



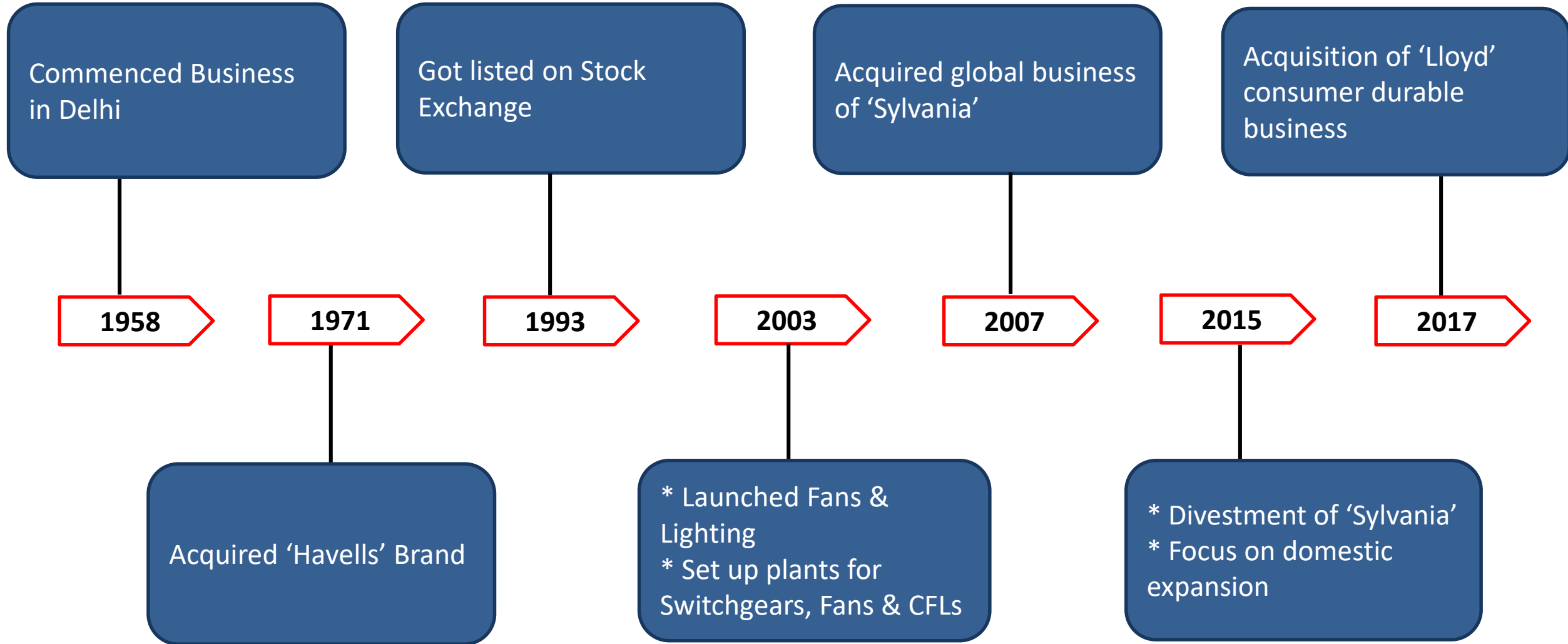
**HAVELLS**



# **HAVELLS INDIA LIMITED**

**September 2019**

# AN EVOLVING JOURNEY



# CONSISTENT DELIVERY

## Financial performance



**~30%**  
CAGR since  
listing

## Market capitalization



**~38%**  
CAGR since  
listing

# KEY MILESTONES

- **Leverage channel by expanding product portfolio**
  - ✓ Industrial to a consumer company
- **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 Large Consumer Durables
  - ✓ Aligned with 'Deeper into Homes'



# MOVING AHEAD



# DEEPER INTO HOMES

# EXPANDING CONSUMER FUNNEL

## Electricals

Size: ~ Rs. 45,000 crores  
CAGR (2018-23): ~12%



## Home Appliances

Size: ~ Rs. 70,000 crores  
CAGR (2018-23): ~15%

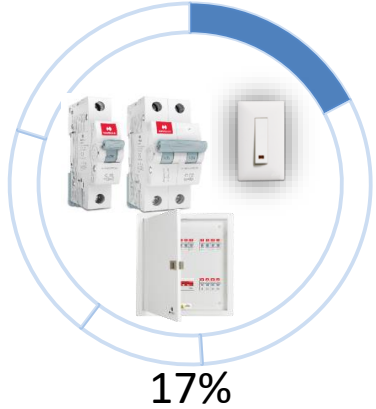




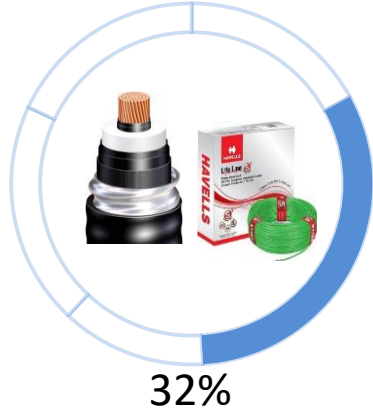
# SEGMENTS

## Revenue Mix (FY19)

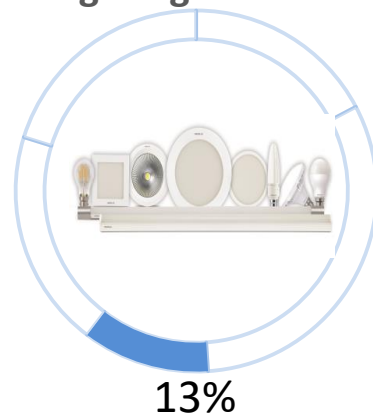
Switchgears



Cables



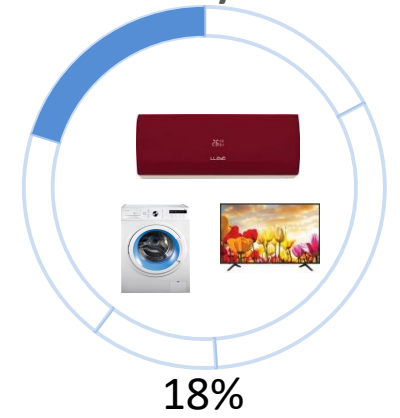
Lighting & Fixtures



Electrical Consumer & Durables



Lloyd

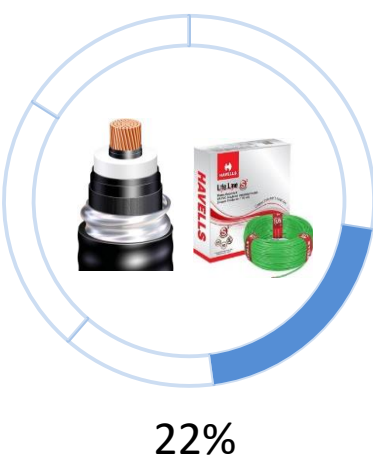


## Contribution Margin Mix (FY19)

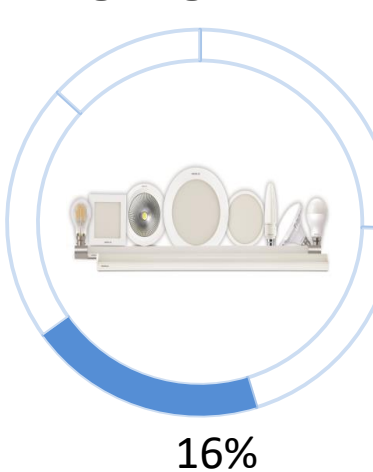
Switchgears



Cables



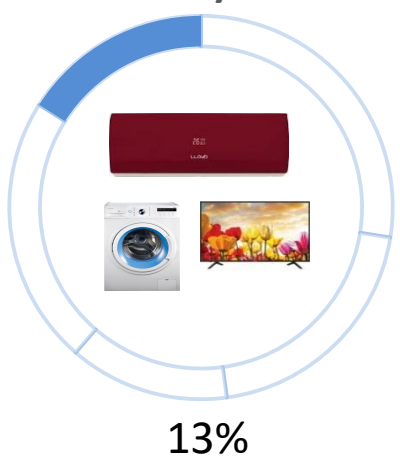
Lighting & Fixtures



Electrical Consumer & Durables



Lloyd



# FAVOURABLE MACRO LEVERS



## Urbanization

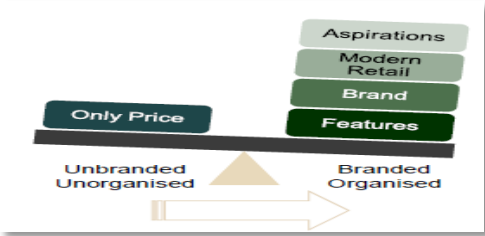
To be 40% by 2030 from 34% currently

Investment on infrastructure and housing will be key focus area



## Electrification

High degree of focus on electrification, electrification now reaching semi urban and rural



## Aspirational shift for brands

Consumer preference accelerating for branded products

Regulatory measures viz GST narrowing gap with unorganised sector



## Young Demography









Growing middle class across urban, semi urban.

Nuclearization of families, better standard of living and global exposure



# HAVELLS ELECTRICAL

# MARKET SHARE: TOP 3 ACROSS CATEGORIES

	Product	Indicative Market Size (Rs. in crores)	Indicative Market Share	Indicative Rank	Organized Penetration Level	Peers
Switchgears	 MCB	2,500	~26%	# 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	Medium	Polycab, KEI
LED Lighting	 Lighting & Fixtures	6,500	12-15%	# 2-4	Medium	Philips, Wipro, Crompton, Bajaj
ECD	 Fans	7,000	~19%	# 2-3	High	Crompton, Orient, Usha
	 Water Heaters	1,400	~19%	# 1-2	Low	Racold, AO Smith
	 Other Appliances	5,000	5-6%	-	Low	Bajaj, Philips

\* Premium modular plate switches

# CONSISTENT NEW PRODUCT INTRODUCTIONS

2012: Water Heaters



2013: Domestic Appliances and Pumps



2016: Air Coolers



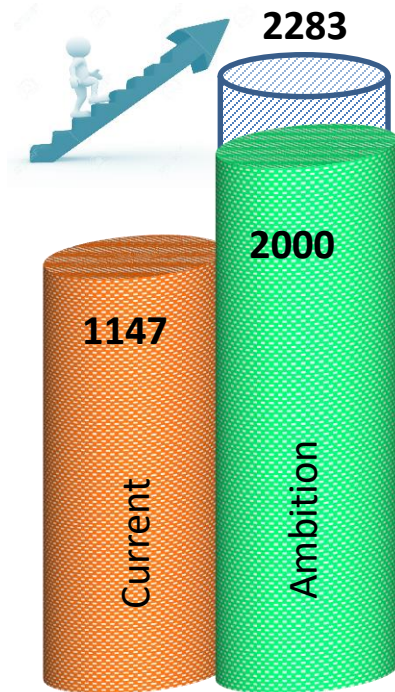
2017: Water Purification and Personal Grooming



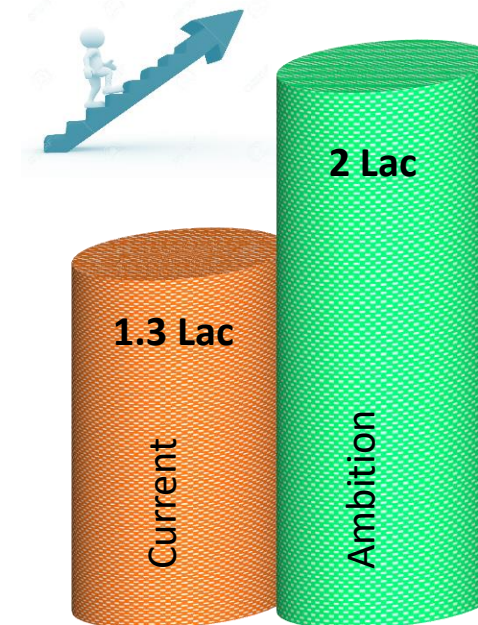
# CHANNEL EXPANSION- DEEPER PENETRATION

Proximity to Consumer – Transition towards Rural & Semi-Urban Cities

TOWN PENETRATION – 25K ABOVE POPULATION



RETAILER - COUNT



~9,000  
Direct Dealers

~130,000  
Retailers

~250,000  
Electricians

- Havells' major penetration is in Metro, Tier I & II Towns
- Rural sector and Tier III & below towns key penetration opportunity

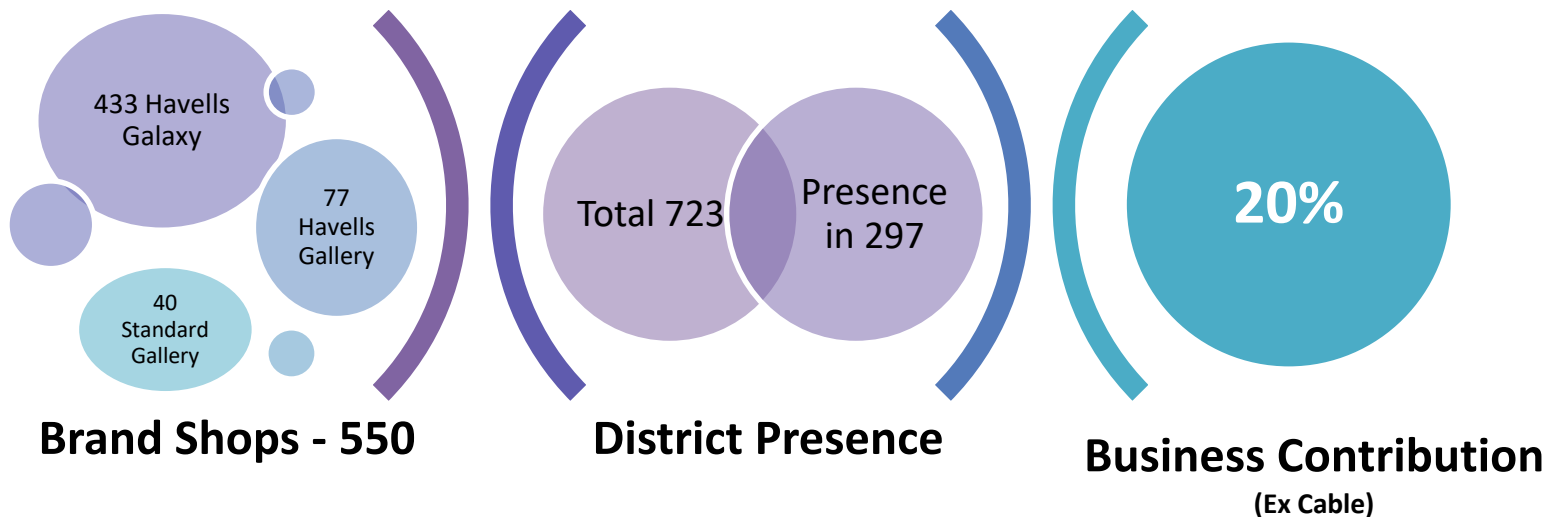


# CHANNEL EXPANSION

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



## Largest Brand Shop channel in electrical industry



# RESEARCH AND DEVELOPMENT



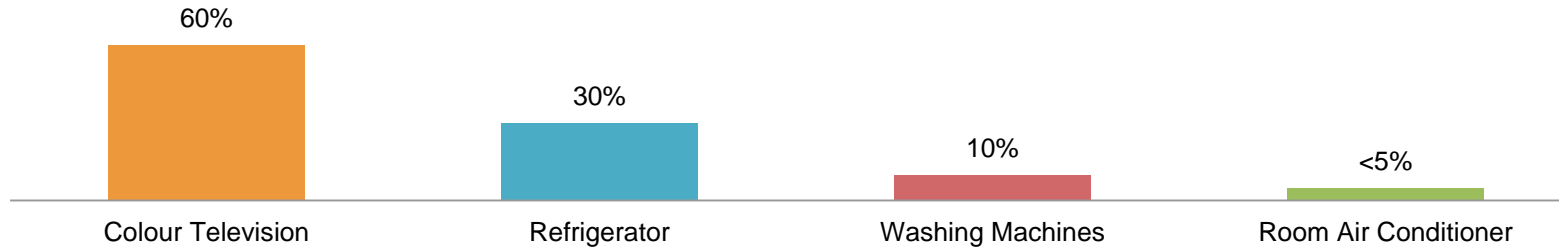
- Fast catcher to thought leadership
- R&D spend to increase from 1% to 3% of net revenue
- Intelligent hardware, embedded software
- Products to solution





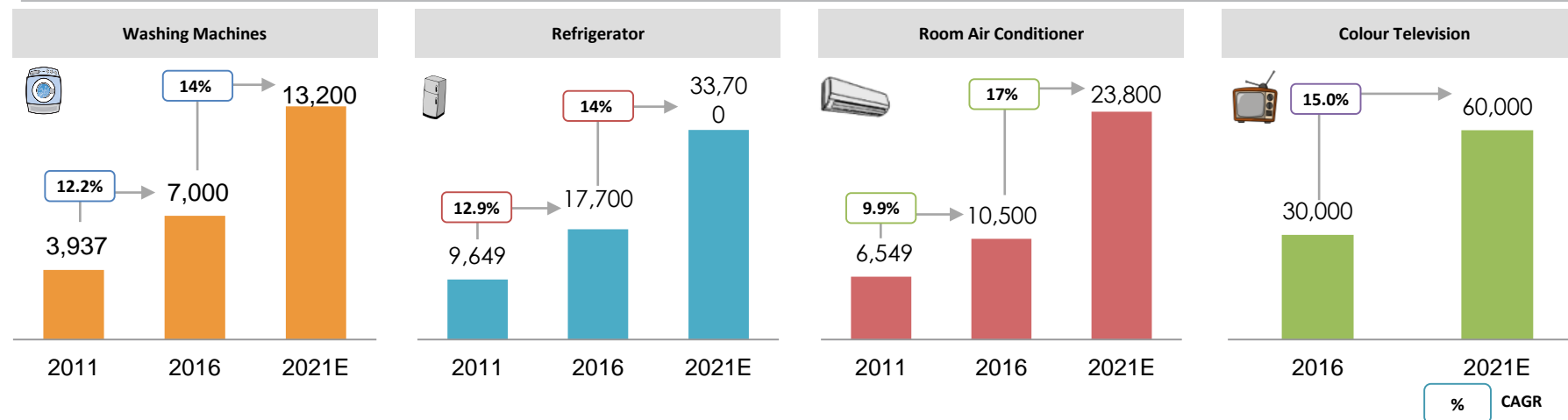
# HIGH GROWTH POTENTIAL INDUSTRY

## • Low Penetration



## • Each Product Group Expected To Grow At Double Digit

INR Cr



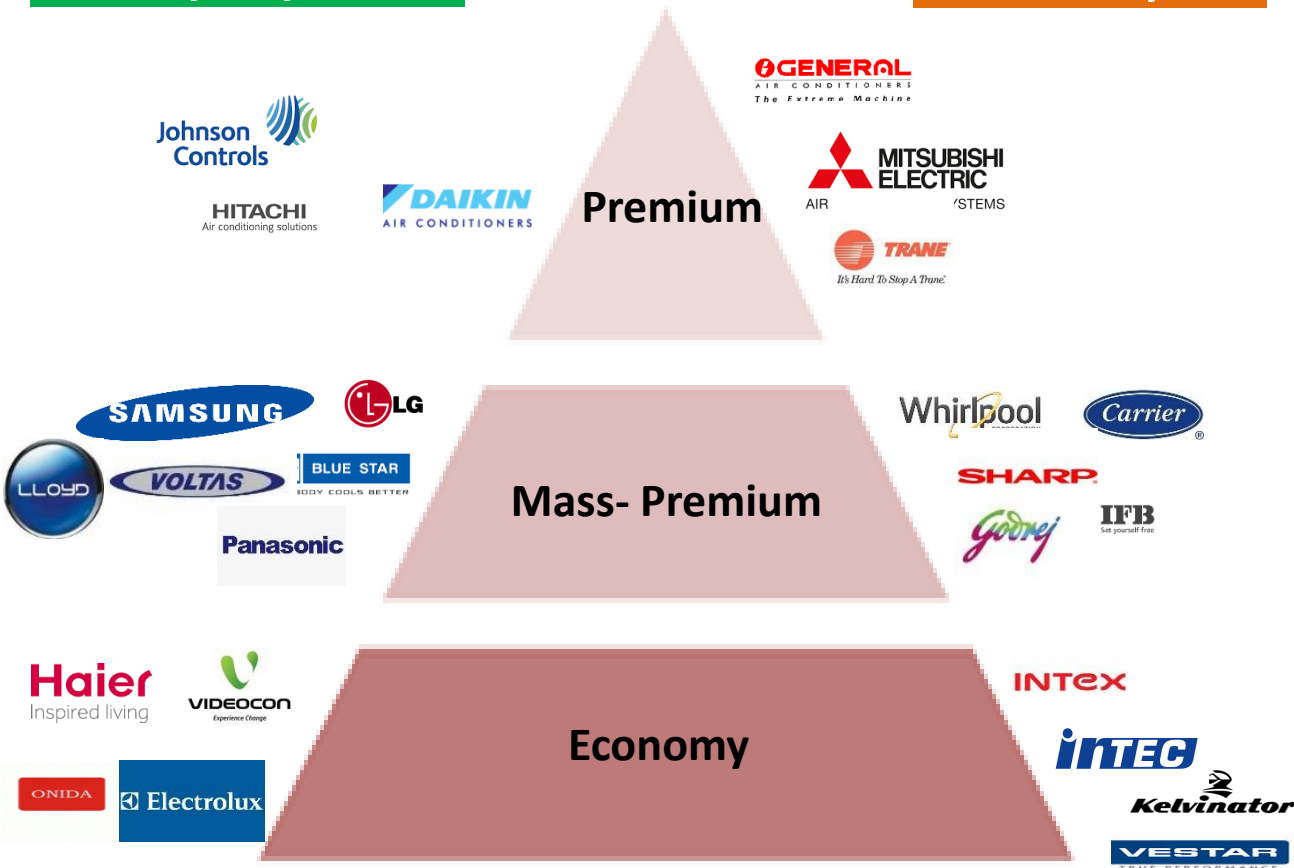
Source: Industry data

# MASS PREMIUM POSITIONING

## Air Conditioner Market in India

### Key Players

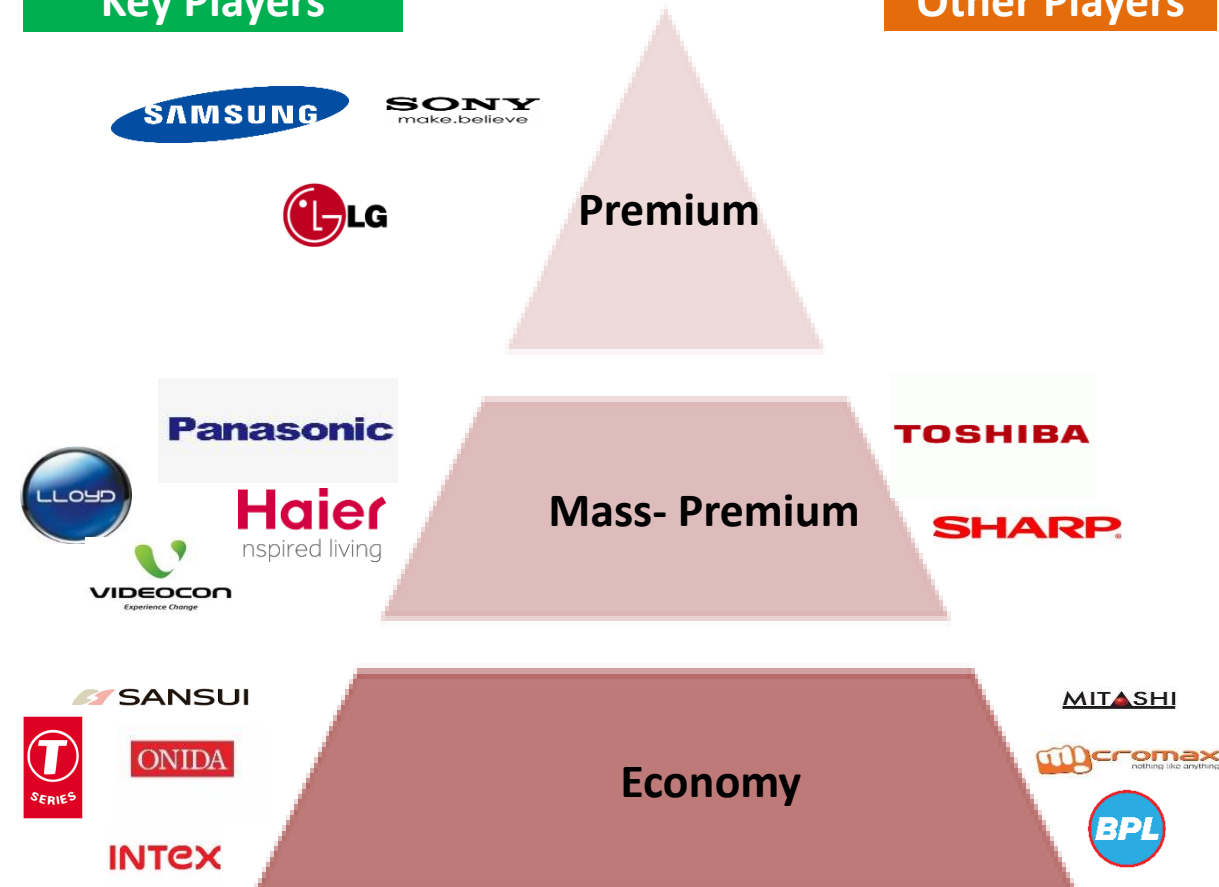
### Other Players



## LED TV Market in India

### Key Players

### Other Players



# LLOYD WELL PLACED IN CONSUMER DURABLES MARKET



FY19 Gross sales of  
c.INR 2,000 Cr



Gained 13% share in AC  
segment of India in  
~ 7 years



Among top three AC  
players in the country



Gained 3% share in LED TV  
segment of India in  
~ 5 years



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



10,000+  
Display points pan India



600+  
Service centers pan  
India



6 decades  
of brand vintage in AC  
segment



Presence across  
450+ cities

# LLOYD-AN EVOLVING JOURNEY

- An exciting 2 years journey
- Favourable demand demographics to drive long term industry growth
- Investing behind brand, manufacturing, people and distribution to extend Lloyd positioning
- Leveraging Havells connect and trust
- Industry headwinds and disruptions in last year. Doesn't diminish medium term outlook



**Lloyd AC Plant**



# FINANCIALS



# STANDALONE FINANCIALS

## Financial highlights

in millions of Rupee

	FY17	FY18	FY19	Q1 FY20
Net Revenue	61,353	81,385	100,576	27,119
Growth %	14%	33%**	24%**	4%**
EBIDTA %	13.4%	12.9%	11.9%	10.2%
PBT % before exceptions	13.5%	12.3%	11.5%	9.7%
PAT % before exceptions*	9.7%	8.6%	7.9%	6.4%
<hr/>				
CAPEX (incl. intangibles)	2,386	15,962	4,611	1,458
ROCE %	27%	30%	30%	28%
Net Worth	32,736	37,392	42,425	44,392
Net Working Capital	5,274	3,131	7,625	7,185
Cash & Bank	19,375	15,262	12,848	14,083

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

\*\* Ex-Lloyd excise adjusted growth in FY18, FY19 and Q1 FY20 was 13%, 23% and 9% respectively

# GROWTH WITH RESPONSIBILITY

## Havells Mid-Day Meals Program



**Serving 60,000+ students daily**

## Sanitation



**Built over 4,000 bio-toilets in 400+ schools**

## DOW JONES SUSTAINABILITY INDEX-2018

Overall Ranking	
Rank	Company
1	Signify NV
2	Schneider Electric SE
3	Legrand SA
4	Prysmian SpA
5	OSRAM Licht AG
6	Fuji Electric Co Ltd.
7	Havells India Limited

**Ranked 7th globally in the Electrical Components & Equipment Industry**

## SUSTAINABILITY



**10 of 13 manufacturing plants are zero water discharge**



**Generated 6% of clean energy from roof top plants**



**Energy intensity reduced by 41% from FY16 to FY19**



**94% of waste recycled / reused**

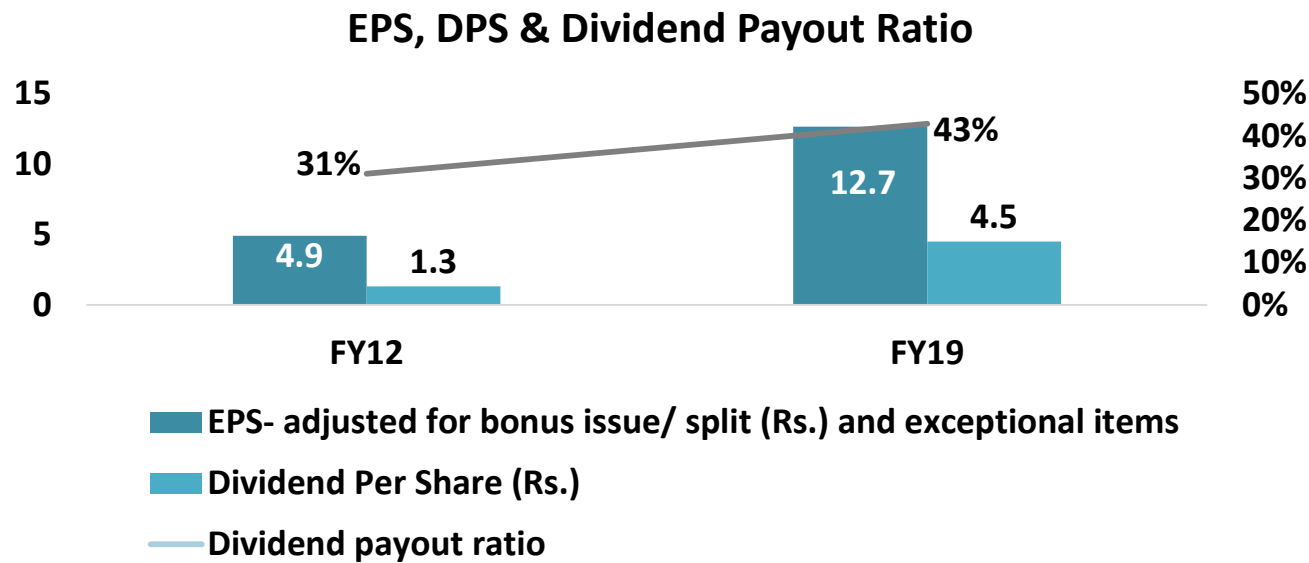


**GHG emission intensity reduced by 40% from FY16 to FY19**

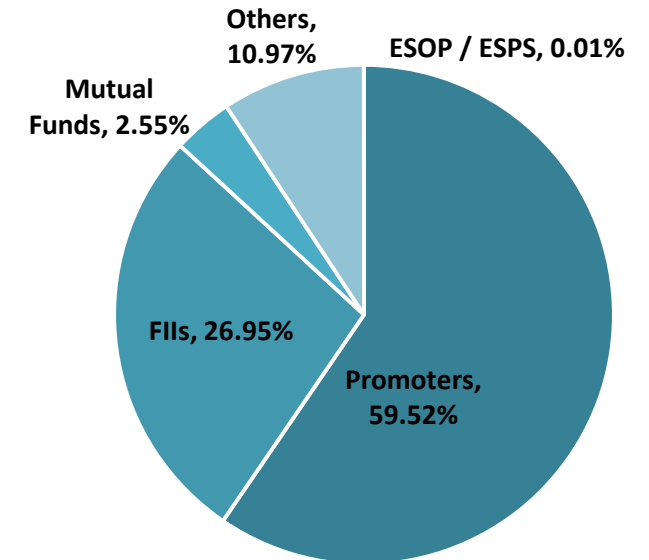
**HAVELLS**

# 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  
As on 30.06.2019**



- Corporate Governance **CGR 2+** rating by **CARE**
- Maintaining dividend pay-out of ~43%, stated policy of 30% to 50%

# 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

Crabtree

STANDARD

HAVELLS

REO



**INDIA: ELECTRIFIED BY HAVELLS**