

Business Presentation

Phoenix Lamps Limited



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I. Company Overview



Company Overview

- Sale of general lighting business completed end August 2013 for Enterprise Value of Rs 160 crore. Company is now a fully focused automotive lighting player
- Market leader in automotive halogen bulbs in India with approximately 50% market share in passenger vehicles, 70% in commercial vehicles and 70% in two wheelers OEMs
- Comprehensive product portfolio of halogen bulbs for the automotive industry with existing capacity of over 80 mn units p.a. in auto halogen bulbs
- Largest manufacturer in India controlling ~50 - 60% of the total manufacturing capacity in the country and among the top 5 globally with 20+ years of manufacturing excellence and institutionalized knowledge
- Well entrenched relationships with the leading Japanese, Korean, European and Indian OEMs who have approved the manufacturing facilities
- Strong International presence with exports to more than 80 countries. Overseas operations in Europe with significant market share in the aftermarket segment
- More than half of sales are under own brands including India's oldest domestic aftermarket brand and 90 year old European brand for international markets (~82% of sales in India is branded and ~26% of export sales is branded)

** Market related data based on publicly available sources and Management Estimates*

II. Manufacturing Overview



Large Automated Manufacturing Facilities

Unit Location

Manufacturing facilities in both domestic tariff area and special economic zone in Noida enables meeting diverse customer requirements

Accreditations

Compliance with international standards ECE37R, MVSS108, ISO 9001:2008, OHSAS 1881:2007, ISO/IES 17025:2005 and AIS-037 (ICAT) and E1 homologation certificates

Key Products

H4, HS1, H1, H7, H3, H8, M5, 9000 series and long life variants

Current Annual Capacity

More than 80 mn lamps across 14 production lines

Workforce

1,140 employees



Manufacturing Capabilities and Advantages

- Adequate controls in place to meet OEM quality requirements
- Stable operations resulting from over 20 years of experience in running large scale cost-competitive capacities for halogen bulbs
- Low lead time in terms of approval for products by OEMs
- Operating Cost advantage vis-à-vis competition
- Ability to procure standard operational lines and customize /automate them at low costs
- Technology & skilled man power base which is critical for bulb manufacturing with high precision

Bridge Making Process



Mount Making Process



Bulb Forming Process



Sealing Process



Tube Cutting Length Checking



Key Products Overview (1/2)

Bulb Type				
	H4/ H4 LL	H1	H7	9000 series
Description	• Dual filament	• Single filament with high beam	• Single filament with low beam	• Base designed to prevent corrosion • Single/ double filaments
Vehicle type	4 wheelers	4 wheelers	4 wheelers	4 wheelers
Application	Headlamp	Headlamp	Headlamp	Headlamp
Volts	12 and 24 V	12 and 24 V	12 V and 24 V	12 V



Key Products Overview (2/2)

Bulb Type				
	H3	H8 / H9 / H11	HS1	M5
Description	• Single horizontal filament • Visibility during fog by bright yellow lights	• Single filament lamps • Special corrosion preventive base	• Dual filament	• Dual Filament
Vehicle type	4 wheelers	4 / 2 Wheelers	2 / 3 wheelers	2 wheelers
Application	Fog Lamp	Head / Fog Lamp	Headlamp	Headlamp
Volts	12 V and 24 V	12 V	12 V	12 V



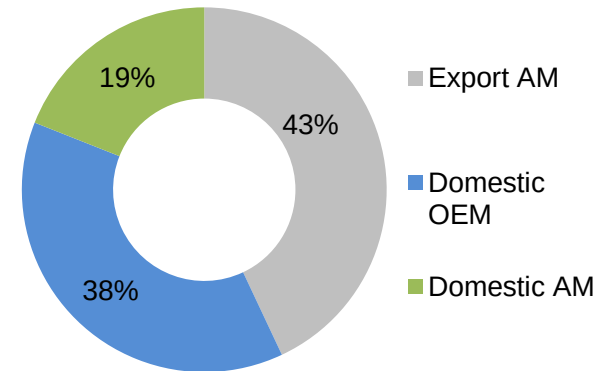
III. Business Overview (Standalone)



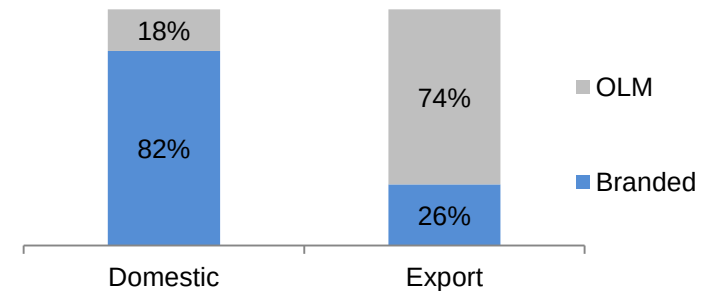
Diversified Revenue Mix

- Approx. 57% of sales is from the domestic market, of which around two thirds is to OEMs and one third is to the aftermarket
- 43% sales is exports, all of which is to the aftermarket segment; of this, approximately two-third is contributed by Europe
- Strong brand portfolio for the Indian as well as the international aftermarket
 - India's oldest aftermarket brand in the automotive halogen bulb category
 - 90 year old brand for international markets recognized for the strong value for money proposition it offers to the consumer
 - Long-standing supply relationship with leading global OLMs (Original Lamp Manufacturer) differentiated through a strong service delivery platform

Domestic vs Export Sales mix – FY 13

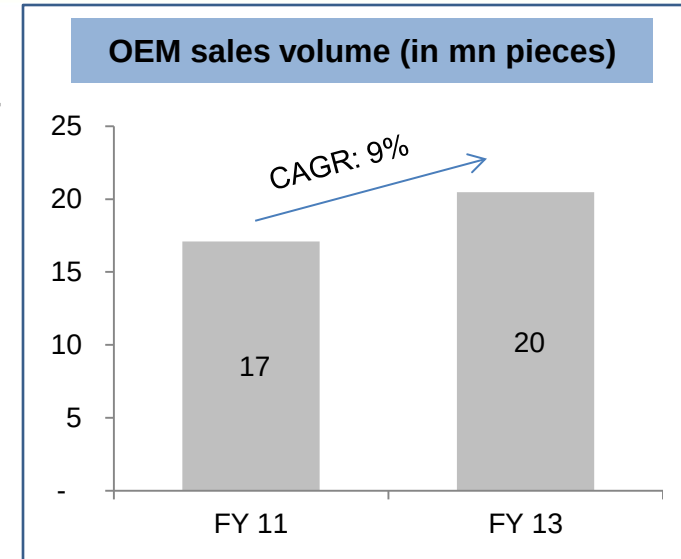


Branded and OLM sales mix – Jan to June 13



Domestic OEM Segment

- Over a decade of deep and continued relationships with the key OEM clients across the Industry, sustaining higher growth vis-à-vis the industry
- Leading share of business with several of its OEM clients, offering high level of customer stickiness and revenue visibility
- Manufacturing facilities accredited with domestic and international OEMs for the Indian/ international markets
- Leading market share across all OEM segments – approximately 50% market share in passenger vehicles, 70% in commercial vehicles and 70% two wheelers for OEM fitments
- High entry barrier for new entrants entering the Indian market, who would require significant lead time for OEM approvals (typically 2 - 3 years)
- *Current set of OEM approvals, long standing relationships with key OEM clients, manufacturing scale, capability and technical knowledge provides the company unique competitive advantages to serve OEM clients*



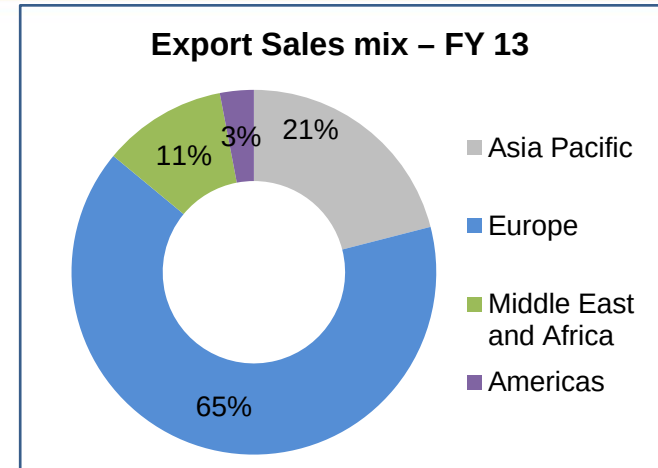
* Market related data based on publicly available sources and Management Estimates

Domestic Aftermarket Segment

- India's oldest domestic aftermarket brands (Halonix & Phoenix) in the automotive halogen bulb category
- Aftermarket presence across retail, private label and OEM segments:
 - Domestic aftermarket presence backed by a strong brand and wide distribution footprint in the country (200+ dealers)
 - Largest private label supplier supplying to various leading players in India
 - Supplies to OEMs for their Aftermarket network
- Leadership position in North India within the organized market, strengthening distribution to other parts of the country to drive growth
- Company is recognized for its strong value for money proposition within the market

International Aftermarket Segment

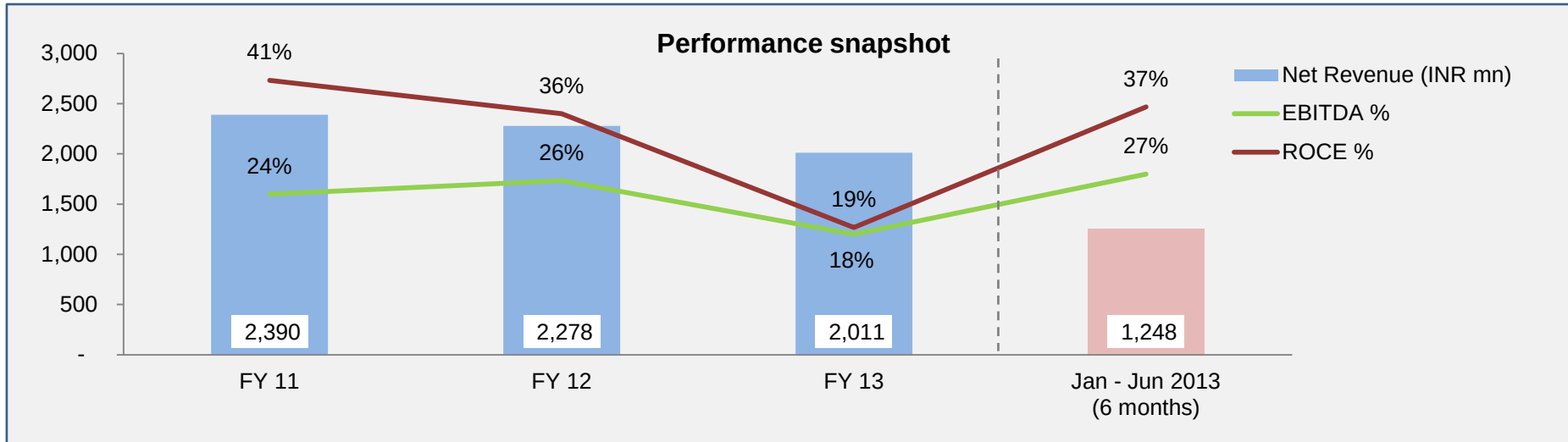
- The manufacturing facilities are approved by International OLMs; H4, H7, H8, H9 and 9000 Series – key products for international market
- Exports to 80 countries globally;
- European markets constitute significant share of the total export revenues for the Company
 - Presence in Europe through offices and warehouses which helps in meeting customers' requirement on short notices; Germany, France and Luxembourg are the key markets for the Company; commands sizeable share of the European Aftermarket
- Recent acquisition of the European distributor to improve focus - leading to increased sourcing of bulbs from the company as well as provide direct access to
 - Sustainable OLM business serving the leading global brands and large retailers- long standing relationships differentiated through a strong service delivery platform
 - Established global brand combined with cost competitive manufacturing and strong European presence can be leveraged to accelerate international growth, especially in emerging markets



IV. Financial Highlights



Financial Snapshot



- Revenue declined in FY 2012 & FY 2013 primarily due to drop in sales from the export aftermarket owing to restructuring of the business in Europe; January to June 2013 reflects performance after completion of European restructuring
- EBITDA values adjusted for non-recurring items for corresponding periods
- Return on Capital Employed (ROCE) has been calculated as pre-tax normalized EBIT / Average Capital Employed
- Jan – June 2013 numbers represent actual revenue and EBITDA for the period Jan – June 2013, while annualized ROCE for the same period



THANK YOU

