

Lighting

Fans  
Switchgear

Switches



AC

TV

Cooler

Water heater

Refrigerator

Water Purifier

Domestic Appliances

# Consumer Durables

## Electricals

## Wires & Cables

## White Goods

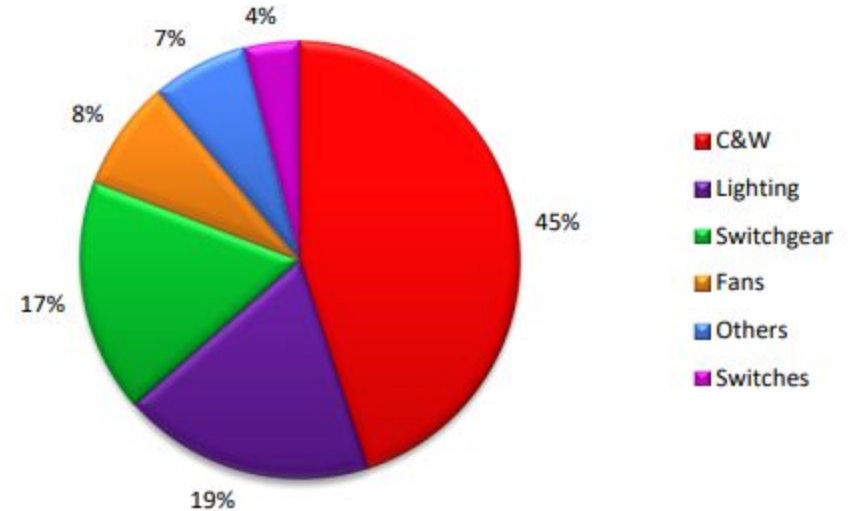
- Lights
- Fans
- Switchgears
- Switches
- UPS / Stabilizers
- Water Heaters
- Appliances / Cookware

- Air Conditioners
- Refrigerators
- Washing Machines
- Coolers
- Dishwasher
- Television
- Laptops / PCs
- Mobile Phones
- Microwave

# Market Overview

Domestic Market Size: ~Rs.2.3 lakh  
crores

Exhibit 2: W&C is ~45% of the Rs 1.2trn CE industry...



Source: Polycab RHP, Systematix Institutional Research

**Exhibit 21: Product portfolios of key manufacturers**

Players	Fans	Lighting	Switches	Switchgears	Water Heaters	Home Appliances	Kitchen Appliances	Wires & Cables
Bajaj Electricals	✓	✓			✓	✓	✓	
CG Consumer	✓	✓			✓	✓	✓	
Finolex Cables	✓	✓	✓	✓	✓			✓
Havells	✓	✓	✓	✓	✓	✓	✓	✓
KEI								✓
Orient Electric	✓	✓	✓	✓	✓	✓	✓	
Philips		✓				✓	✓	
Polycab	✓	✓	✓	✓	✓			✓
Schneider Electric	✓	✓	✓	✓				
Stove Kraft		✓	✓	✓			✓	
Surya Roshni	✓	✓			✓	✓	✓	
TTK Prestige						✓	✓	
Usha International	✓				✓	✓	✓	
V-Guard Industries	✓			✓	✓	✓	✓	✓

Source: Polycab RHP, Systematix Institutional Research

# **Product wise Overview**

# Fans

Types:

- Ceiling fans
- Tables, Pedestal, Wall (TPW) fans
- Exhaust fans
- Industrial fans



Market Size:  
Rs.9,200-9,500 cr

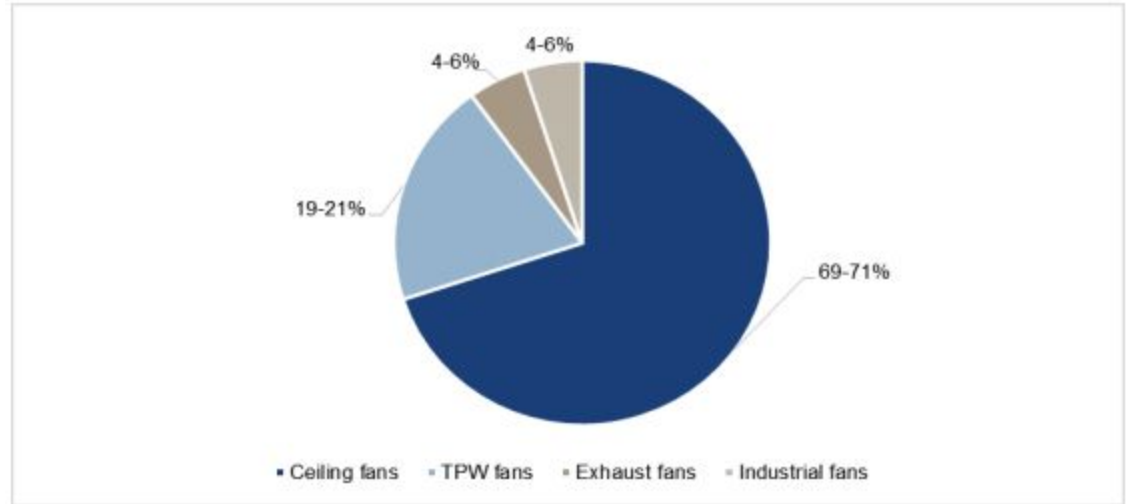
~8% of the consumer  
electricals market

Highly penetrated category

India is a net exporter

75-80% organised players

Replacement demand



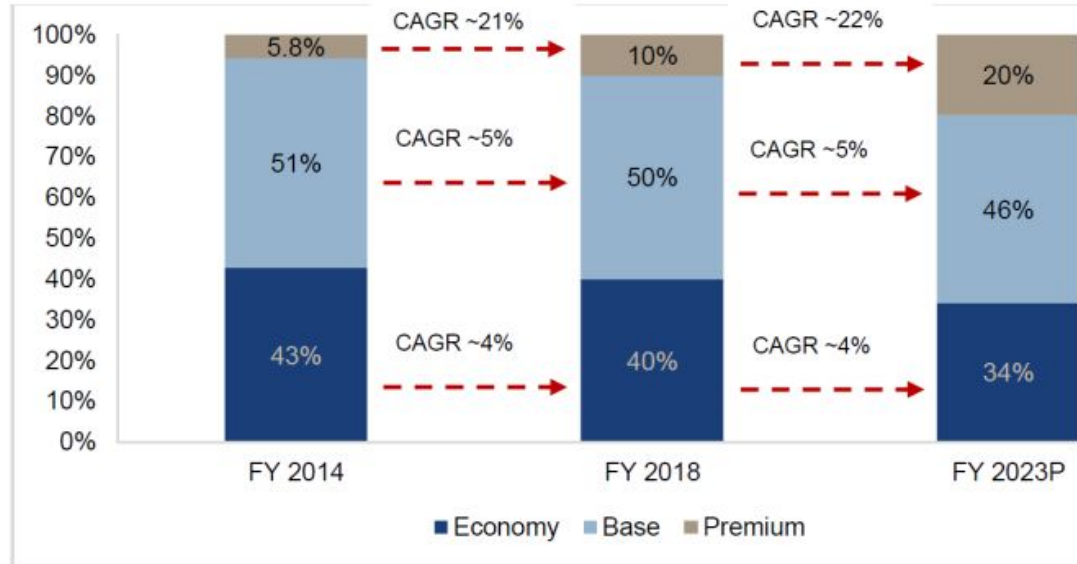
Source: Indian Fan Manufacturers Association (IFMA), Industry estimates, CRISIL Research

## Price Range:

- Economy: upto Rs.1,500/-
- Base: Rs.1,500/- to Rs.4,000/-
- Premium: above Rs.4,000/-

## Trends:

- Premiumisation
- IOT enabled fans
- BLDC



*P: projected*

*Source: IFMA, Industry Estimates, CRISIL Research*

Outsourcing of production to smaller players is prevalent

Key Players: Crompton, Orient, Havells



# Lighting

Market Size: ~Rs.14,000 crs

Types:

- GSL
- FTL/CFL
- LED

Government Initiatives (EESL)



Medium level of penetration in terms of organised players

Prices for LED's have bottomed out

Volume growth to be modest in the medium to long term

In house manufacturing as well as outsourcing is prevalent amongst the larger players

~19% of the consumer electricals market

Key players: Havells, Philips

	<b>LED bulbs</b>	<b>CFLs</b>	<b>Incandescent bulbs</b>
Life expectancy (hours)	25,000	8,000	1,200
Power required (W)	8-10	14-18	60
Hazardous materials	None	Mercury	None

*Source: Industry estimates, CRISIL Research*

# UPS & Stabilizers

A voltage stabilizer is a device to automatically maintain a constant voltage level

Market Size (Stabilizers): Rs.1,700-1,800 crs

Direct correlation with the sale of white goods

55-60% organised share

AC stabilizers form the biggest share

Key Player: V-Guard



An inverter/UPS supplies electricity (when the power is down) to your home/office

Market Size: (UPS & Battery):  
Rs.11,500-12,000 crs

65-70% organised share

Demand is dependent on the electricity supply of the region

Increase in electricity supply has reduced the market as a whole

Key Player: V-Guard, Luminous, Exide



# Switchgears

A piece of switching equipment used in the transmission of electricity

Types of Switchgears: Low Voltage (LV), Medium Voltage (MV), High Voltage (HV)

Market Size (LV): ~Rs.3,500 crs

~80% organised share

Accelerated industry growth going forward

India is a net exporter

In house manufacturing

Key Players: Havells, Legrand



# Modular Switches

Market Size: Rs.6,000-6,500 crs

Modular switches v/s Traditional switches

Organised share: ~75%

Key Players: Panasonic (Anchor), Havells



# Water Heaters

Market Size: ~Rs.2,500 crs

Low penetration

65-70% organised share

Solar water heaters can be seen gaining popularity but are currently at a small base of Rs.500-600 crs

Completely outsourced

Key Players: Havells, Bajaj, Crompton



# Appliances



blender



juicer



coffee grinder



coffee maker



bread maker



toaster



electric bread slicer



microwave oven



sandwich maker



waffle maker



hand mixer



standing mixer



scale



deep fryer



gas & electric burners



range hood



pasta maker



rice cooker



steamer



washing machine



refrigerator & freezer



dish washer



gas range & oven



electric range & oven



Market Size: Rs.15,000-20,000 crs

Large/Major appliances v/s Small/Minor appliances

Government Initiatives

- Electronics Manufacturing Clusters
- Modified Special Incentive Package Scheme (MSIPS)
- Investment allowances & deductions

65-75% Organised share

South India contributes ~35% of sales

Key Players: TTK Prestige, Stovekraft, Butterfly Gandhimati (Crompton), Havells & Bajaj

<b>Product Categories</b>	<b>Avg. Realizations</b>	<b>Market Size - 2020</b>	<b>Market Leader Company</b>	<b>Market Share of Leader</b>
<b>Large Cooking Appliances</b>	<b>7,808.99</b>	<b>11,095.80</b>		
1. Cook Tops	14,623.64	2,560.60	Stove Kraft	25.00%
2. Free-standing Hobs	5,298.70	5,527.60	Stove Kraft	20.30%
3. Built-in Hobs	16,661.97	473.20	Faber	23.00%
4. Cooker Hoods	14,548.79	2,534.40	Faber	23.00%
<b>Non-stick Cookware</b>				
1. Non-stick Cookware	1,355.35	964.60	TTK Prestige	58.20%
<b>Small Cooking Appliances</b>	<b>1,636.44</b>	<b>8,609.80</b>		
1. Pressure Cooker	559.30	1,772.80	TTK Prestige	48.20%
2. Electric Kettle	1,957.73	148.20	Bajaj	23.80%
3. Electric Rice Cooker	2,022.42	442.10	Panasonic	35.00%
4. Coffee Maker	3,785.93	123.80	Bajaj	29.10%
5. Juice Extractor	3,895.58	97.00	Bajaj	25.70%
6. Mixer Grinder	3,200.00	4,435.20	Bajaj	21.10%
7. Blender	2,947.93	362.30	Phillips	44.60%
8. Food Processor	5,319.62	1,228.30	Phillips	25.60%

# Summary

<b>Product Category</b>	<b>FY21 Market Size (INR Billion)</b>	<b>FY14-21 CAGR</b>	<b>Profitability / EBITDA Margin</b>
Wires & Cables	550	7.00%	10-15%
Lighting	227	7.00%	10-15%
Switchgears	210	6.00%	15-20%
Fans	99	7.00%	10-15%
Switches	50	8.00%	9-18%
Water Heater	23	10.00%	9-18%
Appliances	120	5.00%-7.00%	8-14%
UPS	120	5.00%-7.00%	15-20%
Stabiliser	18	5.00%-7.00%	15-20%



# Crompton

(Crompton Greaves Consumer Electricals Limited)



# HAVELLS

# Product Portfolio

V-Guard is a mass to mid premium brand

Havells:

- Crabtree - Ultra premium
- Havells - premium
- Standard - mid premium
- Reo - mass
- Llyod - external brand

Crompton & Orient are in the process of positioning themselves as premium brands



## WIDE PRODUCT SPECTRUM

### Switchgears



Switches



Domestic Switchgears



Industrial Switchgears



Automation & Control

### Electrical Consumer Durables



Fans



Water Heaters



Appliances

### Lighting & Fixtures



Professional Lighting



Consumer Lighting

### Cable



Power Cables



Flexible Cables

### Others



Motors



Solar



Pump



Personal Grooming



Water Purifier

### Lloyd Consumer



AC



TV



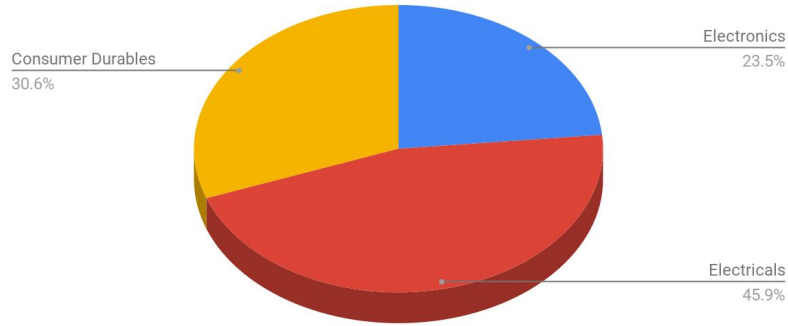
Refrigerator



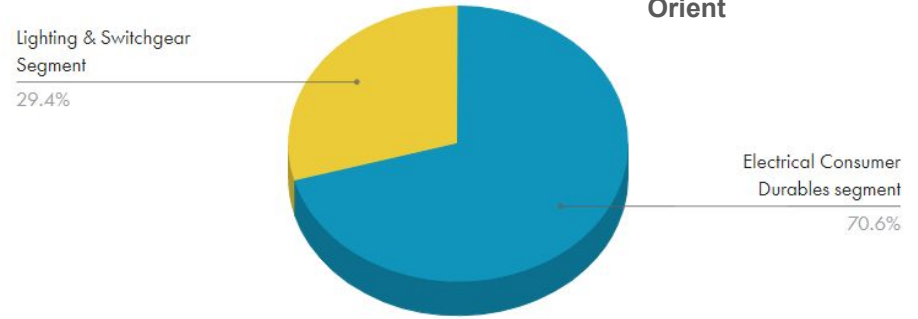
Washing Machines

# Revenue Mix

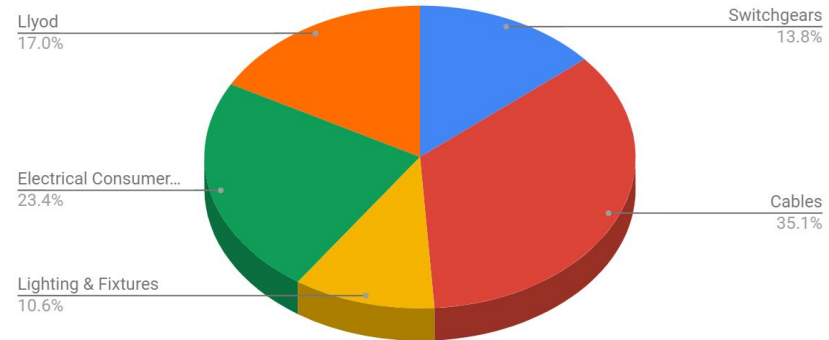
## V-Guard



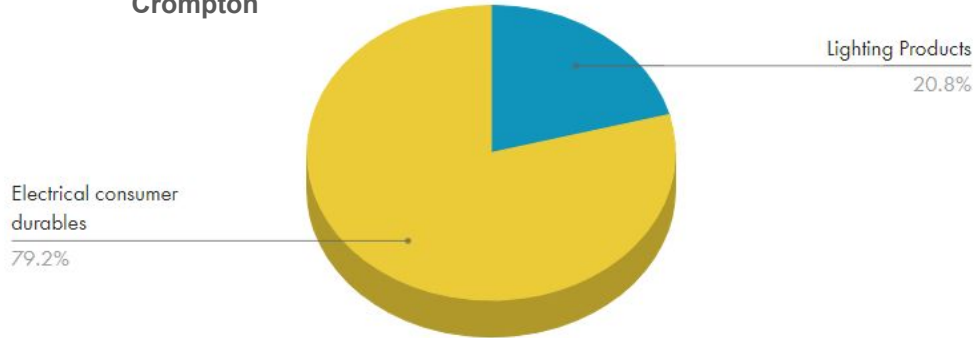
## Orient



## Havells



## Crompton

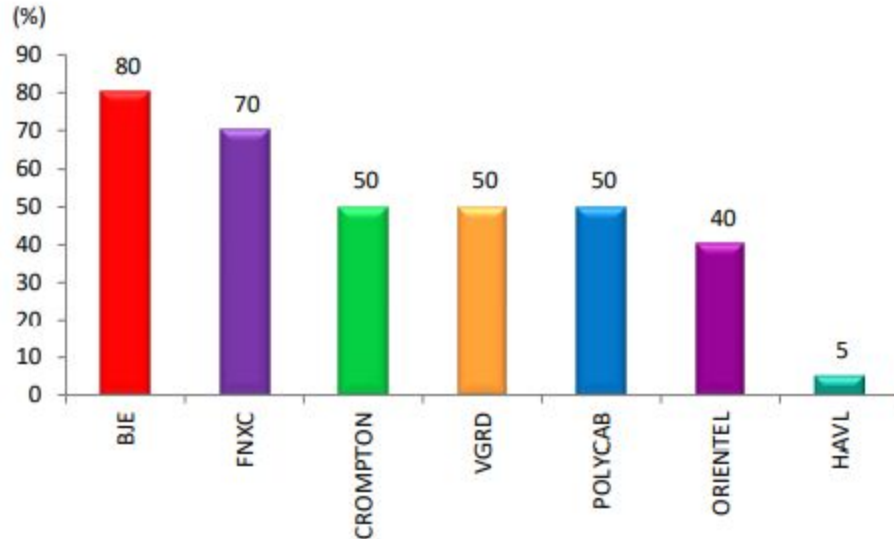


# Distribution Network

	<b>Retail Touch Points</b>
V-Guard	>40,000
Havells	~1,80,000
Crompton	~1,25,000
Orient	~1,25,000
Bajaj Electricals	>2,00,000
Finolex	>1,00,000
Polycab	~1,70,000

# In house manufacturing v/s Outsourcing

Exhibit 11: ECD – outsourcing mix (%)



Source: Company, Systematix Institutional Research

<b>Manufacturing plants</b>	
V-Guard	11
Havells	14
Crompton	8
Orient	4



# Regional Presence

V-Guard has a strong foothold in the South with ~58% of revenues from that region

Crompton receives 40-45% of revenues from the South and 30-35% from the West

Orient has a strong presence in the North with ~50% revenues from that region

Havells is prominent in the North & the East

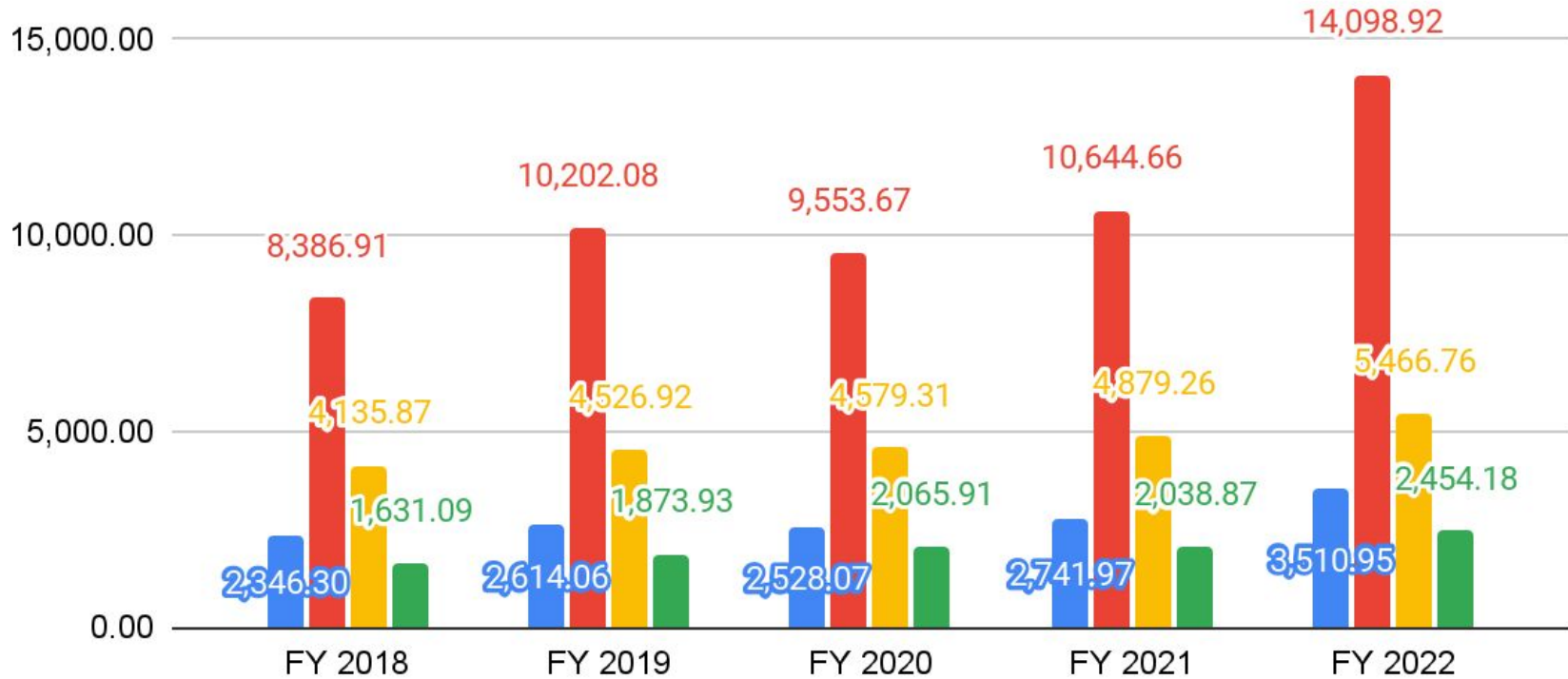


# Acquisitions

	<b>Conservative</b>	<b>Moderate</b>	<b>Aggressive</b>
<b>V-Guard</b>			
<b>Havells</b>			
<b>Crompton</b>			
<b>Orient</b>			

# **Financial Comparison**

# Revenues (Rs. in Crs.)

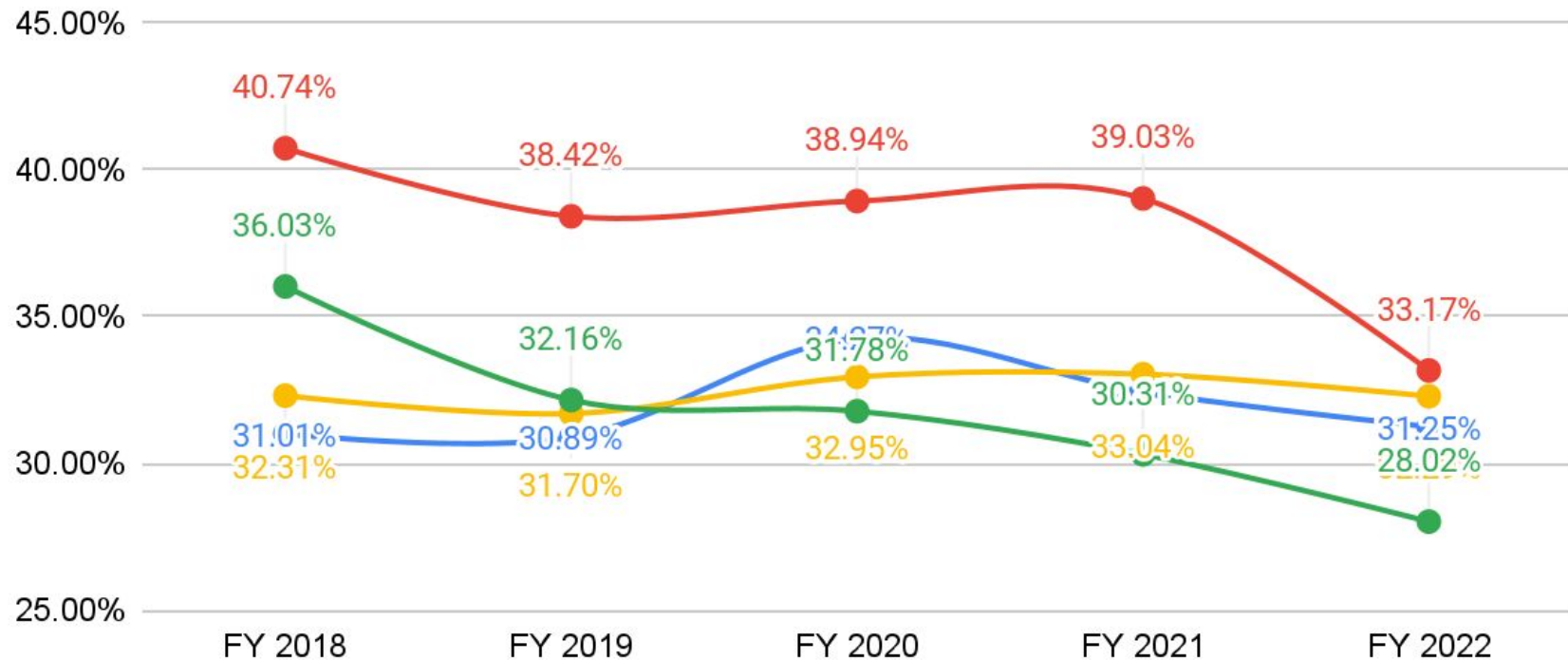


Revenues (Rs. in Crs.)

■ V-Guard ■ Havells ■ Crompton ■ Orient

**CAGR:**  
V-Guard: 10.60%  
Havells: 13.87%  
Crompton: 7.22%  
Orient: 10.75%

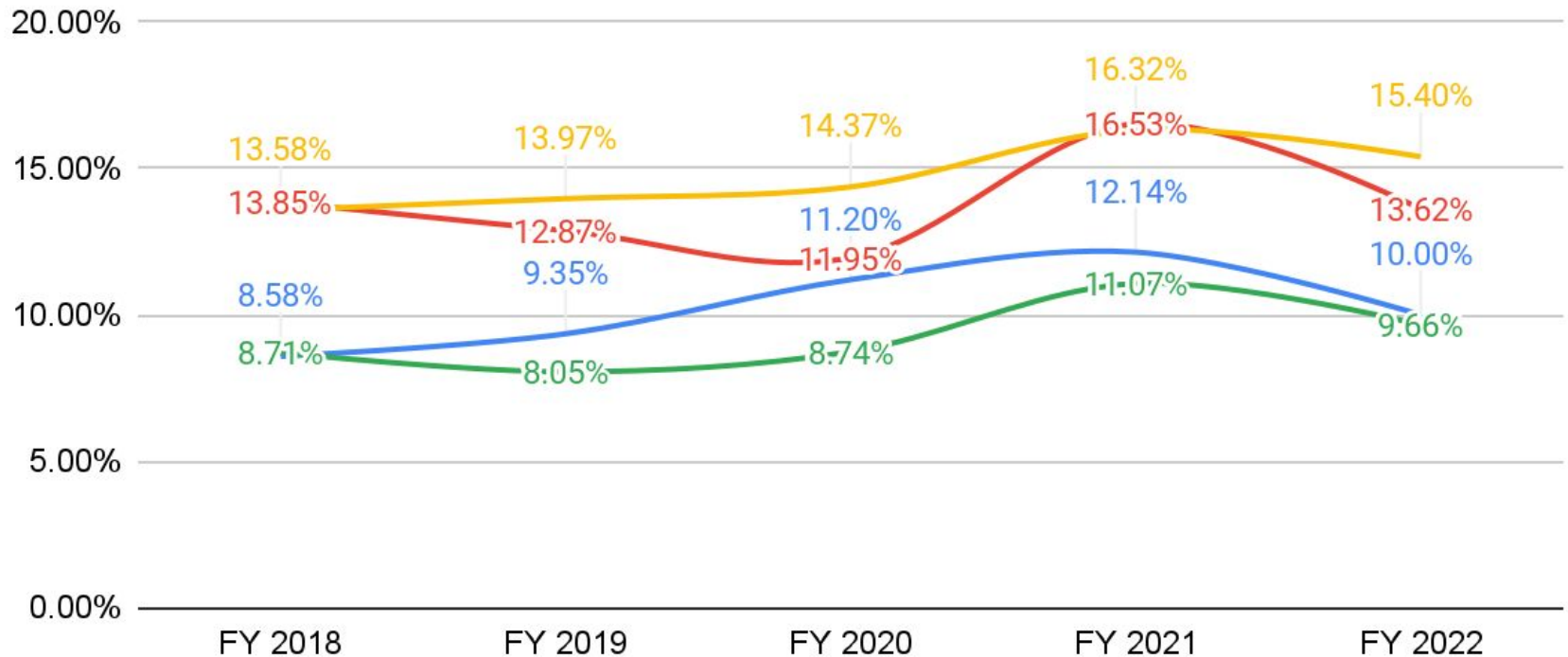
# Gross Profit Margins



Gross Margins (%)

● V-Guard ● Havells ● Crompton ● Orient

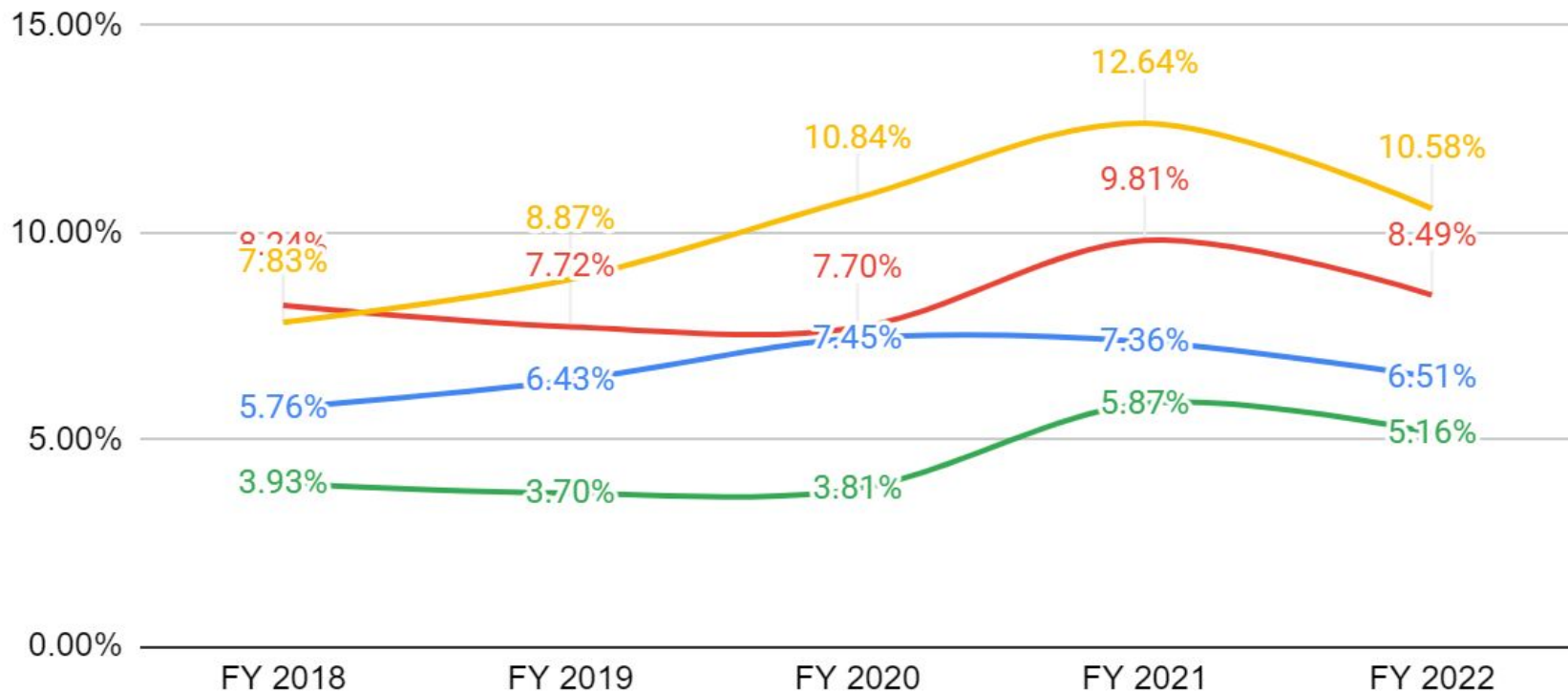
# EBITDA Margins



EBITDA Margins (%)

V-Guard Havells Crompton Orient

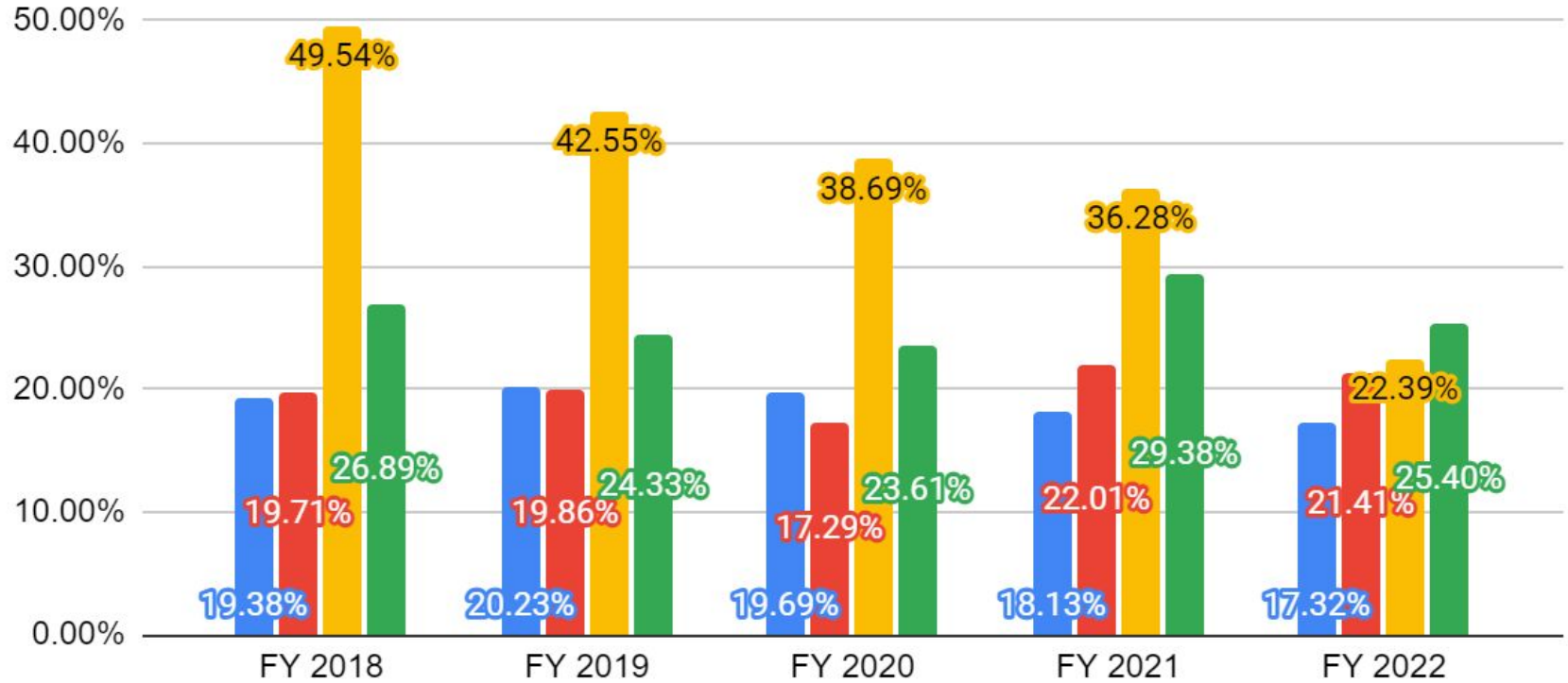
# PAT Margins



PAT Margins (%)

■ V-Guard ■ Havells ■ Crompton ■ Orient

# ROE

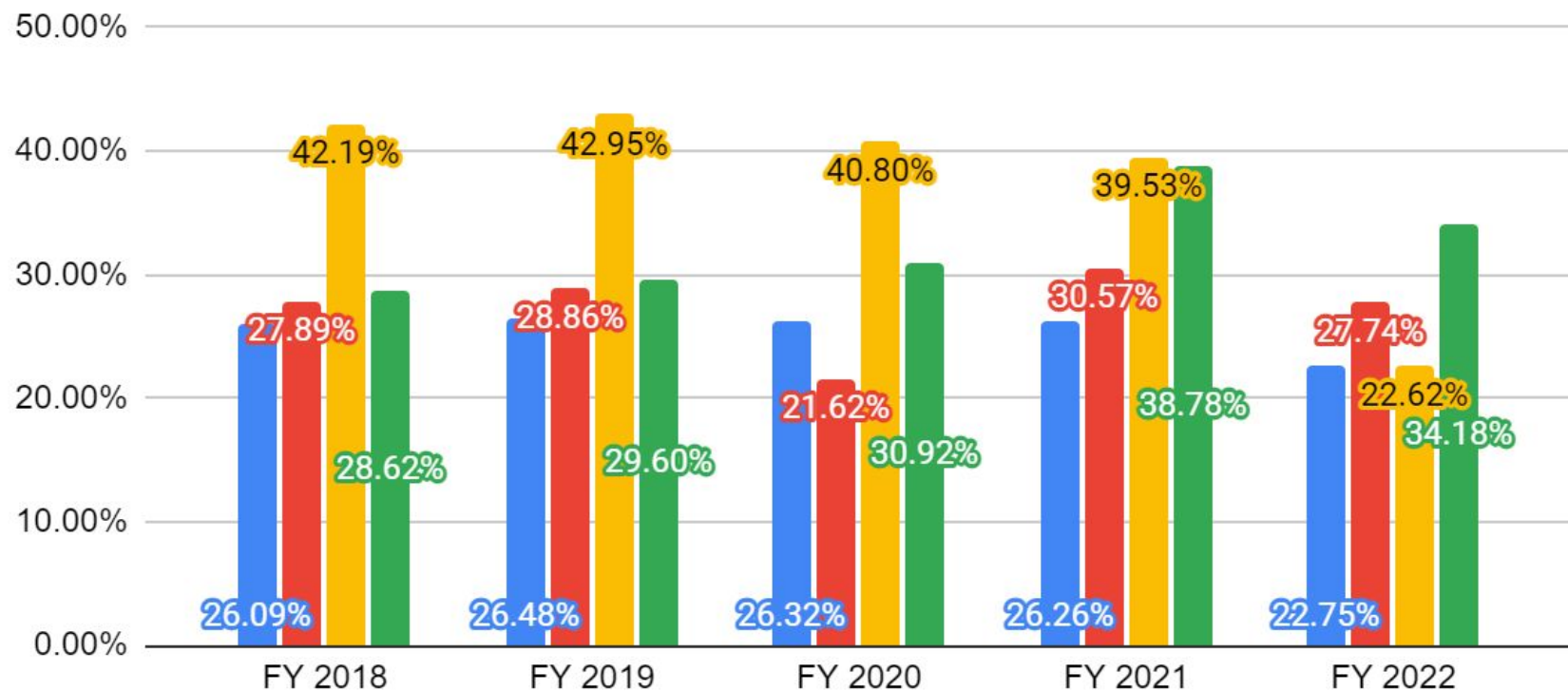


ROE (%)

■ V-Guard ■ Havells ■ Crompton ■ Orient



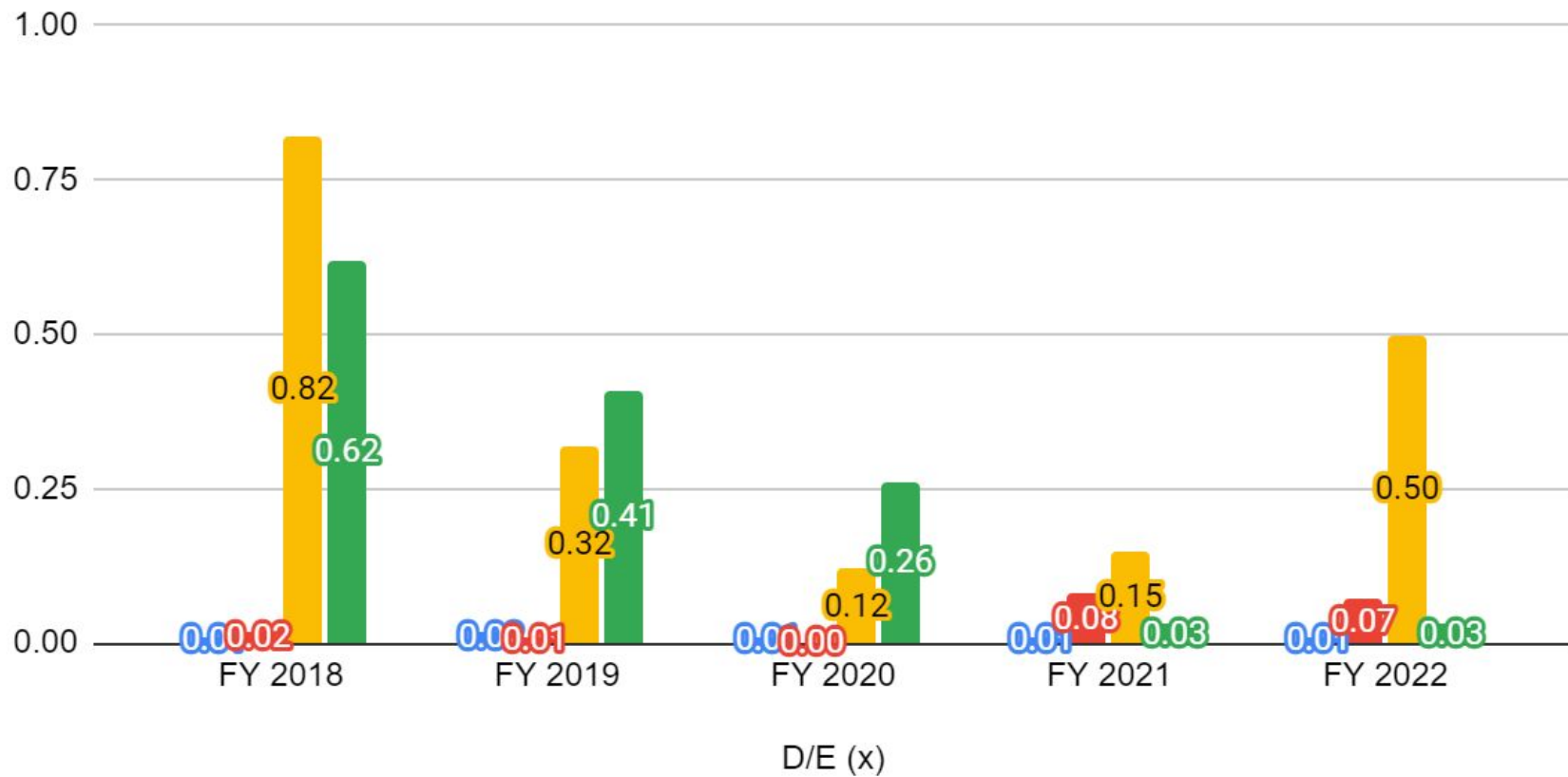
# ROCE



ROCE (%)

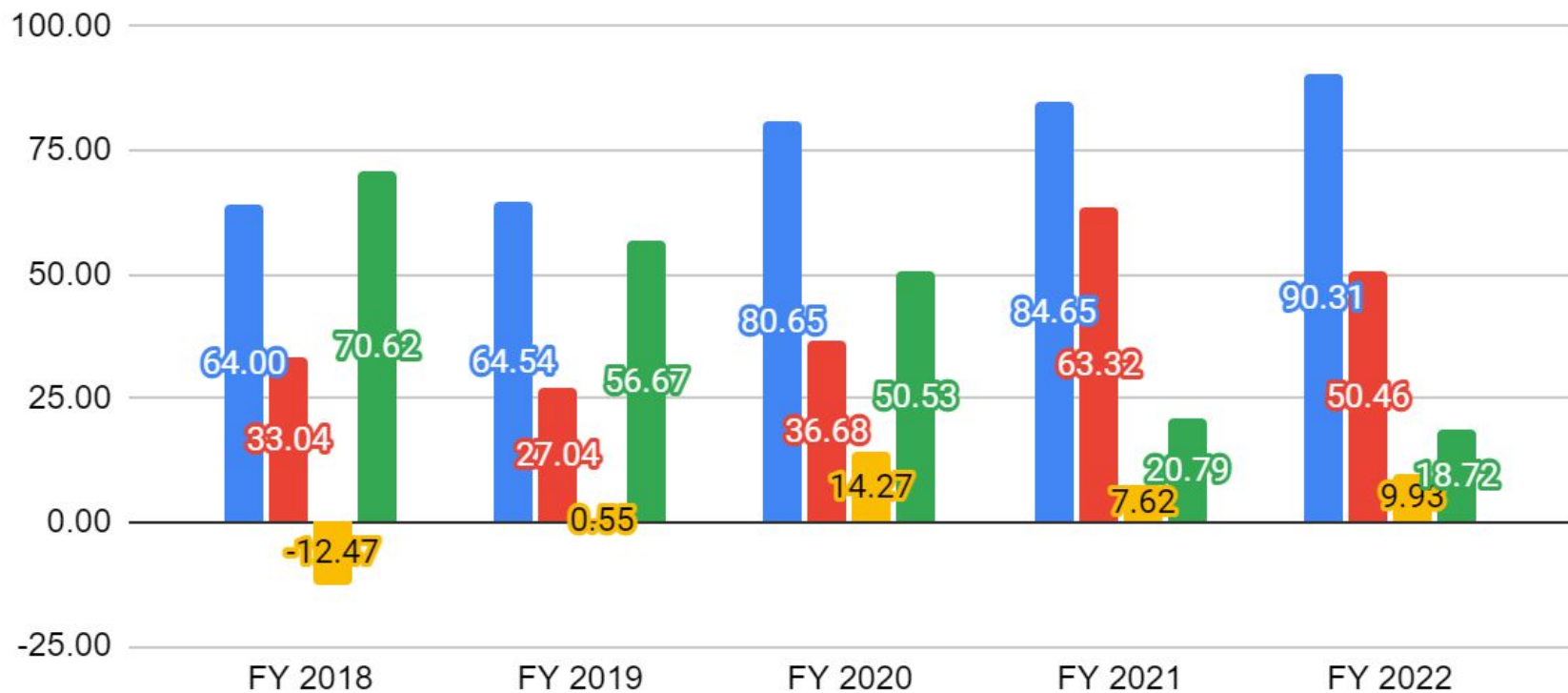
■ V-Guard ■ Havells ■ Crompton ■ Orient

# Total Debt/Equity



■ V-Guard ■ Havells ■ Crompton ■ Orient

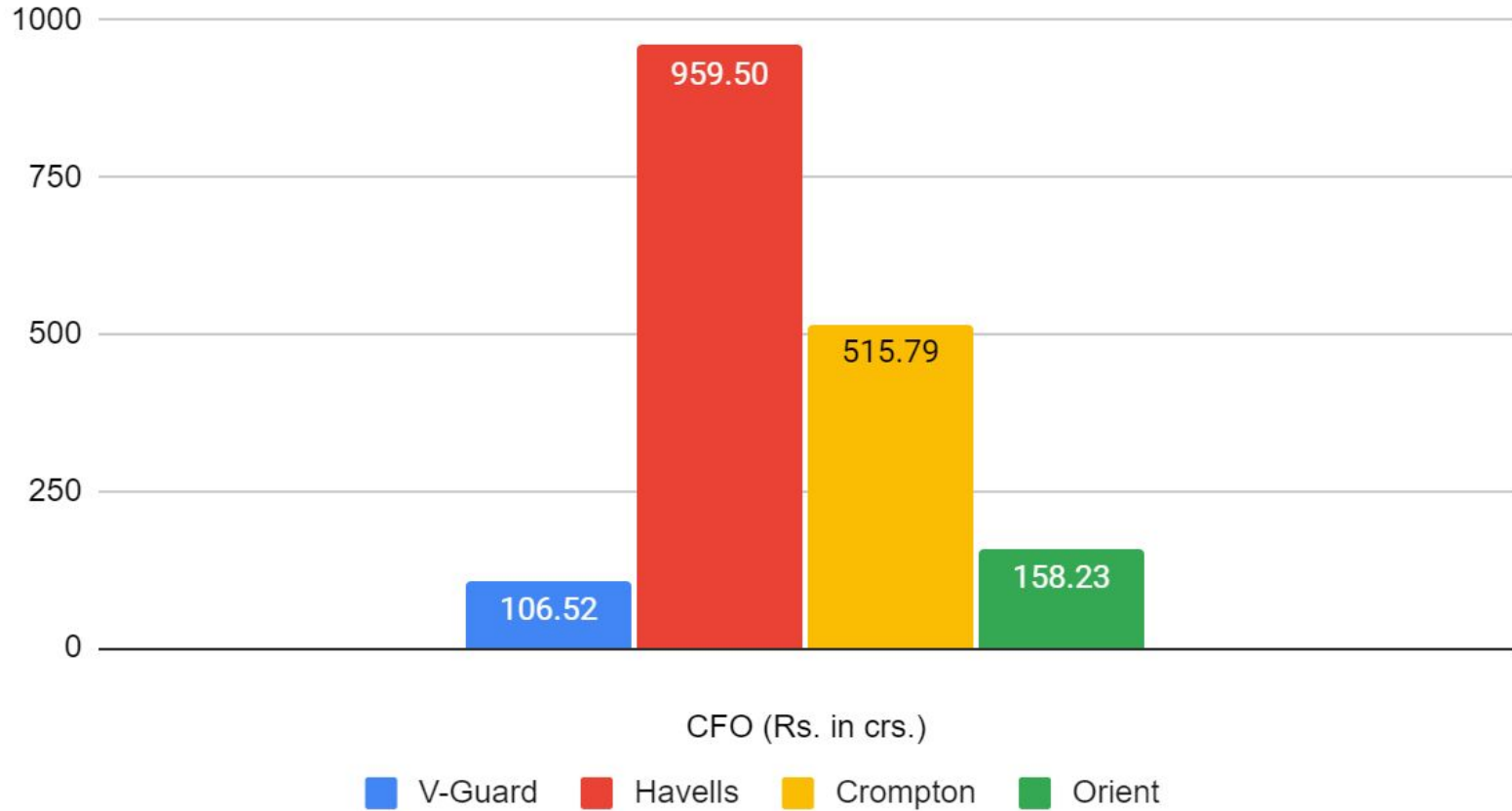
# Cash Conversion Cycle



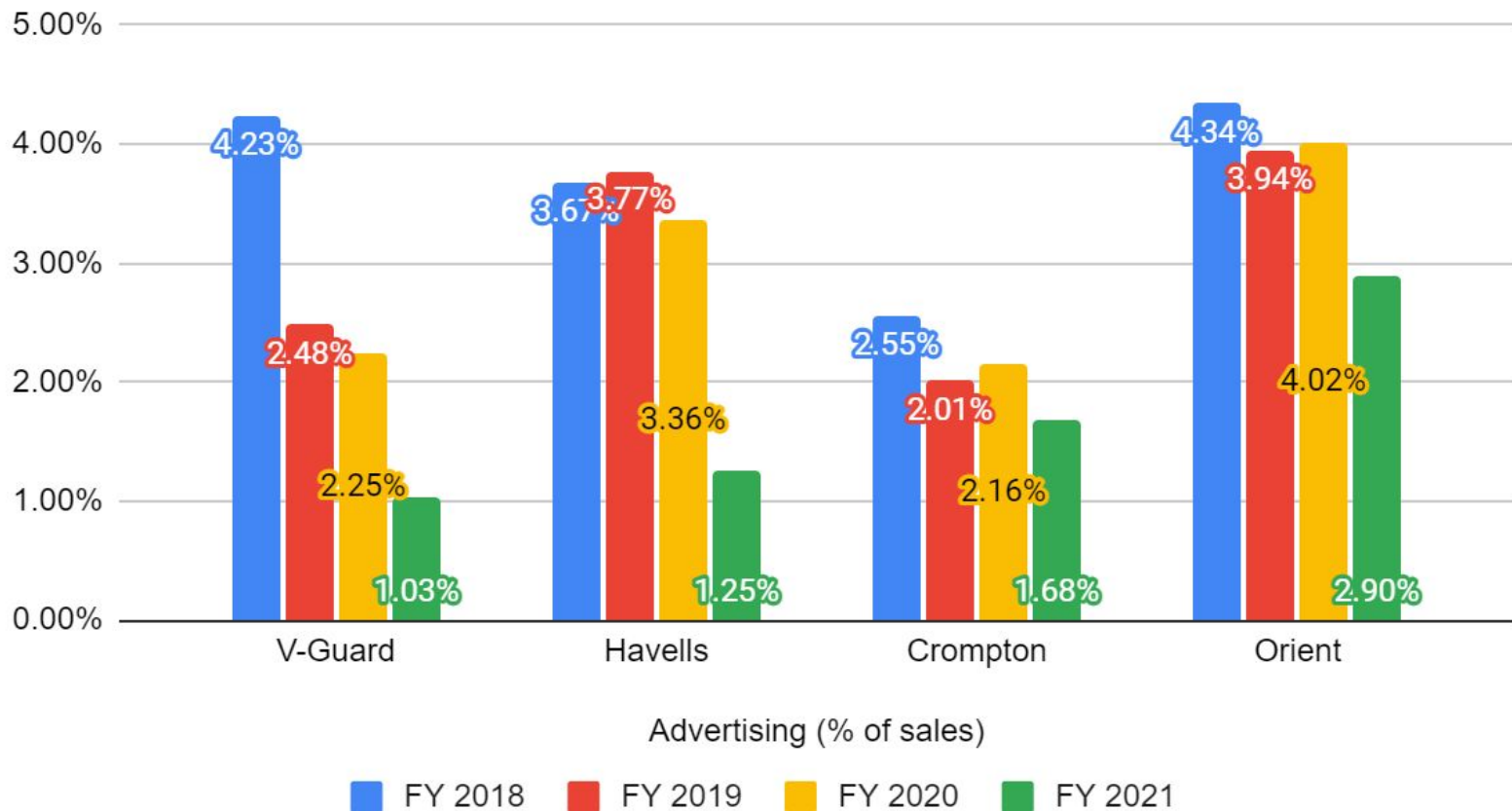
CCC (no of days)

■ V-Guard ■ Havells ■ Crompton ■ Orient

## 5 Year Avg. Cash Flow from Operations



## Advertising Spend (% of Sales)



# Key Risks

Increase in intensity of competition

Increase in raw material prices

High level of penetration for certain categories

# Comparison

	<b>Market Cap</b>	<b>P/E</b>	<b>EV/EBITDA</b>
<b>V-Guard</b>	Rs.9,258 crs	40.53x	26.68x
<b>Havells</b>	Rs.69,000 crs	57.66x	39.09x
<b>Crompton</b>	Rs.20,703 crs	35.51x	28.02x
<b>Orient</b>	Rs.5,740 crs	45.53x	24.31x

# Sources

1. Filings from BSE: Polycab
2. Filings from BSE: Stovekraft
3. Sell side reports
4. Investor Presentations: Havells, V-Guard, Crompton, Orient
5. Annual Reports: Havells, V-Guard, Crompton, Orient



