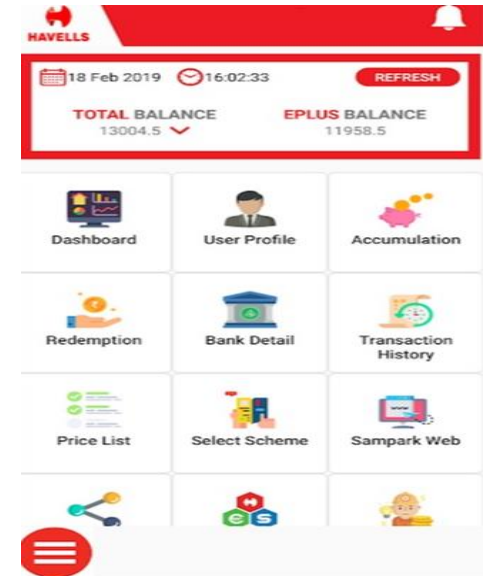
SAMPARK

DIGITIZATION: SALES PROCESS

- Mobile-app based electrician loyalty program, 80K+ registered electricians
- Incentivizing through direct bank transfer with access to pricelist, transaction history and details of applicable schemes
- In-house developed mobile application making sales force more informed and effective
- Facilitates geo-tagging of sales team and retailer registration enabling 360-degree channel visibility



Sales Force
Automation
(SFA)



RESEARCH AND DEVELOPMENT



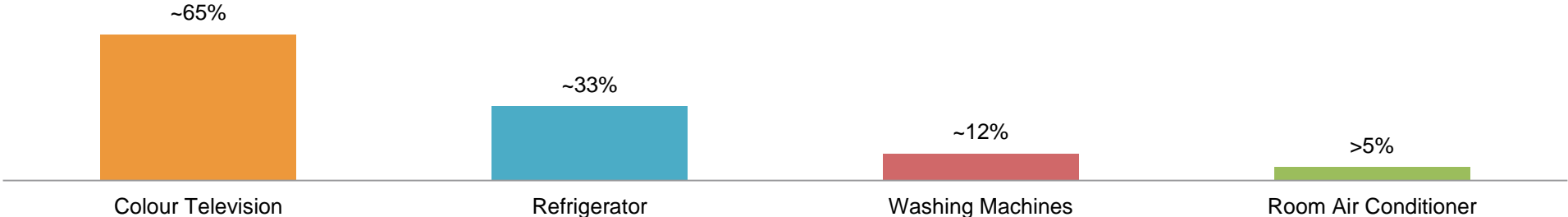
- Fast catcher to thought leadership
- Plan to increase investment in R&D from present level of 1% of revenue
- Intelligent hardware, embedded software
- Products to solution

LLOYD: A FULL STACK CONSUMER APPLIANCES BRAND

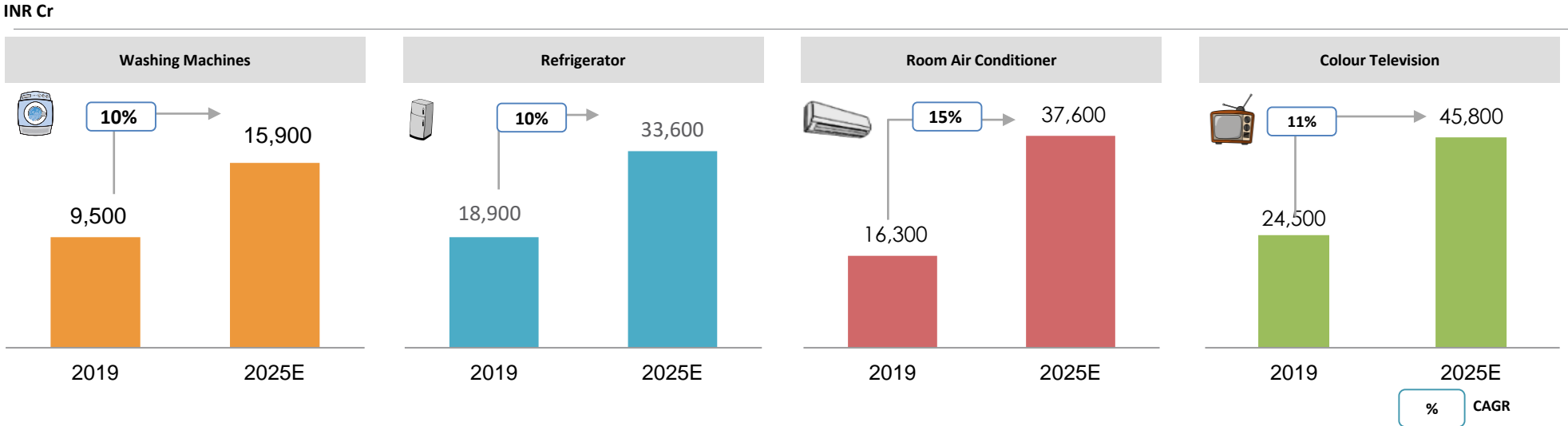


HIGH GROWTH POTENTIAL INDUSTRY

• Low Penetration



• Each Product Group Expected To Grow At Double Digit

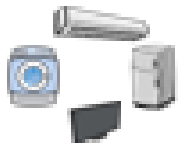


Source: CEAMA and Frost and Sullivan

LLOYD: WELL PLACED IN CONSUMER DURABLES MARKET



Revenue of
~INR 1,800 Cr
(~\$ 250 mn)



Comprehensive product
portfolio



600+
Service centers pan India



Among top three AC
players in the country



Innovative and aggressive
in brand building initiatives,
created a strong connect



6 decades
of brand vintage in AC segment



~10% market share in Room
AC segment



~10,000
Display points pan India



Presence across
450+ cities

LLOYD JOURNEY

Local Sourcing

- Sourcing Indigenized
- In-house manufacturing of AC



Channel Expansion

- Display at all the large retail chains, now contribute 30% business
- Enhance numeric reach across India



Comprehensive CD Portfolio

- Introduction of REF now completes the basket



Brand Salience

- Celebrity engagement
- High decibel promotion
- Mass to mass premium



GLOBALLY BENCHMARKED MANUFACTURING

- Spread over 50 acres with investment of INR 400 cr
- India's first fully integrated air-conditioner plant equipped with Artificial Intelligence, IoT, Manufacturing Execution System (MES), **compatible with Industry 4.0**
- **70 robotic points**- one of the highest in Asia and first in the country across Air Conditioner industry
- **Produces finished AC every 23 seconds** with capacity to produce **1 million ACs annually**
- Green facility with zero discharge, draws electricity mostly from **roof top solar**
- Indigenising washing machines with upcoming manufacturing unit at Ghiloth, Rajasthan



STANDALONE FINANCIALS

STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY17	FY18	FY19 [^]	FY20 [^]	FY21
Net Revenue	61,353	81,385	100,677	94,292	104,279
Growth %	14%	33%**	24%**	(6%)#	11%
EBIDTA %	13.4%	12.9%	11.8%	11.9%	15.0%
PBT % before exceptions	13.5%	12.3%	11.4%	9.6%	13.7%
PAT % before exceptions*	9.7%	8.6%	7.8%	7.8%	10.0%
CAPEX (incl. intangibles)	2,386	15,888	4,996	3,592	2,189
ROCE %	27%	30%	30%	24%	29%
Net Worth	32,736	37,392	41,922	43,048	51,645
Net Working Capital	5,274	3,131	7,655	6,987	15,834
Cash & Bank	19,375	15,262	12,877	11,069	19,310

* PAT for FY18 and FY17 was 8.8% in both years including exceptional items

** Ex-Lloyd excise adjusted growth in FY18 and FY19 was 13% and 22% respectively

Ex-Covid, annual growth could have been 2%

[^] The Company has received approval from the NCLT in respect of a Scheme of Amalgamation, among the Company and its wholly owned subsidiaries namely; Promptec Renewable Energy Solutions Private Limited, Havells Global Limited, Standard electrical Limited, LLOYD Consumer Private Limited. Accordingly the figures of FY19 have been restated.

SUMMARY

- India represents large untapped opportunity with lower penetration, higher unorganized sector & growing electrification
- Preparing for future with constant products expansion, deepening market reach & brand reinforcement
- Strengthening management bandwidth to lead ambitious growth plan
- Native business acumen, market connect and ethics remain core values

THANK YOU