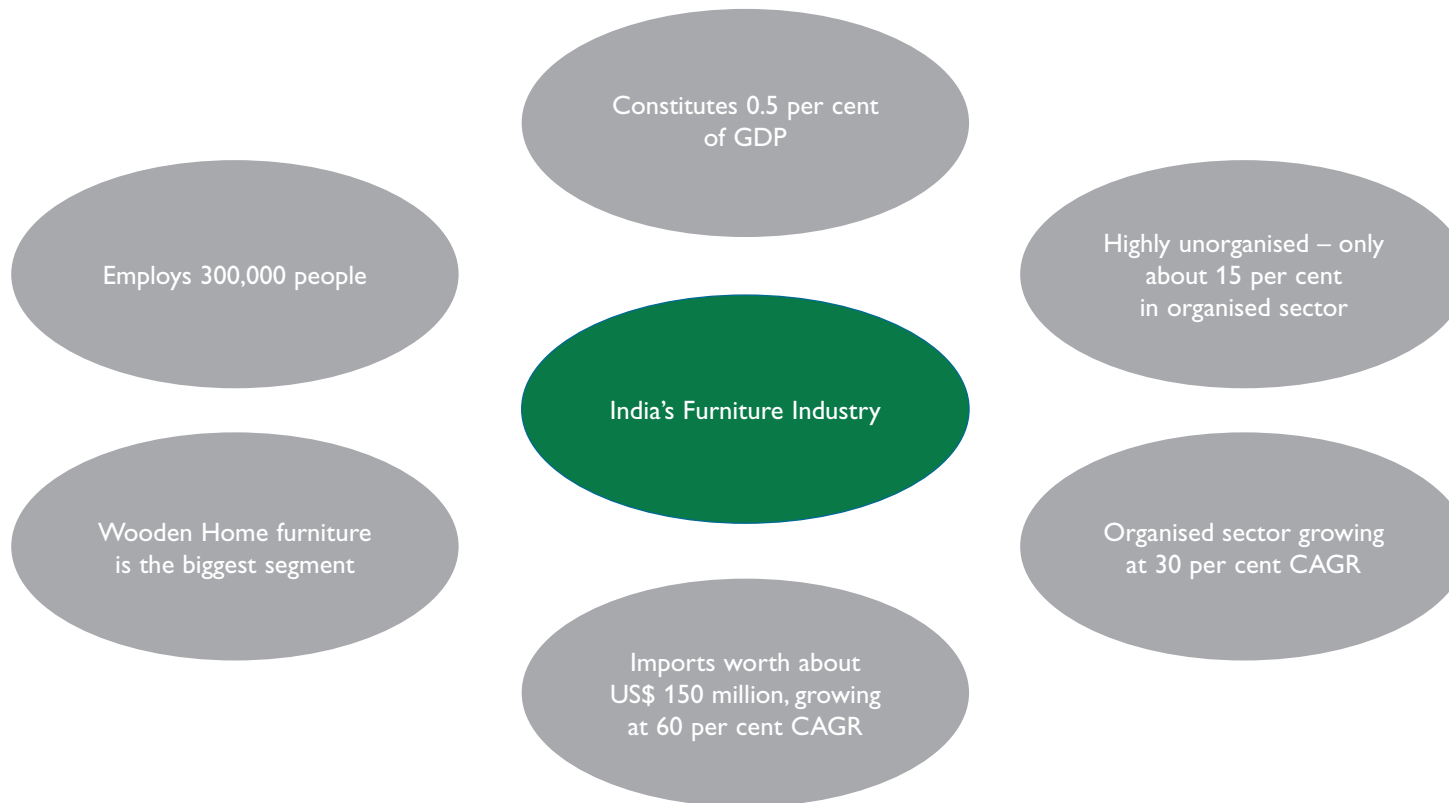




FURNITURE

December 2008

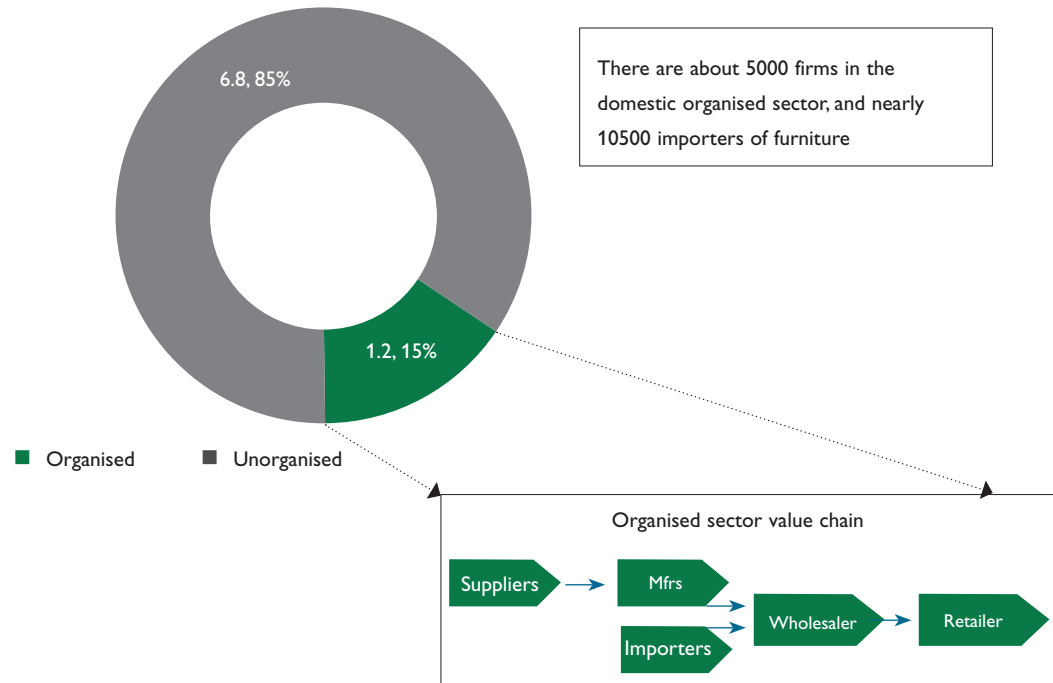
The Indian Furniture market is worth about US\$ 8 billion



Source: www.rediff.com; www.destinationmadhyapradesh.com;
Indo –Italian Chambers of Commerce & Industry

The organised sector includes domestic players as well as imports

Share of organised and unorganised sector
US\$ Billion, Percentage share

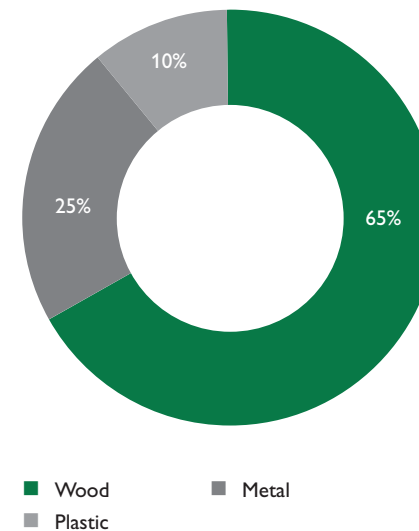


Products are classified based on material used, and consumer segment

- Types of wood: Teak, Deodar, Sal, Mahogany
- Key states for wood furniture: Gujarat, UP, Punjab, Kerala, Andhra, West Bengal

Source: Oxford Economic Forecasting

Wood is the predominant material used
Raw Material usage

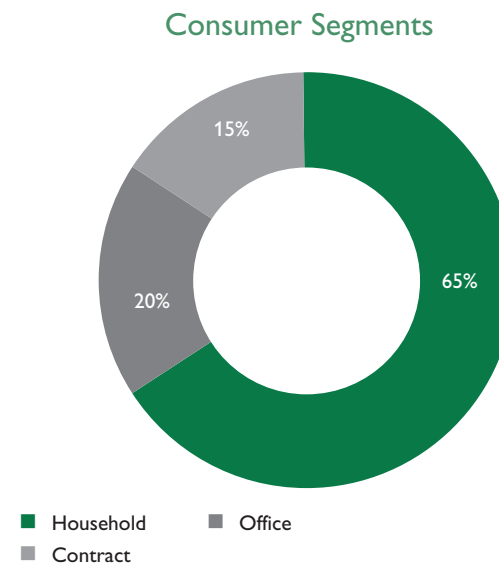


Source: Asia Invest, 2002

Products are classified based on material used and consumer segment

- Household furniture designs are region-specific
- Increasing trend of imported furniture in affluent households

Households form the biggest Consumer Segment



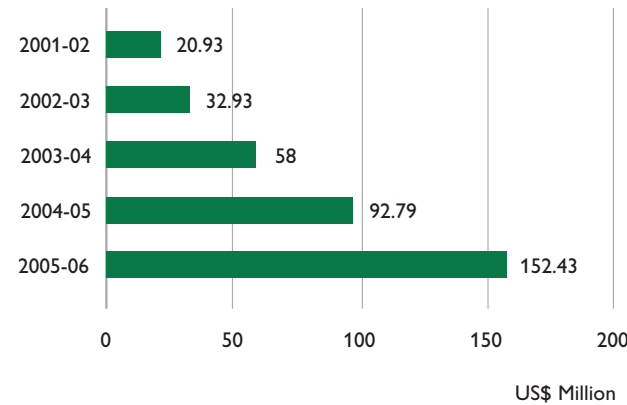
Source: Asia Invest, 2002

Imports are a rapidly growing segment, catering to urban, affluent households

Key countries imported from:

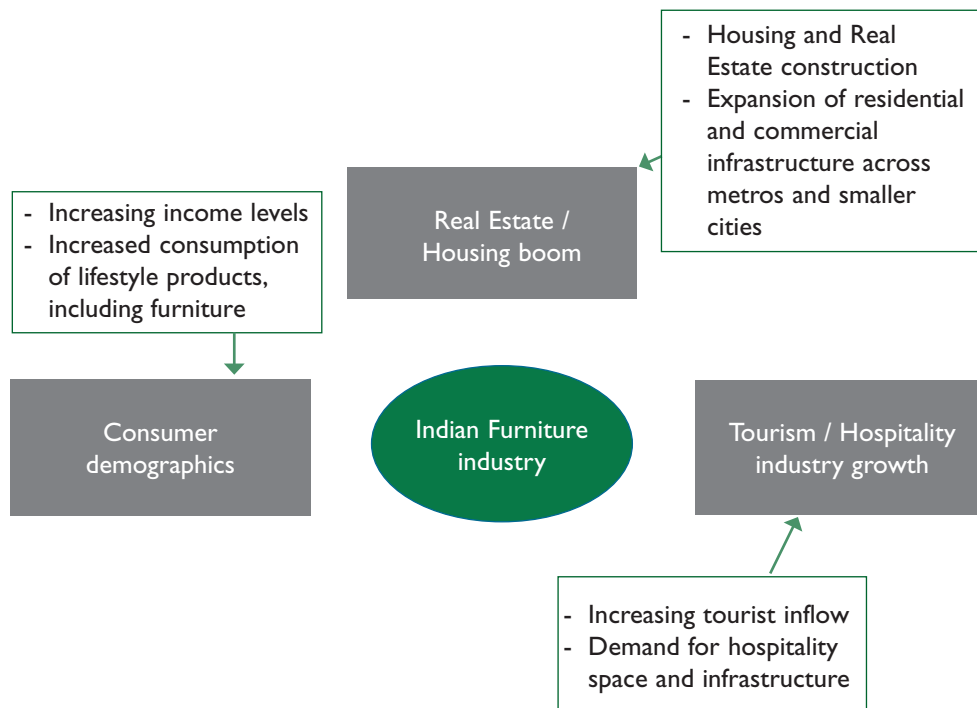
- Italy
- Germany
- Spain
- Malaysia
- Furniture imports growing at over 60per cent CAGR over past 5 years
- Driven by growing demand from urban affluent households
- India was the biggest furniture importer in 2004-05 with 17 percent share in the furniture imports worldwide
- Total of 10,476 importers shipped furniture to India in this period

Furniture imports into India



Source: Indo - Italian Chambers of Commerce & Industry

Several factors are driving demand in the furniture sector

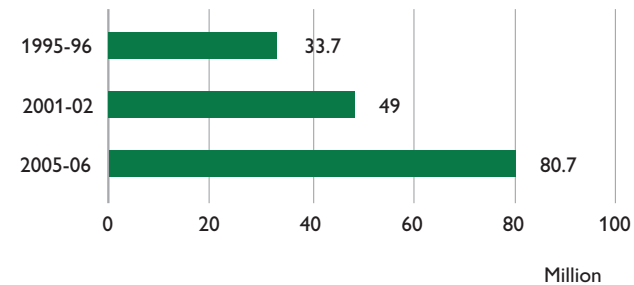


Growth in consumer base, as well as housing & hospitality sectors

The furniture sector is expected to witness steady growth in the light of growth in the key user industries

Number of households of Rich and Consuming Class growing at over 8 per cent CAGR

Number of households -
Rich and Consuming Class

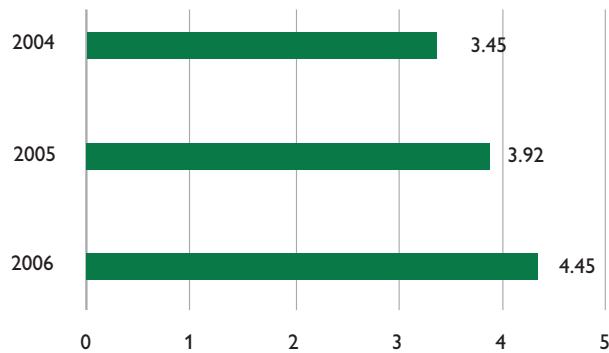


Source: Marketing White Book, CRIS-INFAC, Ministry of Tourism

Growth in consumer base, as well as housing & hospitality sectors

Inflow of foreign tourists growing by 13per cent - increasing demand for hotel space

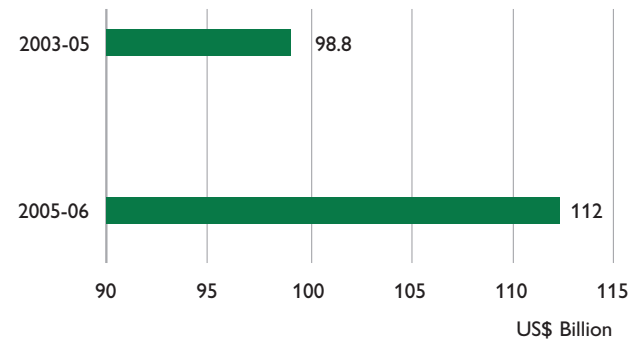
No. of Foreign Tourists



Source: Marketing White Book, CRIS-INFAC, Ministry of Tourism

Significant growth in Housing & Real estate

Real Estate



Source: Marketing White Book, CRIS-INFAC, Ministry of Tourism

The sector is transitioning from a fragmented industry to a more organised and competitive one

Threat of New Entrants



- Fragmented industry
- Growing domestic market
- Industry is not investment intensive

Supplier Power






- Abundant supply of raw materials, labour
- Supplier base not organised
- Imports getting easier

Competitive Rivalry



- Moderately competitive industry
- Transitioning from highly unorganised to organized sector

HIGH	
MEDIUM	
LOW	




The sector is transitioning from a fragmented industry to a more organised and competitive one

Customer Power

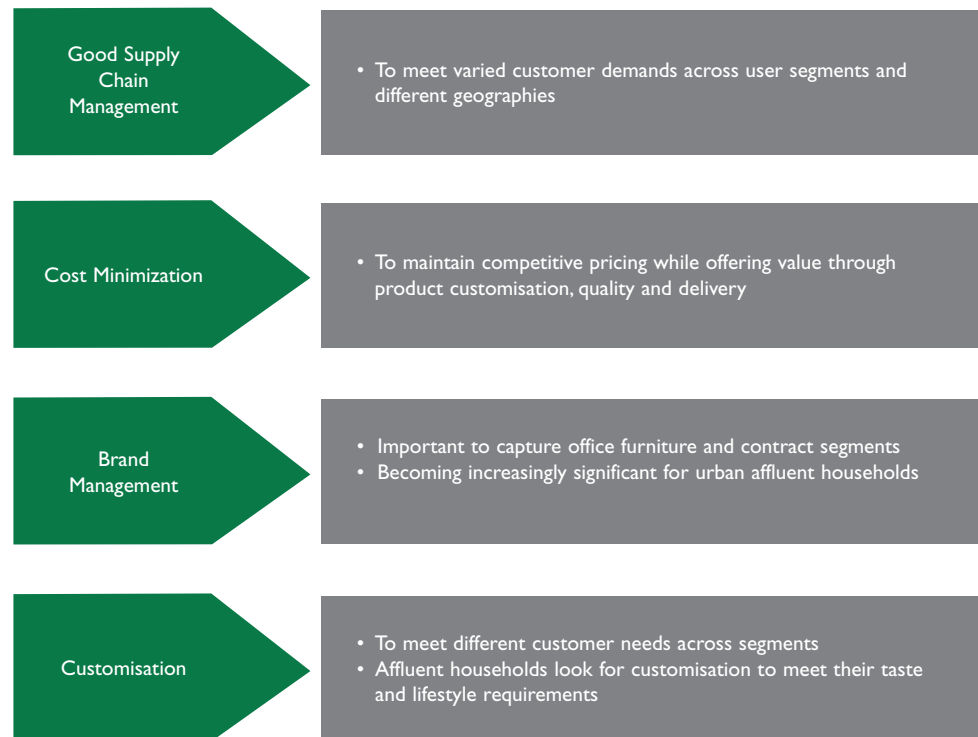
- Increasing demand from key user segments
- Demand for lifestyle products
- Majority of the market still price sensitive

Threat of Substitutes

- No significant threat

HIGH	
MEDIUM	
LOW	

Success factors for manufacturers



Key take-aways for potential investors

Brand building is important to increase awareness and trust

- Participation in furniture trade shows, organising seminars, etc., could be useful steps in brand building

Concentrate on specific regions/customer segments initially, to get established and test the market, before investing in a national distribution network

Key take-aways for potential investors

Focus on design

- Leverage India's traditional craftsmanship and technology base
- Look at developing design schools or collaborating with the ones which are present

There is huge scope for catering to the office sector, especially with the boom in the services sector. Complete end-to-end solution from suggesting a client to delivering the goods could be done.

Profile of Key Players

Godrej & Boyce Mfg. Co. Ltd.

- It is a part of the Godrej group and was incorporated in 1932
- The company is highly diversified and is engaged in production of a variety of items
- They mainly manufacture consumer products, office equipment, Consumer appliances, Chemicals, Agro products, security equipment, office automation, Industrial products and Storage solutions
- The manufacturing facility is located at Mumbai, Maharashtra
- They have exclusive showrooms and dealer outlets across India
- The Godrej group had revenues around US\$ 513 million in FY'06

Profile of Key Players

Featherlite

- It was started in 1965
- It is a pioneer and one of India's largest furniture manufacturing companies
- The company has state-of-the-art manufacturing and does continuous R&D work
- The company's manufacturing plants are located in Bangalore and Hosur
- Have a capacity of manufacture around 150 workstations and more than 600 chairs a day

Profile of Key Players

- The company has presence in 22 locations across India
- Featherlite has been retailing furniture for the past 20 years and the first outlet was open in Bangalore in 1987
- The concept of exclusive office furniture retailing was started by this company
- It has around 25 exclusive showrooms in Mumbai, Chennai, Bangalore, Delhi, Kolkata and Hyderabad. It manufactures around 20,000 chairs and 3,400 workstations per month and 35 percent of the production are sold through the retail outlets
- The company has strength of around 500 people which includes architects, interior designers, and others

Profile of Key Players

Style Spa

- Style Spa Furniture Limited is promoted by the Zuari – Chambal group
- The company is headquartered in Chennai and was established in India in 1997 to manufacture and retail furniture
- The US\$ 15 million manufacturing facility is a sophisticated and fully automated plant
- The plant is one of Asia's most modern and largest manufacturing facilities

Profile of Key Players

- They manufacture furniture for home and offices and are retailed from exclusive retail outlets spread across the country. They have around 92 outlets in India
- The machines for the manufacturing plant have been imported from Europe
- The ISO certified plant produces around 0.2 million pieces of furniture annually
- The company provides after sales services through its showrooms

Profile of Key Players

Millennium Lifestyle

- Millennium Lifestyle was incorporated in 1999
- The retail experience of the family spans over 75 years
- They sell various products under different brands having different collections
- The brands which they sell from their retail stores are ArteM, Divani, Loddenkemper, RioArt, Sauder, Sherwood, and Softplus
- The collections they offer range from bedroom, dining, entertainment, occasional, office to sofas

Profile of Key Players

- They also provide services like designing your own interiors sitting at home – with the help of an online interactive room designer
- Millennium Lifestyle offers a one-stop solution for customer's entire furniture requirements as they offer wide variety furniture from around the world under one roof
- They have showrooms across Bangalore and Hyderabad

Profile of Key Players

Durian

- Durian has a major market share in the field of imported furniture
- Durian has helped the most coveted furniture styles from various parts of the world to make their presence felt in India
- They have furniture for living, bedroom, dining room and office
- The group has been into plywood manufacturing for the past 25 years
- The company has over 40 imported furniture showrooms in the country
- The company also offers free interior design consultancy and free delivery & installation

Profile of Key Players

Nilkamal

- Nilkamal Group of Companies has a turnover of over US\$ 125 million
- It is the world leader in the field of plastic molded furniture
- The company has diversified into lifestyle furniture business by launching @home, which is a complete home solution store with contemporary readymade wooden furniture, there are 8 manufacturing stores in India

Profile of Key Players

- They provide services like design solutions, professional guidance, interest free loan besides furniture and accessories
- They also have joint ventures in Bangladesh and Sri Lanka
- The major strengths of the group are a wide direct sales network of 350 members, a strong dealer network of 350 plus, 33 regional offices located in all major industrial cities and 24 warehouses situated all across India a warehousing facility along with a marketing office set up in UAE

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