By 2025, India would rise from the twelfth to the fifth largest position in the consumer durables market in the world; the market is estimated to reach USD12.5 billion in 2016.

By 2020, the electronics market in India is expected to increase to USD400 billion from USD94.2 billion in 2015. The production is expected to reach to USD104 billion by 2020.

By 2018, the television industry in India is expected to expand to USD14.7 billion from USD8.3 billion in 2014.

India is set to become the fifth largest consumer durables market in the world.

India is one of the largest growing electronics market in the world.

India has the world’s third largest television industry.

Source: Makeinindia, DeitY, TechSci Research
Notes: PPP - purchasing power parity, E – Estimate
Note*: Estimated
Growing demand

• Demand growth is likely to accelerate with rising disposable incomes and easy access to credit
• Increasing electrification of rural areas and wide usability of online sales would also aid growth in demand
• Rise in working age population also to stimulate demand

Opportunities

• Rural markets currently contribute 33 per cent to total sales; their combined size is set to post a CAGR of 25 per cent over 2010-15
• Huge untapped rural market; currently there is only 2 per cent penetration for refrigerators and 0.5 per cent for washing machines

Increasing investments

• Sector has attracted significant investments over the years (even during the global downturn of 2009-10)
• USD1 billion worth investments in production, distribution and R&D in the next few years
• Japanese giants LG, Samsung, Panasonic to invest in India to have a greater share in the market

Policy support

• 100 per cent FDI allowed in the electronics hardware-manufacturing sector under the automatic route; Approval of 51 per cent in multi-brand would further fuel the growth in this sector
• National Electronic Policy (2012) to boost investment in the sector
• Government of India focuses on increasing their workforce by imparting training to 500 million people by 2022

Source: DIPP, TechSci Research

Notes: FDI - Foreign Direct Investment, FY- Indian Financial Year (April - May), CAGR - Compound Annual Growth Rate, EPCG - Export Promotion Capital Goods Scheme, EHTP - Electronic Hardware Technology Park

FY16E
Market size: USD12.5 billion

FY20E
Market size: USD20.6 billion
CONSUMER DURABLES

MARKET OVERVIEW AND TRENDS

JANUARY 2016
CONSUMER DURABLES

THE CONSUMER DURABLES MARKET IS SPLIT INTO TWO KEY SEGMENTS

Consumer durables

Consumer electronics (brown goods)
- Televisions
- CD and DVD players
- Laptops
- Electronic accessories
- Audio and video systems
- Personal computers
- Digital cameras
- Camcorders

Consumer appliances (white goods)
- Air conditioners
- Refrigerators
- Washing machines
- Sewing machines
- Electric fans
- Cleaning equipment
- Microwave ovens
- Other domestic appliances

Source: Electronic Industries Association of India, TechSci Research
CONSUMER DURABLES

EVOLUTION OF THE INDIAN CONSUMER DURABLES SECTOR

1980s and early 1990s
- Closed market
- Increased product availability, increased media penetration and advertising

Pre-liberalisation
- Liberalisation of markets
- Influx of global players such as LG and Samsung
- Shift in focus from promotion to product innovation

Mid and late 1990s

Early 2000s
- Increasing availability and affordability of consumer finance provides impetus to growth
- Low penetration of high-end products such as air conditioners (<1 per cent)
- Introduction of new aspirational products such as High Definition TVs (HDTVs)
- Companies targeting high growth in rural market, rural India’s FMCG market to go beyond USD100 billion by 2025

Growth

Consolidation

Liberalisation

Late 2000s
- Companies look to consolidate market share
- Indian companies such as Videocon gaining global identity

Source: TechSci Research

For updated information, please visit www.ibef.org
The consumer durables sector revenues reached USD9.7 billion in 2015 and it is expected to reach USD12.5 billion in FY16.

Consumer durable market expected to grow at CAGR of 13 per cent from FY05 to FY20.

Around two third of the total revenue is generated from urban population and rest is generated from rural population.

Samsung has emerged as the market leader in the consumer durable segment followed by the Indian giant Videocon.

CONSUMER DURABLES REVENUES HAVE BEEN GROWING AT A HEALTHY PACE

Size of the consumer durables market (USD billion)

CAGR: 13%

Source: Electronic Industries Association of India, CAGR – Compound Annual Growth Rate, Note: (F) Forecasted E: Estimated.
Urban markets accounted for the major share (67 per cent) of total revenues in the consumer durables sector in India in FY15.

Demand in urban markets is likely to increase for non-essential products such as LED TVs, laptops, split ACs and, beauty and wellness products.

In rural markets, durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years as the government plans to invest significantly in rural electrification.

Rural and semi-urban markets are likely to contribute majorly to consumer sales. The rural consumer durables market is growing at the Annual Growth (CAGR) of 25 per cent.

India stands at 4th position in the top ten global smart phones market.

Source: Ministry of Urban Development, TechSci Research, Ministry of External Affairs
### Colour TVs (CTVs)
- CTVs are the largest contributors to this segment
- Television category is expected to grow at 20 per cent from 2014 to 2020
- Industry size estimated to be USD3.15 billion in 2014
- Introduction of HDTVs is set to drive demand growth from affluent consumers

### Liquid Crystal Displays (LCDs)
- The price decline due to relatively low import duty on LCD panels, higher penetration levels, and the introduction of small entry-size models are key growth drivers in the segment
- In 2015, total market for Flat Panel Display TV is expected to reach USD6.40 billion while 14.38 million units are expected to be bought in the same year

### Digital Video Discs (DVDs)
- The organised market has a share of 80 per cent in the total market

### Direct-To-Home (DTH)
- The Set-Top Box (STB) market is growing rapidly, due to the expansion of DTH and introduction of the Conditional Access System (CAS) in metros
- In 2015, set top box category reached 39.4 million
- The DTH subscriber base reached 78.74 million* and is expected to reach 200 million by 2018, thereby making India one of the world’s largest DTH market
- Penetration to increase from 7 per cent currently to 20 per cent by 2020

---

Source: CEAMA, Electronic Industries Association of India, TechSci Research
Notes: ^ LCD – Liquid Crystal Display, LED – Light Emitting Diode
*Data is as on June, 2015
### CONSUMER DURABLES

#### CONSUMER APPLICATIONS – KEY PRODUCTS

<table>
<thead>
<tr>
<th>Refrigerators</th>
<th>Air Conditioners (ACs)</th>
<th>Washing appliances</th>
<th>Electric fans</th>
</tr>
</thead>
</table>
| • This segment makes up 31 per cent of the consumer appliances market  
  • The market share of direct cool and frost free segment is 75 per cent and 25 per cent respectively  
  • The estimated market size for refrigerators in India is estimated to be USD1.45 billion in 2015  
  • Refrigerator segment is expected to grow at 10 per cent from 2014 to 2020 | • The Indian ACs market size by volume accounted for sales of 10 million units in 2015  
  • The size of the segment expanded to USD1.6 billion in 2014  
  • ACs are perceived as high-end products; and expected to grow at 6.7 per cent during 2014 to 2020  
  • The segment had a 13.0 per cent share in 2013 in the consumer appliances market  
  • High income growth and rising demand for split ACs are the key growth drivers | • Segment size is estimated to be USD612 million in 2014  
  • Washing machine is expected to exhibit 8-9 percent year on year growth  
  • Fully automatic washing machines are garnering an increasing share of the market due to reduction in prices and higher disposable incomes | • The branded fan market in India is estimated to be USD0.83 billion in 2015  
  • This is a highly penetrated market  
  • The Bureau of Energy Efficiency to offer USD64 million to the manufacturers for promoting energy efficient fans |

Source: CEAMA, Electronic Industries Association of India, TechSci Research
## Key Players* in the Consumer Durables Sector … (1/2)

<table>
<thead>
<tr>
<th>Company</th>
<th>Product category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Star</td>
<td>ACs, refrigerators and specialty cooling products</td>
</tr>
<tr>
<td>Daikin</td>
<td>ACs and cooling equipment</td>
</tr>
<tr>
<td>Godrej</td>
<td>Refrigerators, ACs, washing machines, microwave ovens, DVD players, digital-imaging products and audio-visual products</td>
</tr>
<tr>
<td>Hitachi</td>
<td>ACs and refrigerators</td>
</tr>
<tr>
<td>LG</td>
<td>TVs, audio-visual solutions, computers, mobile phones, refrigerators, washing machines, microwave ovens, vacuum cleaners and ACs</td>
</tr>
<tr>
<td>Onida</td>
<td>LCDs, washing machines, DVD players, ACs, microwave ovens, mobile phones, projectors and display products</td>
</tr>
</tbody>
</table>

*This list is indicative
## KEY PLAYERS* IN THE CONSUMER DURABLES SECTOR … (2/2)

<table>
<thead>
<tr>
<th>Company</th>
<th>Product category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philips</td>
<td>TVs, home theatre systems, DVD players, audio products, personal care products, household products, computers and phones</td>
</tr>
<tr>
<td>Samsung</td>
<td>TVs, home theatre systems, DVD players, mobile phones, digital cameras and camcorders, refrigerators, ACs, washing machines, microwave ovens and computers</td>
</tr>
<tr>
<td>Sony</td>
<td>TVs, projectors, DVD players, audio systems, home theatre systems, digital cameras and camcorders, computers, video-gaming products and recording media</td>
</tr>
<tr>
<td>Videocon</td>
<td>TVs, DVD players, microwave ovens, refrigerators, washing machines, ACs and power backup solutions</td>
</tr>
<tr>
<td>Whirlpool</td>
<td>Refrigerators, washing machines, microwave ovens, water purifiers and power backup solutions</td>
</tr>
</tbody>
</table>

*This list is indicative*
Increasing presence of organised retail

- In 2015, Indian retail industry has reached USD600 billion and is estimated to reach USD950 billion by 2018. Retail e-commerce is expected to reach USD17.5 billion in 2018.
- The penetration of modern retail is 12.0 per cent in consumer durables segment in 2015.
- The sector is witnessing the emergence of modern durable retail chains and e-retailers like Tata Croma, Reliance Digital, E zone.
- Within the organised retail sector, apparel is the largest segment.
- Online retail marketing to grow at a CAGR of 40-45 per cent during 2014-2018.

**Indian retail industry (2015)**

- Organised: 8%
- Unorganised: 92%

**Shares in the organised retail sector (2015)**

- Food, Grocery & General Merchandise: 42%
- Clothes, Textile & Fashion Acc: 16%
- Durables & Mobiles: 12%
- Food Service: 10%
- Home Improvement: 7%
- Jewellery & Watches: 6%
- Footwear: 3%
- Books, Music, Toys & Gifts: 3%
- Others: 1%

*Source: India Retail Report, TechSci Research*
CONSUMER DURABLES

NOTABLE TRENDS IN THE CONSUMER DURABLES SECTOR … (2/2)

- Expansion into new segments
  • Companies are expanding their product portfolio to include products like High-Definition Televisions (HDTVs), tablets and smart phones, etc, demand for which are rising with consumer’s income, easy availability of credit and wide use of online sales

- Increased affordability of products
  • Advancement in technology and higher competition are driving price reductions across various consumer durable product segments such as computers, mobile phones, refrigerators and TVs. With the initiative of “Make in India” campaign, many domestic and Chinese manufactures are investing in India to set up their manufacturing plants which would produce more affordable products

- Focus on energy-efficient and environment-friendly products
  • Leading companies have introduced star-rated, energy-efficient ACs and refrigerators
  • Companies also plan to increase the use of environment-friendly components and reduce e-waste by promoting product recycling

- Growing luxury market
  • Growing number of HNI’s and women in workforce is boosting demand for luxury products
  • Luxury brands like Porsche, Jimmy Choo are increasing their store presence
  • Luxury brands are launching their own websites to cater to Indian luxury brand market

Source: CEAMA, India Retail Report, TechSci Research
## CONSUMER DURABLES

### PORTERS FIVE FORCES ANALYSIS

<table>
<thead>
<tr>
<th>Competitive Rivalry</th>
<th>Threat of New Entrants</th>
<th>Substitute Products</th>
<th>Bargaining Power of Suppliers</th>
<th>Bargaining Power of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continuous innovation leads to intense rivalry</td>
<td>• Highly capital intensive</td>
<td>• Technology advancements</td>
<td>• Product differentiation is very low</td>
<td>• Use of Internet to get all the information enables customers to be powerful</td>
</tr>
<tr>
<td>• Homogeneity in product and low switching cost</td>
<td>• Major players have developed brand equity</td>
<td>• Buyers have huge propensity to substitute</td>
<td>• By changing the input, firms cannot drastically differentiate on price</td>
<td>• Buyer’s switching cost is very less</td>
</tr>
</tbody>
</table>

Source: TechSci Research

JANUARY 2016

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STRATEGIES ADOPTED

- To reduce the price of their products, Xiaomi followed a totally different approach. Rather than using traditional advertising it has used inexpensive social media campaigns which helped the company in producing mobile phones at competitive prices in the market.
- Samsung is more focusing on product innovations and diversification than LG.
- Sony is focusing on both quality and technology; it launched Z1 with a latest technology.

- The firms are now partnering with e-retailers to promote sales and increase penetration in the Indian market.
- One plus Chinese mobile manufacturing company has tied up with Amazon to sell its mobile phones in India.

- India, being the land of occasions and festivals, therefore, customers are offered great deals.
- For instance the prices of products during Diwali, New Year, etc go down and customers are offered with great deals. Such strategies are adopted so as to enhance revenues plus to maintain the goodwill amongst buyers.

- Companies are focusing on energy efficiency in their range, pushing the low cost of ownership.
- Syska LED launched its advertising campaign in Mumbai, it aimed to promote energy efficient LED tube lights and bulbs which could save up to 20 per cent of electricity.
- Bureau of Energy Efficiency is encouraging companies to manufacture 35 Watt fans.

Source: TechSci Research
CONSUMER DURABLES

STRENGTH DEMAND AND POLICY SUPPORT DRIVING INVESTMENTS

Growing demand
- Higher real disposable incomes
- Easy consumer credit
- Growing working population

Inviting

Policy support
- Setting up of EHTPs
- Increasing liberalisation, favourable FDI climate
- Policies like National Electronics Mission and Digitisation of television

Resulting in

Increasing investments
- Expanding production and distribution facilities in India
- Increased R&D activity
- Providing support to global projects from India

Source: TechSci Research

Notes: EHTP - Electronic Hardware Technology Park, R&D - Research and Development

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Demand for consumer durables in India has been growing on the back of rising incomes; this trend is set to continue even as other factors like rising rural incomes, increasing urbanisation, a growing middle class, and changing lifestyles aid demand growth in the sector.

Consequently, industry analysts expect the sector to post a CAGR of 11 per cent over 2005-15.

Significant increase in discretionary income and easy financing schemes have led to shortened product replacement cycles and evolving life styles where consumer durables, such as ACs and LCD TVs, are perceived as utility items rather than luxury possessions.

Growth in demand from rural and semi-urban markets to outpace demand from urban markets.

Growth in online retailing is a key factor to reach out as a newer channel for buyers, with increase in demand.

Per capita income is expected to expand at a CAGR of 8.6 per cent for the period 2015-19.
POLICY SUPPORT AIDING GROWTH IN THE SECTOR

- **Customs duty relaxation**
  - Reduced custom duty on certain inputs like metals, wires, cables, refrigerators compressor parts will promote the production of consumer electronics in India. Custom duty on LCD/LED TV reduced to nil from 10 per cent
  - Basic custom duty on certain inputs, raw materials and components in 22 commodities reduced to minimise the impact of duty

- **Reduced central excise**
  - A reduction (12 per cent to 10 per cent) in Central Excise duty was definitely the way forward to support demand and fuel growth in consumer durable sector. Industry seeks relaxation in excise duty
  - Excise duty is being reduced to 6.0 per cent on LED lamps and LEDs required for manufacture of such lamps. Reduction in SAD from 4 per cent to nil, in import would also help LED manufacturers

- **Encouragement to FDI**
  - 100 per cent FDI is permitted in electronics hardware-manufacturing under the automatic route
  - FDI into single brand retail has been increased from 51.0 per cent to 100 per cent; the government is planning to hike FDI limit in multi-brand retail to 51.0 per cent
  - EPCG allows import of capital goods on paying 3.0 per cent customs duty
  - EHTP provides benefits, such as duty waivers and tax incentives, to companies which replace certain imports with local manufacturing
  - Harmonisation Zero duty and 3 per cent EPCG Scheme into zero duty EPCG scheme

- **EPCG, EHTP schemes**
  - Aims to create an ecosystem for a globally competitive electronic manufacturing sector and to achieve a turnover of about USD400 billion by 2020, including investments of about USD100 billion, as well as to provide employment to around 28 million people
  - Government plans to train 500 million people by 2022, and is increasing emphasis on skill development

- **National Electronics Policy 2012 & Government Initiatives**

Source: DIPP, Make in India, TechSci Research

Notes: EPCG - Export Promotion Capital Goods scheme, EHTP - Electronic Hardware Technology Park Scheme, SAD- Single Administrative Document ITA-1 - Information Technology Agreement, Ministry of External Affairs

For updated information, please visit www.ibef.org
**RECENT INVESTMENTS BY KEY PLAYERS**

**2011**
- Feb 11: Whirlpool announces USD25 million investment in FY11
- Apr 11: Hitachi allocates USD400 million to set up R&D centre in Bangalore
- May 11: Panasonic establishes its first R&D centre in India in Gurgaon

**2012**
- May 05: LG Electronics launches latest series of Cinema 3D Smart TVs with marketing spending of USD20.8 million
- Jan 17: Samsung to raise its investments to USD41.4 billion for consolidating its position in mobile chips and flat screens
- Videocon announces plans to invest around USD12.5 million in R&D in FY13
- Panasonic plans to invest USD208 million by 2014 in setting up manufacturing units and an advanced R&D centre

**2013-2015**
- In 2015, Haier proposed an investment plan of USD60.6 million to scale up manufacturing capacity of products in India
- The Department of Electronics and Information Technology has received proposals for investments worth a total of about USD12 billion in the area of semiconductor and electronics manufacturing
- Samsung India Electronics Pvt Ltd has been recently given approval for investment of USD67,352.2 billion under MSIPS
- Spice Mobility Ltd part of Spice group plans to invest USD32.4 million in FY15
- In 2015 Whirlpool announces its plans to invest USD0.33 billion to open up 15 new showrooms in India
- Videocon announces its plan to invest 56.40 million to launch its internet services across 6-7 circles in the country

*Source: Company websites, TechSci Research*

Notes: R&D - Research and Development, MSIPS - Modified Special Incentive Package Scheme, Ministry of External Affairs

**JANUARY 2016**
Reduction in Royalty
• Income tax rate on royalty and fees for technical services reduced from 25 per cent to 10 per cent, this will boost manufacturing and technology sector

Vision for future
• Manufacturing sector should be the base for India’s development. There should be a minimum tariff protection to motivate domestic manufacturing
• To make India, manufacturing hub of the world through Make in India programme
• Centre and states to partner in development so as to focus on telecommunication
• Government, corporate and educational bodies are working towards skill enhancement

Funding scientific research
• It is proposed to set up a Research Funding Organisation that will fund the research projects selected. Contribution to the organisation will be eligible for tax benefits

Changes in tax rates
• To encourage conducive environment in the sector, Government of India announced the implementation of uniform Goods and Service Tax (GST) (applicable from 1st April 2016)
• To facilitate ease of business in the country, government plans to reduce the corporate tax from 30 per cent to 25 per cent starting from the FY16
• The Excise Duty on all goods falling under Chapter 84 & 85 of the Schedule to the Central Excise Tariff Act is reduced from 12 per cent to 10 per cent for the period up to June 2014. Excise duty on footwear with leather, reduced to 6 per cent per pair.
• Encourage the domestic production of mobile handsets, excise duty for all categories of mobile handsets is restructured. The rates will be 6 per cent with CENVAT credit or 1 per cent without CENVAT credit. Time limit for taking CENVAT credit on input increased to 1 year from 6 months

Source: Union Budget 2015-2016, Ministry of External Affairs

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KEY MANUFACTURING PLANTS OF CONSUMER DURABLES ACROSS INDIA

**NORTH**: Delhi and Uttarkhand are the key consumer durables manufacturing hubs in North India. Panasonic has set up its plant in Jhajjar. In 2015, the Taiwan Electrical and Electronic Manufacturers’ Association (TEEMA) has announced to invest USD200 million in electronics manufacturing sector in Uttar Pradesh.

**WEST**: Maharashtra and Gujarat host units for LG, Videocon and Samsung. In 2015, Videocon announced that it has been planning to invest USD328 million in Gujarat for manufacturing facilities.

**SOUTH**: Tamil Nadu hosts manufacturing facilities for a number of leading firms. In 2015, Thomson announced to invest USD49.13 million in manufacturing facilities in Telangana.

**EAST**: West Bengal is a major hub for Videocon and Phillips. In 2015, Whirlpool announced to invest USD3.28 million to set up exclusive showrooms.

Source: TechSci Research

For updated information, please visit [www.ibef.org](http://www.ibef.org)
CONSUMER DURABLES

OPPORTUNITIES IN RURAL AREAS …

* Consumer durables market is valued at USD9.7 billion in FY15 and is expected to reach USD20.6 billion by 2020. India is expected to have the fifth largest consumer durable market by 2025.

* Rural market contributes 33 per cent of the total revenue generated which represents 69 per cent of the rural population.

* Indian consumer durable market has witnessed growth at a CAGR of 10 per cent during 2012-2015.

Source: TechSci Research

JANUARY 2016
CONSUMER DURABLES FIRMS TO AUGMENT INVESTMENTS IN COMING YEARS …

- In 2015, Celkon Mobiles set up its manufacturing facility in Telangana with an investment of worth USD32.75 million.
- In 2015, Ericsson announced to set up manufacturing plant at Pune with an investment of USD20 million. The plant is expected to be operational in June 2016.
- In 2015, Foxconn announced to invest USD5 billion in India over next five years to set up R&D centres and manufacturing plants.
- In 2015, Lava the domestic manufacturer to invest USD420 million in its manufacturing units within next seven years to scale up its production capacity.
- In 2015, LG had added USD0.17 billion on Research & Development and Marketing of the smart phone in the country.
- In order to set up 100 exclusive showrooms for built in kitchen products segment, Whirlpool is planning to invest USD3.27 million over next two years.
- In 2015, Haier India announced to invest USD76.10 million by 2017 in its Pune based manufacturing facility.
- In May 2015, Samsung India Electronics Pvt Ltd has been given approval for investment of USD75 million under MSIPS and will get 25 per cent subsidy under it. It plans to invest USD94 million to expand its capacity by the end of 2015.
- Cumulative FDI in electronics sector till September 2015 stood at USD1528.56 million and that in telecommunication stood at USD17,717 million.

Source: CEAMA, Ministry of External Affairs, TechSci Research
Notes: LCD - Liquid Crystal Display, MSIPS - Modified Special Incentive Package Scheme
Households with TVs in India

- Around 170 million TV households in India
- Approx. 30 million are digital cable households, 70 million are analogue subscribers
- India reaches 78.74 million DTH subscriber base as on June 2015

DTH subscribers (million units)

- Around 191 million television households by 2017
- About 200 million DTH subscribers by 2018

ERA OF DIGITISATION OPENS NEW OPPORTUNITIES

\[ CAGR: 36\% \]

\[ 2015 \quad 2018E \]

- The government announced digitisation in four phases, deadline for phase 3 is December, 2015 and deadline for phase 4 is December, 2016
- Digitisation may lead to complete switchover from analogue cable to Digital Addressable Systems in a phased manner
- The number of DTH subscribers in India is expected to increase from 78.74 million in 2015 to 200 million by 2018

Source: TRAI Annual Report 2015, Department of Information Technology; Make in India, TechSci Research
E:Estimated

For updated information, please visit www.ibef.org
APPENDIX: BENEFITS TO CONSUMER DURABLES AND WIDER RETAIL SECTOR FROM FDI POLICY

Benefits of FDI in Indian retail

- Increase in employment
- Infrastructure investment
- Removing middlemen
- Benefiting Indian manufacturers

Sector:
- Whole sale cash and carry trading
- Single brand product retailing
- Multi brand, front end retail

Entry route:
- Automatic
- Foreign Investment and Promotion Board

FDI limit:
- 100%
- 100%
- 51%

Source: DIPP, TechSci Research
CONSUMER DURABLES

APPENDIX: TWO KEY RETAIL RELATED FDI POLICIES THAT WILL IMPACT CONSUMER DURABLES

- During April 2000 – September 2015, the FDI was at USD344.93 million according to the Department of Industrial Policy and Promotion. Overseas investor’s cumulative inflows into the country are nearing the USD200 billion mark

51 per cent FDI in multi brand retail  
Status: Approved

- Minimum investment cap is USD100 million
- 30 per cent procurement of manufactured or processed products must be from SMEs
- Minimum 50 per cent of the first minimum tranche of USD100 million must be invested in back-end infrastructure (logistics, cold storage, soil testing labs, seed farming and agro-processing units)
- Removes the middlemen and provides a better price to farmers
- Development in the retail supply chain system
- 50 per cent of the jobs in the retail outlet could be reserved for rural youth and a certain amount of farm produce could be required to be procured from poor farmers
- To ensure the Public Distribution System (PDS) and Food Security System (FSS), government reserves the right to procure a certain amount of food grains
- Multi brand retail would keep food and commodity prices under control
- Will cut agricultural waste as mega retailers would develop backend infrastructure
- Consumers will receive higher quality products at lower prices and better service

100 per cent FDI in single brand retail  
Status: Policy passed

- Products to be sold under the same brand internationally
- In 2015, according to revised FDI regulations single brand retail companies if desire to sell on ecommerce platform would be allowed only if they have licence for setting up physical outlets
- Sale of multi brand goods is not allowed, even if produced by the same manufacturer
- For FDI above 51 per cent, 30 per cent sourcing must be from SMEs
- Any additional product categories to be sold under single brand retail must first receive additional government approval
- “Make in India” initiative to further strengthen the investments coming to India

Source: TechSci Research, DIPP

For updated information, please visit www.ibef.org
CONSUMER DURABLES

SUCCESS STORIES

JANUARY 2016
One of the largest Colour Picture Tube (CPT) manufacturers globally and is currently in second position (after LG) in the colour TV segment.

During 2008–14, Videocon’s revenues are increasing at a CAGR of 6.6 per cent.

In 2015**, the company generated revenue of USD1014 million and net profit of USD 3.4 million.

Source: Company website, TechSci Research
Notes: 2010* - Data for 15 Months, FY13* - Data for 18 months (Jan 2012 – June 2013) FY14*: 18 months FY15**: from Jan 2015 to June 2015
CONSUMER DURABLES

For updated information, please visit www.ibef.org

VIDEOCON: THE INDIAN BEHEMOTH … (2/2)

Revenue base of USD1014 million, with net profit of USD3.4 million during 2015*

In 2015, Videocon and Coolpad announced their partnership to manufacture smartphones in India

In 2015, Videocon announced to sell spectrum to Idea cellular in 2 circles worth USD542 million

Strong presence in the consumer electronics market

Focuses primarily on consumer electronics products 1985–95

Focuses on R&D

Builds strong brand presence in Tier 2 and Tier 3 cities

Forays into telecom services and handset manufacturing

Launches LCD TV bundled with DTH and Internet chip

Plans to set up a SEZ in Pune and Aurangabad in Maharashtra

Acquires Thomson, Philips, and Electrolux plants

Grows aggressively via acquisitions and enters the telecom, DTH, and mobile handset manufacturing sectors 2005-2015

Plans to expand D2h portfolio and new set up box plant

To issue 15.7 million GDR’s for USD45.2 million

Planning to launch 4G services in 3 circles

Forays into compressors and motors manufacturing and crude oil business 1995–05

Source: Company website, TechSci Research
Note: * - Revenue is from January to June 2015

For updated information, please visit www.ibef.org

JANUARY 2016
LG and Samsung together account for over 40 per cent of the consumer durables market in India.

Samsung entered India in 1995 whereas LG began operations in 1997.

Samsung’s revenues had shown an increase at a CAGR of 9.38 per cent from 2012 to 2014.

LG, had shown decline in revenues during 2012-2014 with a CAGR of 24.1 per cent.

<table>
<thead>
<tr>
<th>Year</th>
<th>Samsung (USD billion)</th>
<th>LG (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>5.6</td>
<td>3.3</td>
</tr>
<tr>
<td>2014</td>
<td>6.7</td>
<td>1.9</td>
</tr>
<tr>
<td>2015*</td>
<td>3.4</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Company website, TechSci Research
Notes: 2015* (From January to June, 2015)
Before 2005, LG’s entry strategy was to establish its presence across the country, offering a range of affordable but feature-rich products.

Samsung focused on creating a premium brand image by emphasising on the design and technology aspects of its higher-priced products and targeting a more affluent customer base.

After 2005, the two have expanded the scope of their target markets and offer both functional and high-end products.

Product innovation, heavy investment in R&D, and customer preferences have been the key factors behind the success of the two Korean giants.

Samsung has grown rapidly in recent years, thanks to the growing mobile hand set market in India.

Deep penetration into rural belts with cheap and affordable devices for the rural youth to be the chief strategy.

Source: Company website, TechSci Research
LG AND SAMSUNG: COMPELLING SUCCESS STORIES … (3/4)

- Between the two, Samsung leads the mobile handset market
- Samsung currently accounts for 19 per cent of the Indian mobile handset market
- LG has a market dominance in other consumer durables, including refrigerators, air conditioners, flat panel TVs and microwave ovens
- India to become 3rd largest market with USD4.6 billion sales in three years for LG until 2016
- Samsung India leads the Smartphone segment with market share 41.6 per cent (in value terms) in 2015.

**Market share of players in the consumer durables market (2014)**

<table>
<thead>
<tr>
<th>Product</th>
<th>Samsung</th>
<th>LG</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microwave</td>
<td>27%</td>
<td>12%</td>
<td>68%</td>
</tr>
<tr>
<td>Air Conditioner</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>23%</td>
<td>30%</td>
<td>47%</td>
</tr>
<tr>
<td>Flat TV</td>
<td>21%</td>
<td>21%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: Company website, TechSci Research

*Data for Air Conditioner is for 2015*
LG launches mobile handset G2 and aims to make the Indian operations among its top 3 businesses globally, by 2015

The Korean giants are also looking at India as a manufacturing base for other markets and are ramping up investments accordingly

LG plans to increase its penetration level in the Indian rural market to 15.0 per cent by 2015 from 5.0 per cent in 2011; during the same period it wants to increase penetration in the urban market to 40.0 per cent from 34.0 per cent

In 2015, Samsung announced the launch of Galaxy On5 and On7. These models will be sold online through Flipkart and fall in affordable smartphone segment

India’s share in each company’s global revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>LG</th>
<th>Samsung</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.80%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2015*</td>
<td>4.41%</td>
<td>3.90%</td>
</tr>
</tbody>
</table>

Source: Company website, TechSci Research
Note: 2015* (From January 2015 to June 2015)
Whirlpool accounts for over 25 per cent of the consumer durables market in India

India is currently the fifth largest market for Whirlpool

Whirlpool entered the Indian market in late 1980s through a joint venture with TVS group

Whirlpool acquired Kelvinator India Limited in 1995 and marked an entry into Indian refrigerator market as well

Whirlpool brand stretches from the mass to premium segments; the company plans to launch a new brand, KitchenAid, which would operate in the super-premium appliances segment

Whirlpool plans to invest more than USD156.3 million in India by 2015, with more than half of it earmarked for innovation

Net revenues generated from sales in FY15 is USD589 million

Whirlpool is currently the fifth largest market for Whirlpool. Whirlpool entered the Indian market in late 1980s through a joint venture with TVS group. Whirlpool acquired Kelvinator India Limited in 1995 and marked an entry into Indian refrigerator market as well. Whirlpool brand stretches from the mass to premium segments; the company plans to launch a new brand, KitchenAid, which would operate in the super-premium appliances segment. Whirlpool plans to invest more than USD156.3 million in India by 2015, with more than half of it earmarked for innovation. Net revenues generated from sales in FY15 is USD589 million.

Revenues (USD million)*

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>468</td>
<td>593</td>
<td>567</td>
<td>510</td>
<td>470</td>
<td>589</td>
<td>286</td>
</tr>
</tbody>
</table>

Source: Company website, TechSci Research
Note: FY16* (Upto September 2015)
### WHIRLPOOL: EYEING MARKET LEADERSHIP … (2/2)

<table>
<thead>
<tr>
<th>Product</th>
<th>Contribution to Net Sales of the Company (FY15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerators and Freezers</td>
<td>64 per cent</td>
</tr>
<tr>
<td>Laundry appliances</td>
<td>21 per cent</td>
</tr>
<tr>
<td>Air Conditioners</td>
<td>7 per cent</td>
</tr>
<tr>
<td>Others (cooking appliances)</td>
<td>8 per cent</td>
</tr>
</tbody>
</table>

Source: TechSci Research
Godrej Appliances generated USD373.36 million revenue in FY16.

Voted Most Trusted Brand, Gold Award (Reader’s Digest Consumer Survey) for 4 years in a row.

In 2015, Godrej was ranked 6th for India’s best companies to work.

Strong brand presence in the consumer electronics market.

Godrej Appliances to implement Internet of Things Technology (IoT) to create Smart Homes in 2015.

In 2015, Godrej Consumer Products Ltd acquired South Africa based company Frica Hair(Pty) Ltd.

Godrej Appliances generated USD373.36 million revenue in FY16.

Notes: FY16* (Upto September 2015)

Source: Company website, TechSci Research

For updated information, please visit www.ibef.org
INDUSTRY ASSOCIATIONS ... (1/2)

Consumer Guidance Society of India
Block 'J' Mahapalika Marg, Mumbai–400 001
Tele fax: 91-22 22621612/2265 9715
E-mail: cgsibom@mtnl.net.in
Website: www.cgsiindia.org

Retailers Association of India
111/112, Ascot Centre, Next to Hotel Le Royal Meridien,
Sahar Road, Sahar, Andheri (E), Mumbai–400099.
Tel: 91-22-28269527—28
Fax: 91-22-28269536
Website: www.rai.net.in

Consumers Association of India
3/242, Rajendra Gardens, Vettuvankeni, Chennai,
Tamil Nadu–600 041
Tel: 91-44-2449 4576/4578
Fax: 91-44-2449 4577
E-mail: consumersassnofindia@vsnl.net
Consumer Electronics and Appliances Manufacturers Association
5th Floor, PHD House
4/2, Siri Institutional Area, August Kranti Marg
New Delhi-10 016
Telefax: 91-11- 46070335, 46070336
e-mail: ceama@airtelmail.in
Website: www.ceama.in

ELCINA Electronic Industries Association of India
(Formerly Electronic Component Industries Association)
ELCINA House, 422 Okhla Industrial Estate, Phase III
New Delhi -110020
Tel: 91- 11- 26924597, 26928053
Fax: 91- 11- 26923440
e-mail: elcina@vsnl.com
Website: www.elcina.com
GLOSSARY

**CAGR**: Compound Annual Growth Rate

**Capex**: Capital Expenditure

**CENVAT**: Central Value Added Tax

**EHTP**: Electronic Hardware Technology Park

**EPCG**: Export Promotion Capital Goods Scheme

**FDI**: Foreign Direct Investment

**FY**: Indian Financial Year (April to March)

So FY10 implies April 2009 to March 2010

**LCD**: Liquid Crystal Display

**R&D**: Research and Development

**USD**: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number
### Exchange rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
</tr>
<tr>
<td>2006–07</td>
<td>45.14</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.27</td>
</tr>
<tr>
<td>2008–09</td>
<td>46.14</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.62</td>
</tr>
<tr>
<td>2011–12</td>
<td>46.88</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.31</td>
</tr>
<tr>
<td>2013–14</td>
<td>60.28</td>
</tr>
<tr>
<td>2014–15</td>
<td>61.06</td>
</tr>
<tr>
<td>2015-16(Expected)</td>
<td>61.06</td>
</tr>
</tbody>
</table>

### Exchange rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
</tr>
<tr>
<td>2006</td>
<td>45.18</td>
</tr>
<tr>
<td>2007</td>
<td>41.34</td>
</tr>
<tr>
<td>2008</td>
<td>43.62</td>
</tr>
<tr>
<td>2009</td>
<td>48.42</td>
</tr>
<tr>
<td>2010</td>
<td>45.72</td>
</tr>
<tr>
<td>2011</td>
<td>46.85</td>
</tr>
<tr>
<td>2012</td>
<td>53.46</td>
</tr>
<tr>
<td>2013</td>
<td>58.44</td>
</tr>
<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015(Expected)</td>
<td>63.72</td>
</tr>
</tbody>
</table>

Source: Reserve bank of India, Average for the year

For updated information, please visit [www.ibef.org](http://www.ibef.org)
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