

**V-GUARD INDUSTRIES LTD – BIG IDEA BUSINESS PLAN CONTEST
2021**

V-Guard BIG IDEA – BUSINESS PLAN COMPETITION 2021

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Our idea

With the improvement in the standard of living of human beings, a better home/office environment is required. Nowadays, intelligent home designs are becoming a trend in which intelligence can be built-in to provide improved user comfort at an incremental cost. V Guard's product line consisting of a plethora of products in the consumer and electrical appliances segment gives the company an added advantage in designing such intelligent systems. Our idea for the competition is to design homes integrated with IoT enabled V-Guard products, thus creating an ecosystem of its own.

Rationale of the plan

About Smart Homes

As per the UK Department of Trade and Industry, a smart home is "a dwelling incorporating a communications network that connects the key electrical appliances and services, and allows them to be remotely controlled, monitored or accessed". Smart home technologies are increasing rapidly and hence causing compatibility issues. Many are now striving for more standardized smart home technologies. This is what we intend to solve by idea.

Market in India

It is believed a house will be sold faster if they claim it to be smart. This has led to a more refined definition which require a home to have at least two features from a list of smart options. According to a Statista report, the Indian smart home market is expected to be around \$6 billion by 2022, a two-fold increase from \$3 billion estimated in 2020. Globally, this number is expected to reach \$53.45 billion by 2022. It is imperative to note that India's smart home market is poised to grow. The Government of India has welcomed this lucrative opportunity through large-scale initiatives such as the smart cities project with a budget outlay of USD 31 Billion between 2015 and 2022. The younger demographic and aspirational context, coupled with affordable prices are furthering the concept of smart homes in India.

Ideal Fit to V-Gaurd's Portfolio

The pandemic, in many ways, has changed everything that we do. Whether it is the way we work or interact or even the way we go about our everyday lives. Moreover, with people staying indoors more than ever, the pursuit of convenience, safety, and comfort through integrated technology products has become imperative to consumers. Today, consumers prefer home appliances or devices that are smart, connected, and energy efficient. Hence, they not only want

to augment their lifestyle with smart products like smart sockets, switches, and Smart Gadgets but also want reduced total cost of ownership.

As for V Guard, it has already made its entry in the IoT domain with the introduction of its smart products such as Stabilizer, Water Heater, and Inverter. The next step for V- Guard in this journey should be to integrate the current IoT supported appliances with each other thus creating a “V-Guard ecosystem”. This can be accomplished by introducing smart versions of other products that V Guard offers like Air Coolers, Kitchen Appliances, Fans, and Switches. To illustrate this idea with an example, the light intensity and the fan speed can be adjusted according to the comfort level of the members, which can also be controlled according to the occupant’s activity-based needs. Likewise, if all the products in the proposed system belong to V Guard, the entire functioning of the smart home will be controlled via a single source (eg. Mobile application), which will make the controlling of devices very convenient for the users.

Introducing wire-free solutions designed for all kinds of pre-existing homes will create avenues for the consumers, enabling them to transform old appliances into smart ones with a meager amount. Wireless solutions equipped with the capability of interfacing will allow for hybrid installations in buildings where a new structure being added can work with wired automation & the old structure can be automated using wireless solutions and yet be on the same platform. The wire free solutions are a boon for existing structures where automation can be easily adopted without any electrical or structural changes to the pre-existing structure.

Smart home ecosystem is the future, which will anticipate one’s needs and offer consumers a different lifestyle that is more connected, convenient, and smarter & will have the capability of plugging into the smart cities of the future. Innovation is bound to increase with this ‘new normal’, which will not only make the products smarter but also build an ecosystem conducive to growth and investments.

Cost savings through energy efficiency, home monitoring capabilities from remote locations & increased comfort & convenience along with enhanced premium feel for their homes are the benefits that will accompany it and hence attract the users towards making the switch.

Why will people prefer to switch to smart products?

Today in these unprecedented times, voice enabled technology in products has become a blessing in disguise for children and elders at home. The elderly generation is less prone to the workings of electronic devices, due to the availability of voice assistants, and can give commands or can add reminders for common tasks, thereby increasing enormous accessibility.

Another large element witnessed by smart homes is the rise of independent living for those suffering disabilities. The introduction of technology and technical support into the lives of such

patients offers the potential for them to undertake daily activities which they previously would have relied upon from external support.

Today's smart homes are mainly focused on sustainability and security, with products such as automated lights, thermostat adjustment, and remote video surveillance. People spend more time away from the house nowadays and therefore the new smart systems are providing connectivity with your house, which many customers are appreciating.

Brief about Operational, Financial and the Marketing Plan:

Operational

The channel-to-market for automated homes and buildings is fundamentally flawed. The operational activity of V-Guard smart homes should not rely on traditional big-box retailers to handle their products as it may create a problem; many smart homes and building capabilities require specialized installation, and these retailers do not possess the proper set-up proficiency, meaning that customers need to bring in an additional specialist for installation, which adds to the hassle. The best approach would be to provide an end-to-end solution, either internally or through partnerships.

Marketing

Manufacturing decision makers identified partners as integral to their product strategy. Partnerships can fill in critical gaps in a company's capabilities, experience and knowledge. In terms of developing connected home and building solutions, partners can help manage data, implement interoperability, develop business strategies, and improve your domain expertise. Especially in an industry where requirements and outcomes continually change, partnerships can offer a competitive edge. They can assist in several crucial areas of product development, such as quickening time-to-market, increasing resources and boosting credibility. Partners can also build on each other's domain expertise to expand their capabilities.

Finance

V-Guard has incorporated a different subsidiary for consumer durable business which will undertake manufacturing activities that are currently being outsourced or imported. In addition to this, the subsidiary will have an advantage lower tax rate.

As discussed in the earnings call of FY 22 Q1 results, the company currently manufactures 40% in-house and intends to take this proportion to 55-60% in the next 3-4 years. PTW fans which are

imported will be manufactured in-house. In addition to this inverter, batteries, stabilizers, and kitchen appliances will be manufactured in-house.

The above-mentioned reasons will enable V Guard to have an enormous financial competitive advantage, enabling companies to have better margins than their competitors.

Gaining Competitive Advantage

1. V Guard's High brand recall and brand equity will surely attract customers for this product. The strong brand presence of V Guard in South India, which contributes to about 56.7% of the total revenues, will surely be a factor to be considered.
2. The company's well diversified product basket across fast growing categories backed by quality, innovation and strong R&D will enable the company to be technologically ahead of the competitors.
3. Strong pan-India footprint with distribution network spanning 40,000+ retail outlets
4. As we had proposed, the homes would be having smart appliances & devices installed. V Guard can leverage the data by performing data analysis which will help them to understand the customer behavior in a much better way. The results of the data analysis can be used to improve existing products & services and can be used to generate sales related insights. This could also lead to an Increased number of services taken by new customers, creating higher ARPU (Average Revenue Per Unit). As discussed on the earnings call of FY 22 Q1, V Guard is also focusing on manufacturing about 60% of the products in-house. This would enable V Guard to have a better competition in terms of their margins.
5. Increased target market volume by offering higher-value propositions in green fields like security, controls, and health (wellness, fitness, and medical)

By using such activities, V Guard can enlarge their competitive moat.

Plan execution

Block diagram of the system

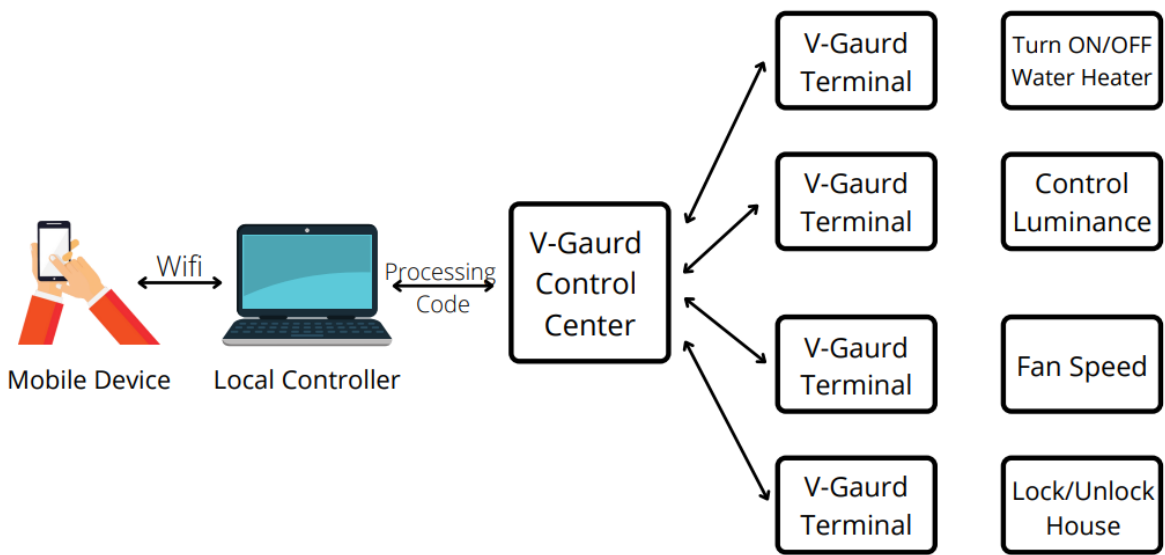
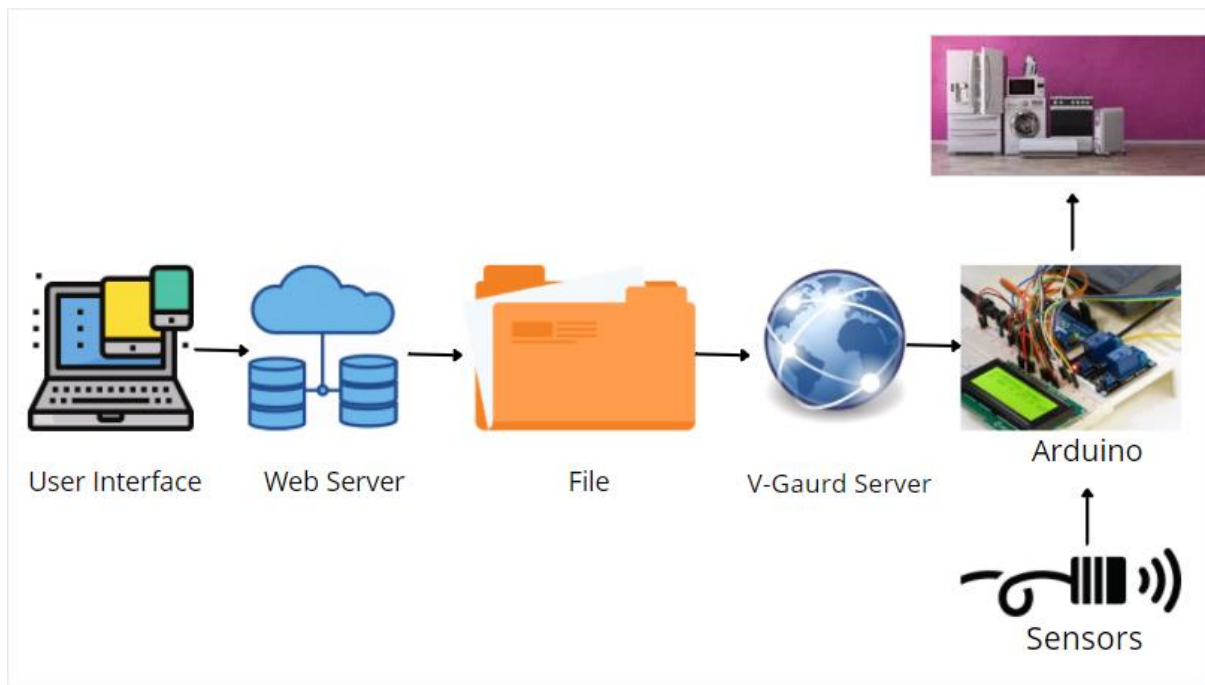


Diagram for the message flow



Conclusion:

India is a growing market with continuous launches of smart products and innovative solutions to existing problems. In this day and age, the youth of the country are more than excited to accept

and adopt technological advancements in their day to day life. In such markets, having a smart home as proposed above will be a boon to Indians. Aiming to manufacture more than 50 % of their products in-house enables V Guard to get the best out of the smart home sector. The future of the smart electrical appliances in Indian households belongs to V Guard since it has all the required products, infrastructure and the resources to execute the above mentioned plan of action. IOT enabled V Guard devices and ecosystem will surely bridge the gap between digital and physical to usher in a better tomorrow.