



# Lloyd Electric & Engineering Limited

## Investor Presentation

# Safe Harbour



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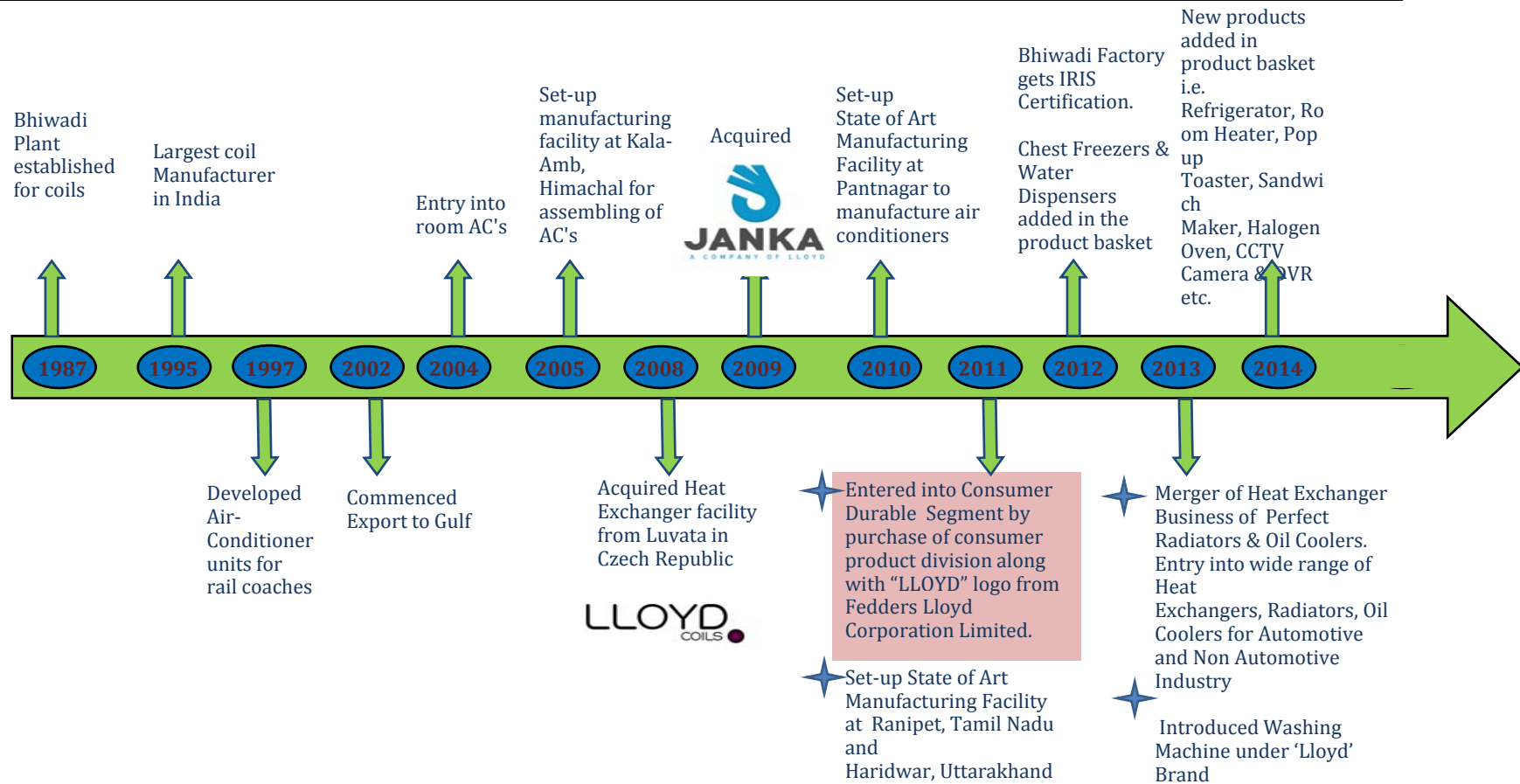
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# Corporate History

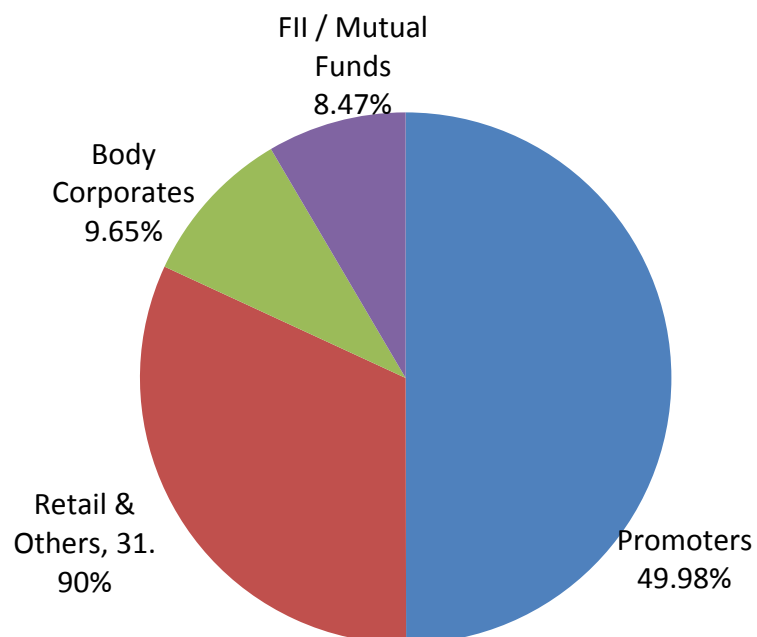


*Focus on core strengths and consolidating for long term competitive advantage*

## Capital Market Information



### Shareholding Pattern as on March 2015



### Equity Shares (No. of shares)

Equity Shares O/s	3,53,20,260
Free Float (50.02%)	1,76,81,322
Market Capitalization as on 7th April'15	INR 850 crores

Dividend Track Record - Consistent Pay-out for last 5 years

### Key Institutional Investors

Orange Mauritius Investment Limited
E M Surgent Fund
Emergency India Focus Fund
India Insight Value Fund
Deutsche Trustee Service A/c. Mid Cap Fund
India Opportunity Growth Fund
Bajaj Allianz life Insurance Co.

★ Orange Mauritius Investment is the single largest public shareholder of the Company holding 6.51% as on March'15

## Overview



### B2B SEGMENT

India's largest manufacturer of Heat Exchanger / Evaporator Coils and air-conditioners serving the entire spectrum of HVAC and Refrigeration Industry

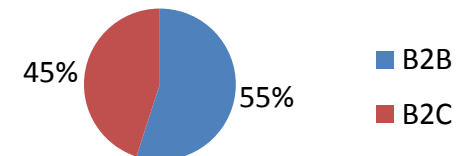
Contract Manufacturing of Air-Conditioners as OEM & ODM for Prestigious Indian & Foreign Brands

Supplier of Customized packaged AC solutions to Indian Railways including Metro Rail

First Indian Company to be awarded IRIS (International Railway Industry Standard) Certification. Eligible for Global Bidding in Railway/ Metro Business in HVAC & R Industry. Bagged Order from Bombardier

Provides end-to-end solution in HVAC&R industry- complete integration in the HVAC&R industry, right from manufacturing the physical components, air-conditioners to selling to OEM's and to the end customers, so an end-to-end solution in the HVAC&R industry

Segment wise share of Revenue





## B2C SEGMENT

LEEL Ventured into Consumer Durable Segment in 2011, by acquiring distribution network and Lloyd Logo from Associate Company, Fedders Lloyd Corporation Ltd

Initially introduced room air-conditioners under Lloyd Brand and gradually increased the product portfolio by adding products like LED TV's, Washing Machines, Refrigerators, Chest Freezers and other small appliances

### Pan India Presence

- ✓ Strong Dealer Network of 7000+
- ✓ 30 Sales Branches
- ✓ 307 authorized service centers and 81 Company owned service centers

Awarded as an Indian Power Brand, Power Brand, Asia's most promising brand and also an Admired Brand



## Product Profile



### Key Products- B2B Segment

Air Conditioners (Window, split, Roof Mounted)



Heat Exchanger



### Key Products- B2C Segment



### Key Markets- B2B Segment

OEM's, Railways, Metro Rail



Air Conditioning, Industrial, Auto, refrigeration, Data Centre



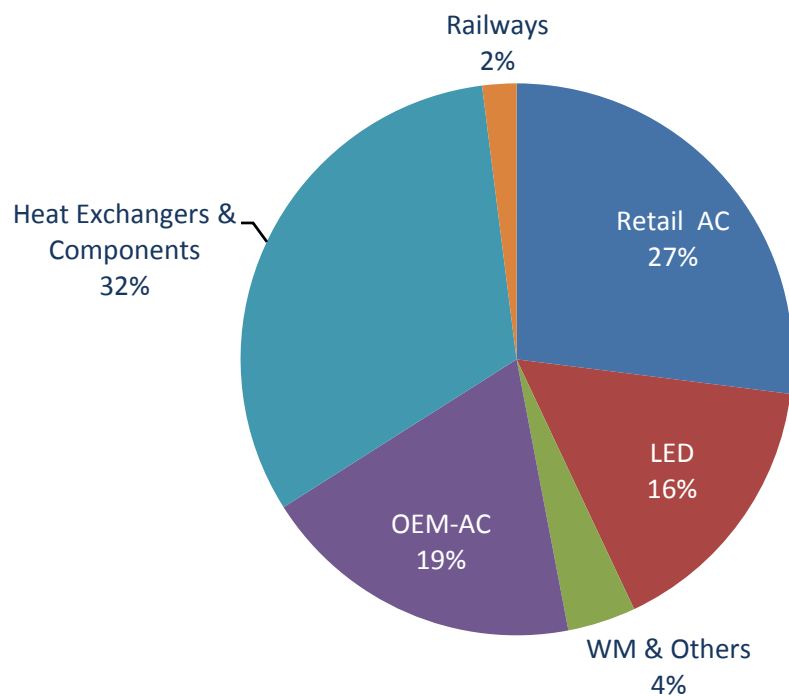
### Retail Customer-B2C Segment



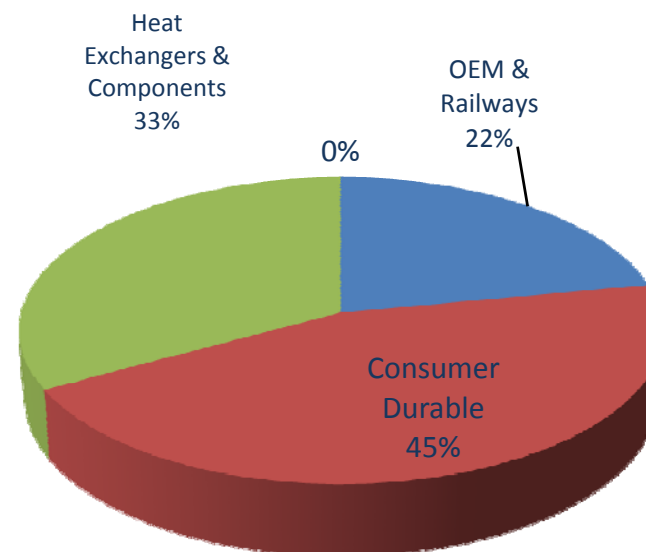


## Financial Highlights Product-wise & Segment wise- Standalone Basis

Sales for Nine Months ended Dec'14



EBITDA for Nine months ended Dec'14 segment-wise





## Key Competitive Advantage



### Vertical Integration

- Presence across value chain (from coils to brand) – better control on cost, low volatility of margins.
- Hedge against cost/demand volatility in individual value chain elements

### Manufacturing Experience for leading players

- Over fifty years of experience in HVAC Business
- Adherence to highest standards of quality followed by global players due to long term contracting relationships.
- Technologically at par with the best in the business.

### Financial Benefits

- Kala-Amb and Pantnagar Plants enjoy tax holidays upto FY 2020

### Technological Edge

- Pioneer in PFC coils in India – high efficiency, low weight and low cost
- Capability to develop Heat exchanging applications for nuclear power plants with acquisition of Janka Engineering

### Strong Entry barriers

- Qualified category first supplier of Indian railway – 80% of the tenders awarded to category first players.
- IRIS qualified – will be able to bid for railway and metro projects internationally, first HVAC players in India with IRIS.
- Strong consumer brand build by effective marketing campaign and history of selling consumer products



## Global Presence with State of Art Manufacturing facility with cutting edge technology

### SIX DOMESTIC FACILITIES

Bhiwadi  
Unit, Rajasthan

Tauru, Haryana

Pantnagar, Uttarakhand

Kala-amb  
Unit, Himachal Pradesh

Ranipet, Tamil Nadu

Haridwar, Uttarakhand

Two Overseas Manufacturing Facilities  
(Owned by 100% subsidiaries)

Area: 54000 m<sup>2</sup>

Prague, Czech Republic

LLOYD  
COILS

JANKA  
A COMPANY OF LLOYD

Production capacity  
(no. in units)

Product-wise

Air-Conditioners

0.60 Million

Heat Exchangers/  
Evaporator Coils

1.5 Million

Railways Locomotive

0.20 Million

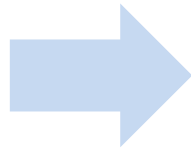
## Fully Integrated across HVAC value Chain



### Coils & Heat Exchangers



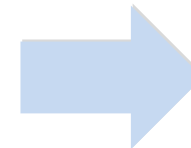
Consumed in  
AC manufacturing



### AC Manufacturing



Branded as  
Lloyd products



### Branded Consumer Product Sales & Marketing



Sale



Air-conditioning &  
refrigeration product  
manufacturers

Sale



Other  
OEMs

Sale



Retail consumers



Better control on cost



Reduced volatility in margins



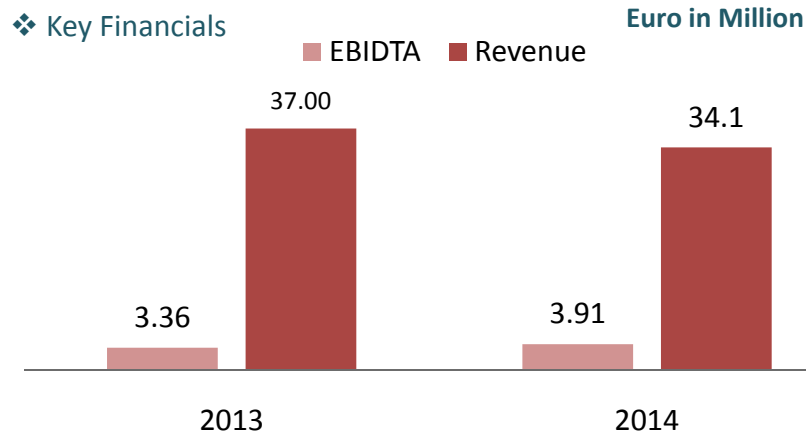
Hedge against demand volatility

## International Presence- Lloyd Coils Europe s.r.o.



### Customers and Product Portfolio

- ❖ Acquired from Luvata Group in May 2008, 100% subsidiary
- ❖ European Manufacturer of high quality Coils serving HVAC & R industry
- ❖ Manufacturing plant located in Prague, Czech Republic
- ❖ Market Coverage across entire European Region
  - Key markets – France, Germany, Spain, Slovakia, UK, Russia & CIS
- ❖ Technology transfer to Indian operations to cater to international clients

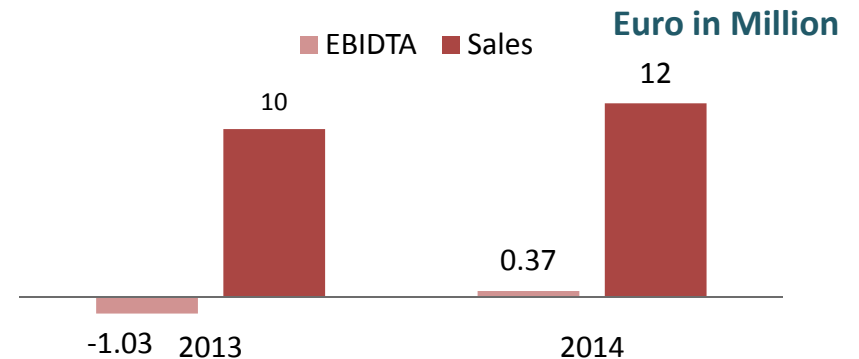


## International Presence- Janka Engineering s.r.o.



- ❖ Acquired from Lennox, USA in 2009, 100% subsidiary of LEEL
- ❖ More than 100 years old Market leading manufacturers and supplier of comfort, industrial ventilation , air-conditioning and cooling system
- ❖ Manufacturing plant located in Prague, Czech Republic
- ❖ Key Highlights:
  - Supplier of cooling units to Nuclear power plants in slovakia
  - Developed HVAC units for Skoda transportation for Czech Republic
  - Tram Air-conditioning for Prague

### Key Financials

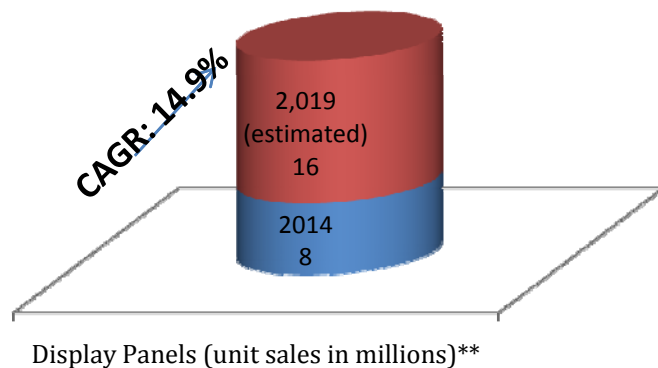
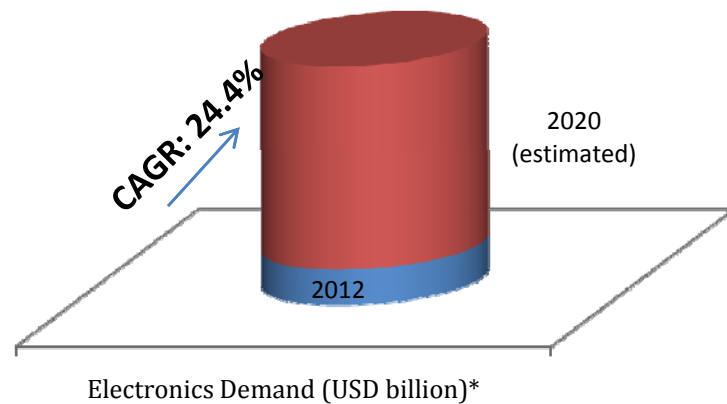


### Operating Segments





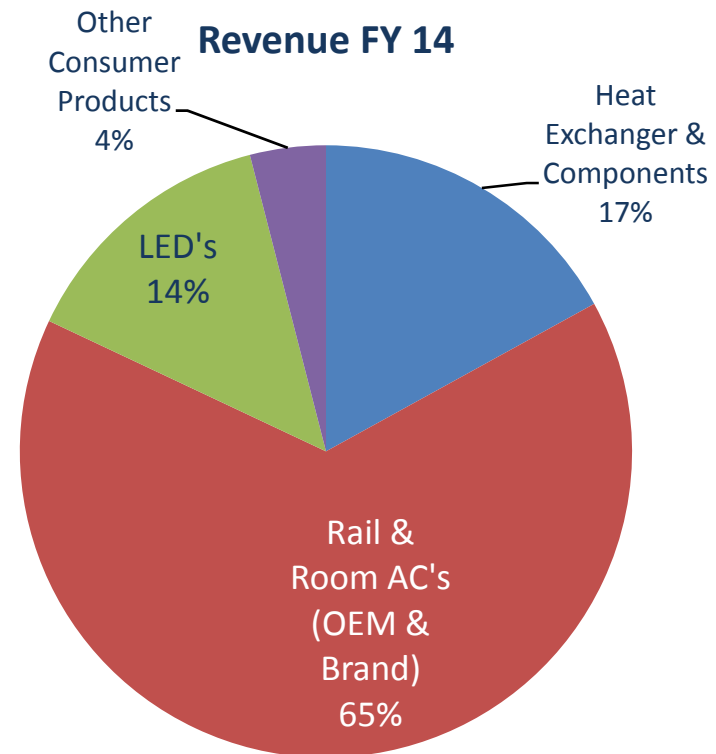
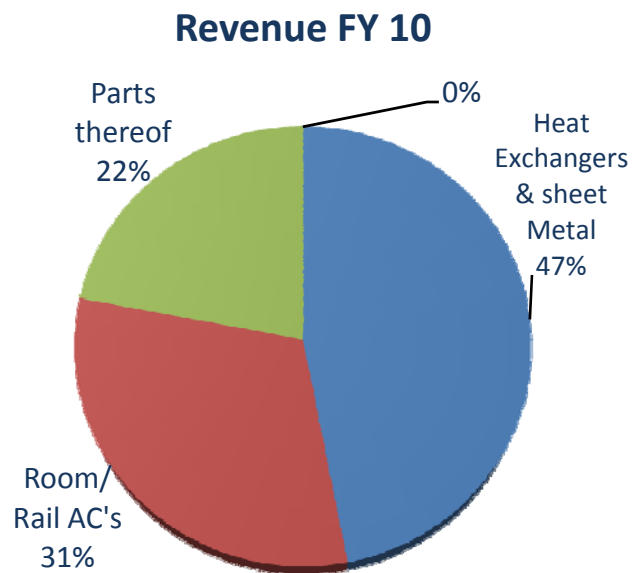
## Consumer Durable Industry Scenario



- ❖ One of the fastest growing electronics market in the world
- ❖ By 2020, the electronics market in India is expected to increase to USD 400 billion\*
- ❖ By 2025, India will be the 5<sup>th</sup> largest consumer durables market in the world (currently 12<sup>th</sup>)\*

\*Source: "Consumer Durables Market in India" by IBEF, March 2014; \*\*Source: Display Search, 2014

## Lloyd's share of Air-conditioners has doubled over last 5 years



*Rising focus on end products by leveraging product capabilities*



## Advantage India

### 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

### Untapped Opportunities

Rural and semi-urban markets currently contribute 35 per cent to total sales; their combined size is set to post a CAGR of 25% over 2010-15

Huge untapped rural market – currently there is only 2% penetration for refrigerators and 0.5% for washing machines

### Increasing Investments

The sector has attracted significant investments over the years (even during the global downturn of 2009-10)

USD 1 billion worth of investments in production, distribution and R&D in the next few years

### Policy support

100% FDI allowed in the electronics hardware-manufacturing sector under the automatic route

Duty relaxation, schemes such as EPCG, EHTP to provide tax sops

National Electronic Policy (2012) to boost investment in the sector



## SWOT Analysis

### Strength

Brand is getting more visible amongst its audience & is now well established( specially in AC category)

Robust Dealer Network  
Pan India

Service Infrastructure in  
all parts of India  
ensuring KKG

### Weakness

No aspiration or  
likability for the Brand.  
Still driven by Push  
Factors

Infrastructure for  
manufacturing unit is  
still not adequate for  
the volume growth

Many mediums like  
Online/Outdoor are yet  
to be exploited

### Opportunities

Penetration level of  
consumer durables is  
still low in India & the  
growth in market will  
be very large  
considering our  
country's demographic

The entry cost for new  
brands is very high. So  
competition from  
newer entrants is  
limited in coming years  
& also proves to be a  
time consuming  
process

### Threats

Sudden drop in pricing  
strategy of leading  
brands could erode the  
consumer base

Large Chinese Co.s  
with deep pockets &  
manufacturing bases  
could also shift market  
share to theses Co.s  
, who are at present  
having insignificant  
market share

## Consumer Product Segment- Unique Strategy focus.....



### Competing on Customer Delight....

Quality

Warranty

Service

Price

To be **inferred** – based  
on product  
performance, service  
standards, display, communica  
tion & WOM

Already **best-in-class** – needs to be communicated



**deal-  
sweetener** – to  
come as a pleasant  
surprise at the point of  
sale

## Our Future Growth Strategy.....



LLOYD's Strategy is to gain market share in the top 10 cities where consumers are more brand conscious

- The **top 13 metropolitans** account for about **75%** of the sales by value
- That is almost **half** of the entire consumer durables market in India
- And if we take only LEDs & ACs, this share will rise to more than **65%**

Rank (as per CD + FMCG consumption)	City
1	Mumbai
2	Delhi / NCR
3	Kolkata
4	Chennai
5	Bangalore
6	Hyderabad
7	Ahmedabad
8	Pune
9	Surat
10	Coimbatore
11	Nagpur
12	Vadodara
13	Ludhiana

Source: *Hansa Infosource*, June 2013



## High Value Customers

Help elevate brand stature while enhancing profitability

Top – end products across categories





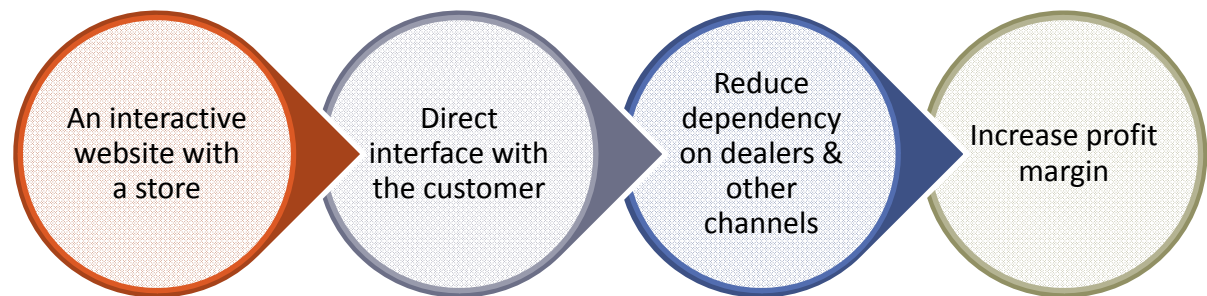
## Online Selling Strategy....

### Online Marketplaces



### Developing our own platform

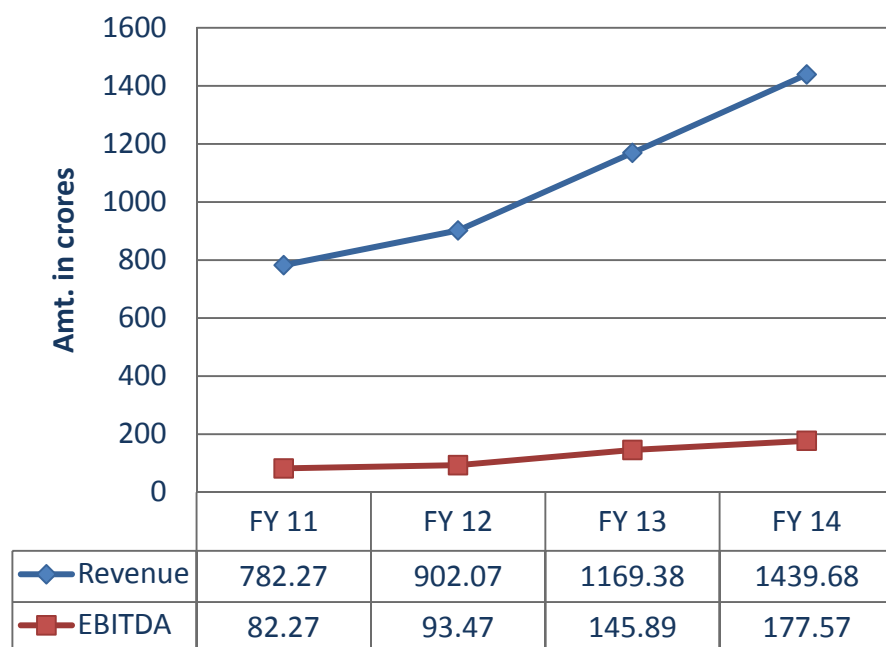
[www.mylloyd.com](http://www.mylloyd.com)



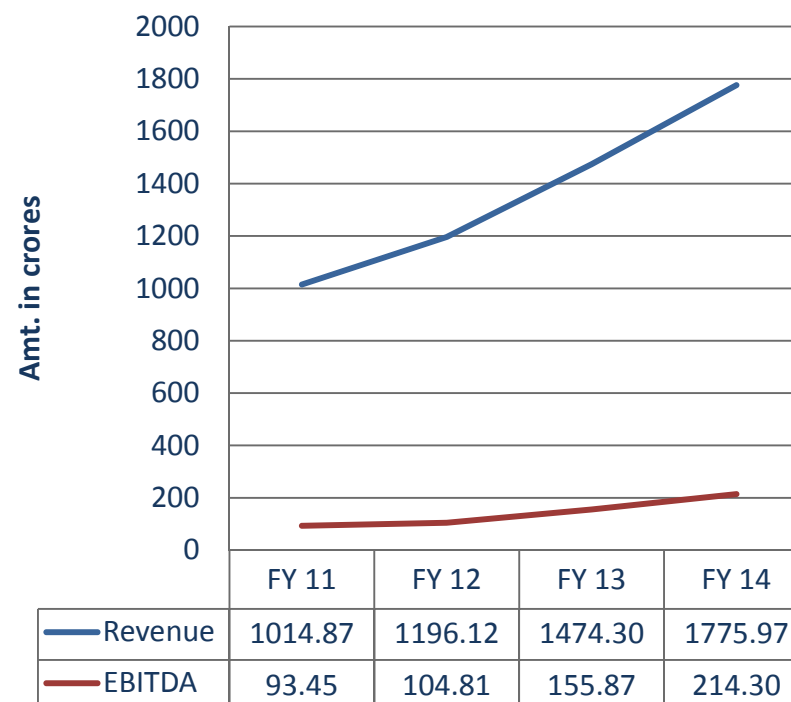


## Last Four Years Performance Indicator

### Standalone Highlights



### Consolidated Highlights

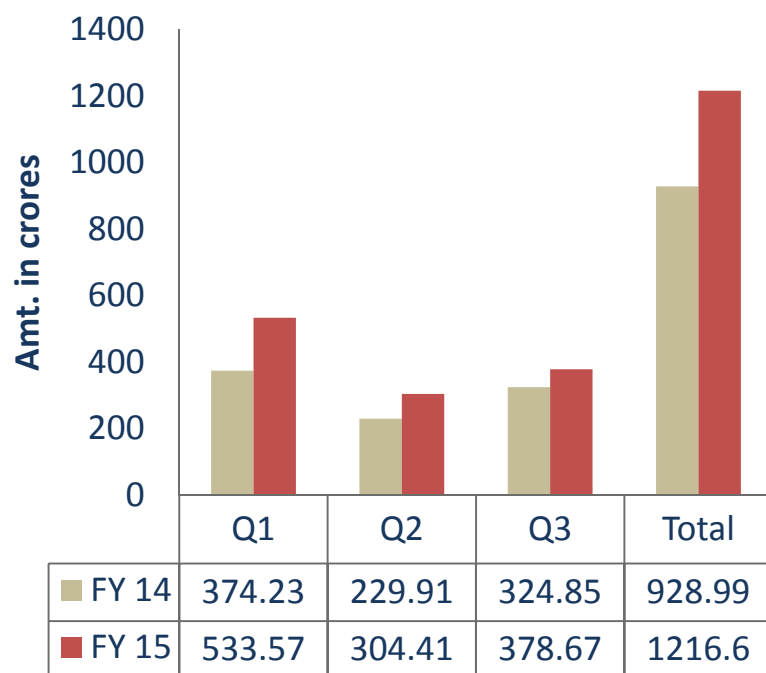


Note: EBITDA includes Other Operating Income

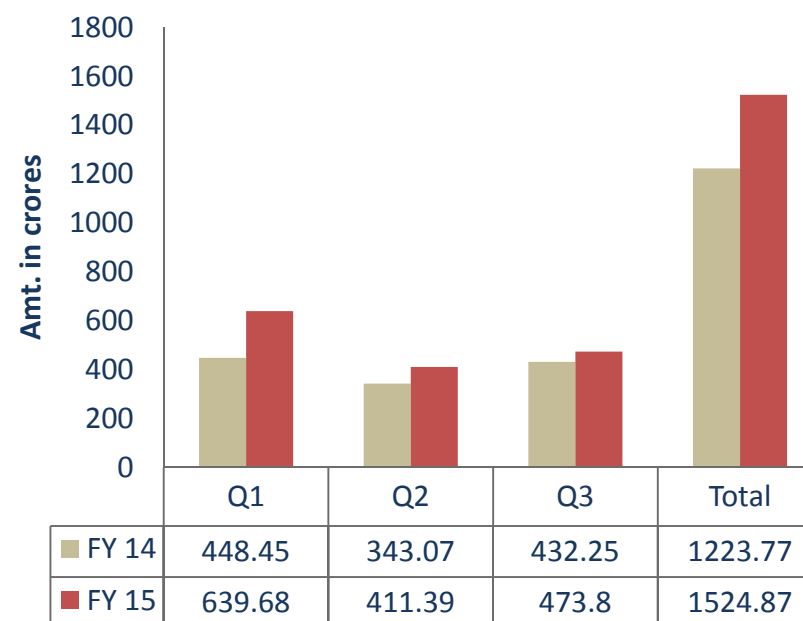
## Quarter-wise Revenue Break-up



Standalone Revenue



Consolidated Revenue





## Key Financials - Standalone

INR in crores

Particulars (Rs. In crores)	Dec'14	2014	2013	2012
Total Revenue (Standalone)	1219.15	1452	1175	1050
Total Revenue (Consolidated)	1524.87	1825	1479	1351
EBIDTA	126.47	189.58	145.88	106.72
EBIDTA (%)	10.37%	13.08%	12.41%	10.06%
Interest	67.79	84.02	50.75	32.4
Depreciation	18.77	23.79	22.26	21.29
Profit Before Tax	39.91	81.77	72.87	53.02
Profit Before Tax (%)	3.27%	5.63%	6.20%	5.86%
Profit After Tax	31.59	76.09	56.15	39.33
Profit After Tax (%)	2.59%	5.24%	4.78%	4.35%
EPS (Standalone)	8.94	21.54	15.89	11.13
PAT (Consolidated)	40.57	89.12	52.80	35.12
EPS (Consolidated)	11.49	25.23	14.94	9.94





## Working Capital

	31.03.2012		31.03.2013		31.03.2014		30.09.2014	
Working Capital Cycle	Rs. In crores	Days	Rs. In crores	Days	Rs. In crores	Days	Rs. In crores	Days
Debtors	171.39	60	229.63	71	331.82	83	349.51	76
Inventory	335.42	117	444.84	138	564.69	142	574.14	125
Total	506.81		674.47		896.51		923.65	
Less Creditors	87.42		103.40		173.98		184.73	
<b>Net Working Capital</b>	<b>419.39</b>	<b>146</b>	<b>571.07</b>	<b>177</b>	<b>722.53</b>	<b>182</b>	<b>738.92</b>	<b>161</b>



## Borrowings- Standalone

Rs. In crores	FY 12	FY 13	FY 14	Sep'14
Working Capital Loans	252.97	336.37	456.97	493.23
Term Loans	101.24	94.67	124.63	108.55
Installments Due within One Year	17.76	42.33	36.89	35
<b>Total Borrowings</b>	<b>371.97</b>	<b>473.37</b>	<b>618.49</b>	<b>636.78</b>

**THANK YOU**

