



Kajaria Ceramics Limited

Investor Update – Q3FY24

January 31, 2024

Kajaria

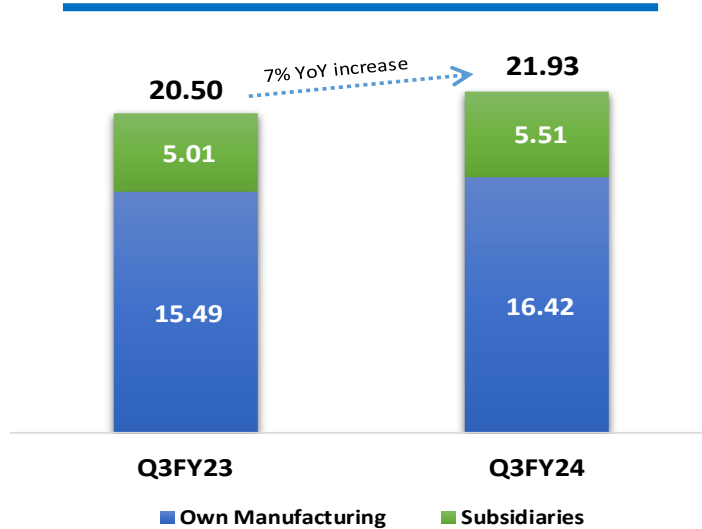
- Chairman's Message
- Financial Performance – Q3FY24
- Near Term Growth Outlook
- Growth Enablers
- Subsidiaries
- Expansion on Card
- Income Statement
- Shareholding Pattern

Despite the sustained demand challenges witnessed over the past few quarters, we achieved a 6% growth in sales volume, selling 27.09 MSM in Q3FY24 compared to 25.45 MSM in Q3FY23.

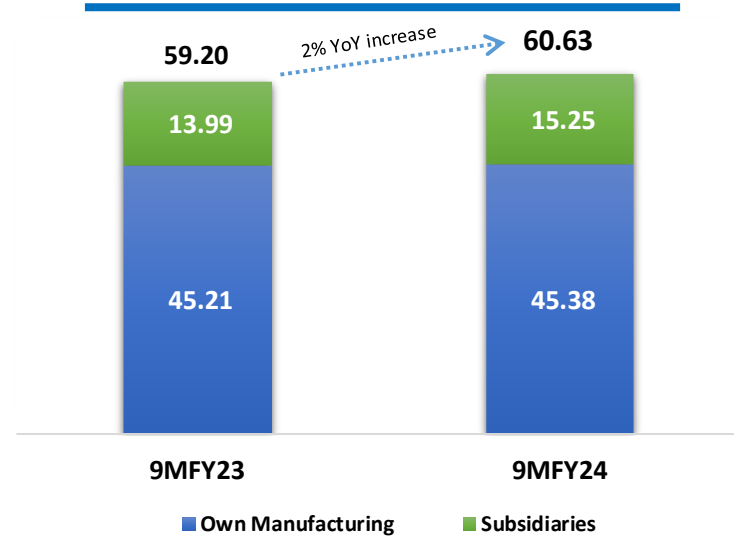
Consolidated revenue for the quarter reached ₹1152 crores, reflecting a 6% growth compared to the same period last year. The EBITDA margin for Q3FY24 was 15.52%, marking an increase of 332 basis points compared to the previous year same quarter. PAT for Q3FY24 grew by 40% to ₹104 crores as compared to ₹74 crores in Q3FY23.

Considering the optimism in the real estate sector, we remain optimistic about the demand outlook for the tile industry. Given this positive outlook, we believe that the company will continue to deliver industry-leading performance driven by our sustained focus on branding, improving the quality of our distribution network and by enhancing our focus on value added products.

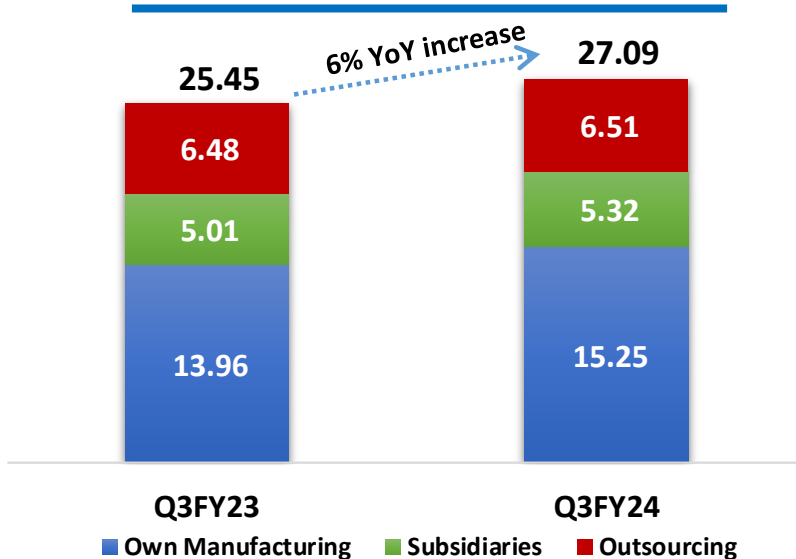
Production (MSM) – Q3FY24



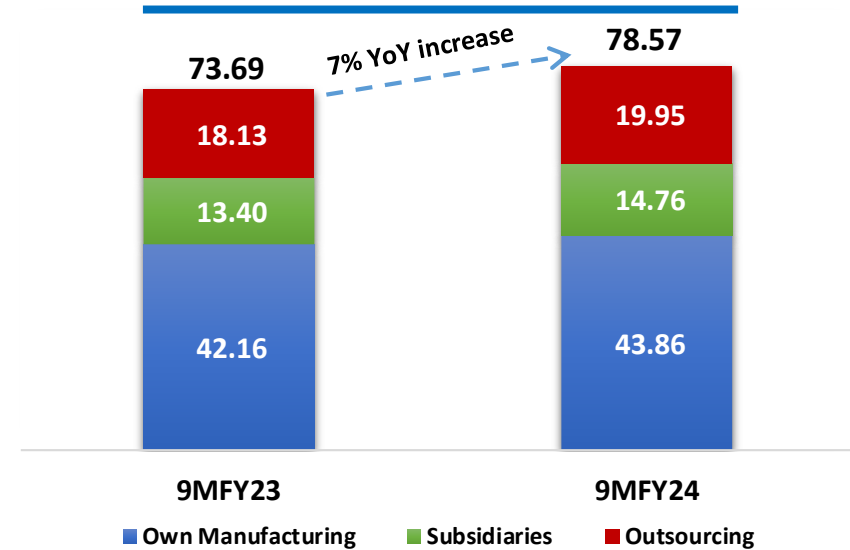
Production (MSM) – 9MFY23



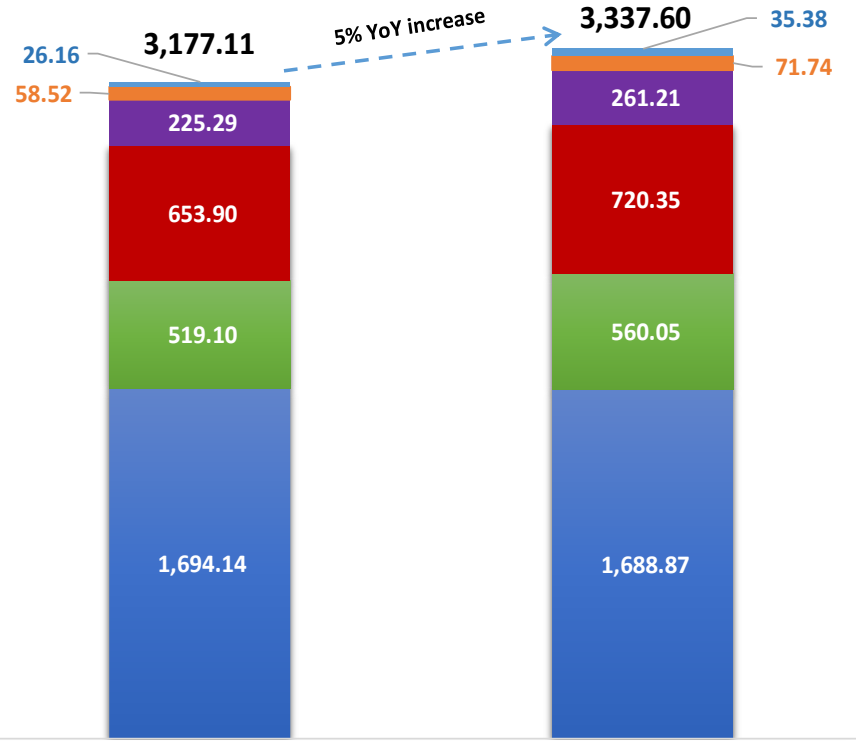
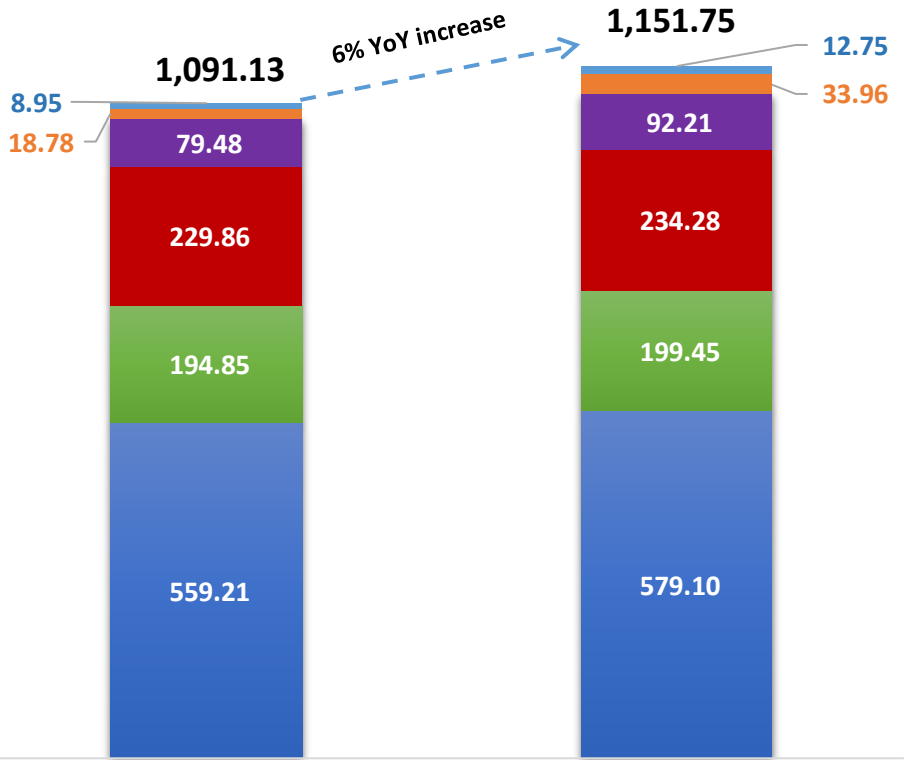
Sales (MSM) – Q3FY24



Sales (MSM) – 9MFY24



₹ in crores

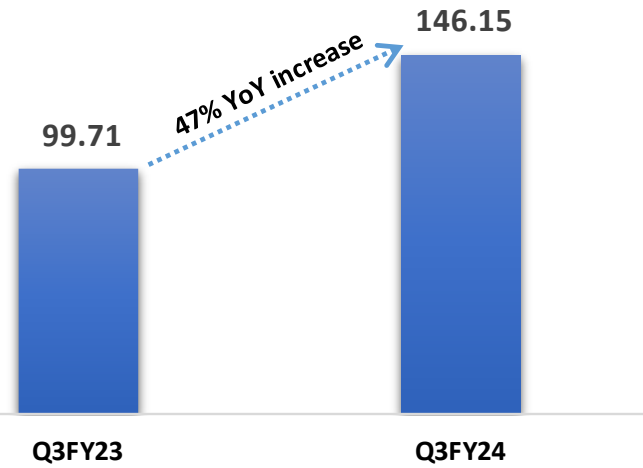


- Own Manufacturing (Tiles)
- Subsidiaries (Tiles)
- Outsourcing (Tiles)
- Sanitaryware / Faucets
- Plywood
- Adhesive

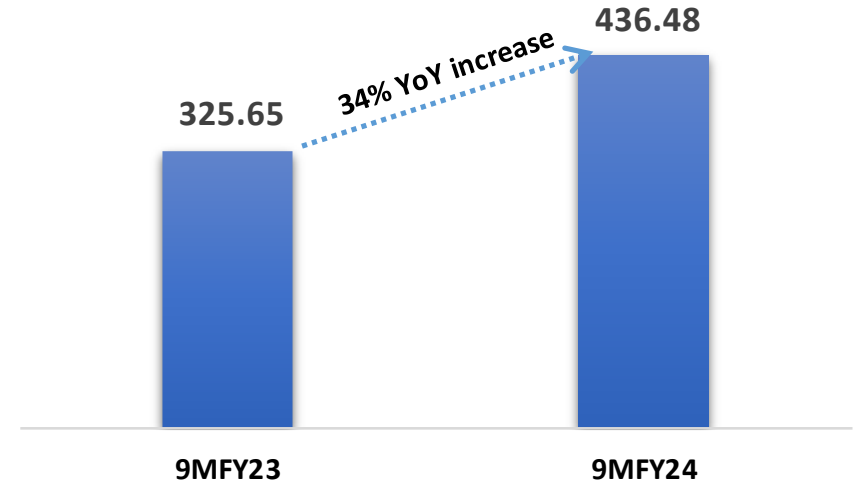
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₹ in crores

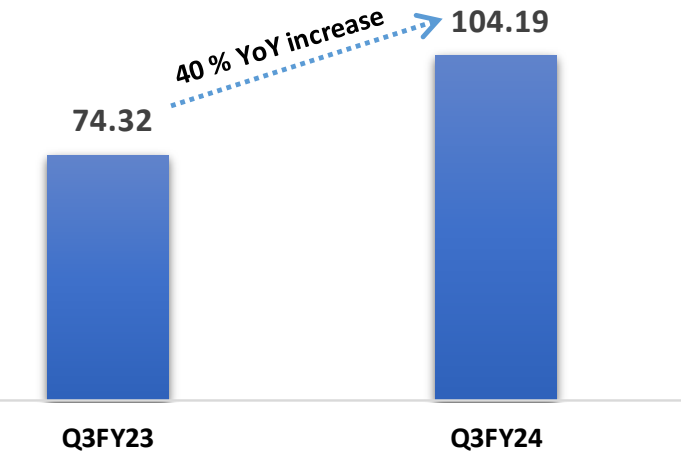
PBT – Q3FY24



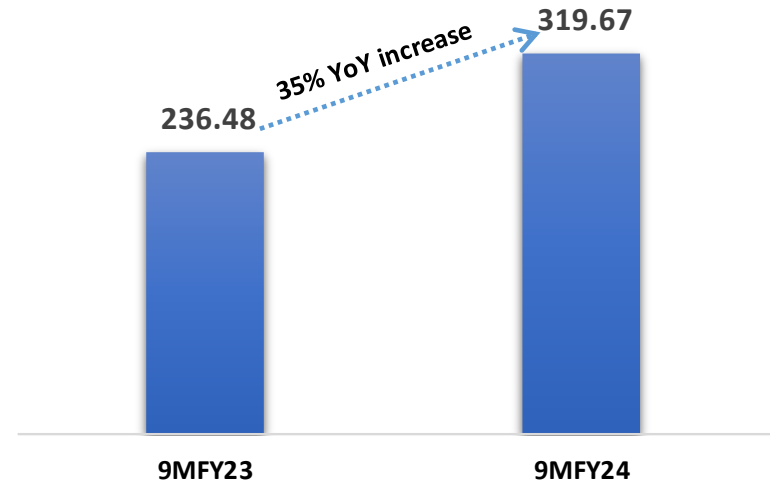
PBT – 9MFY23

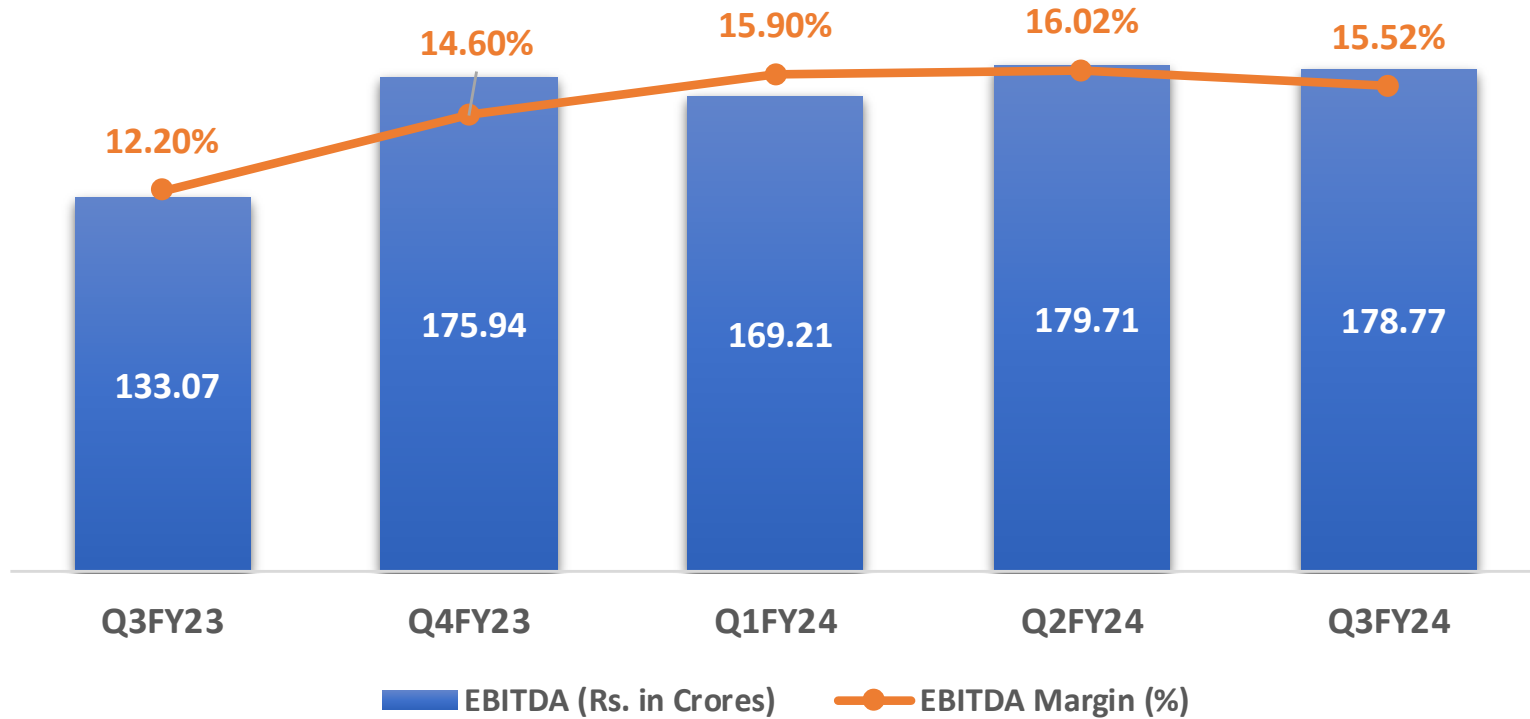


PAT – Q3FY24

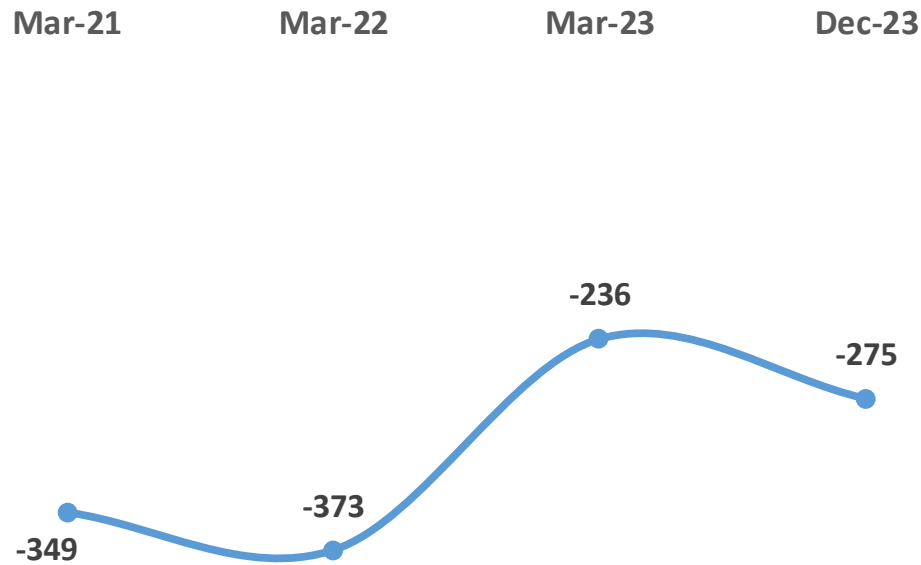


PAT – 9MFY24

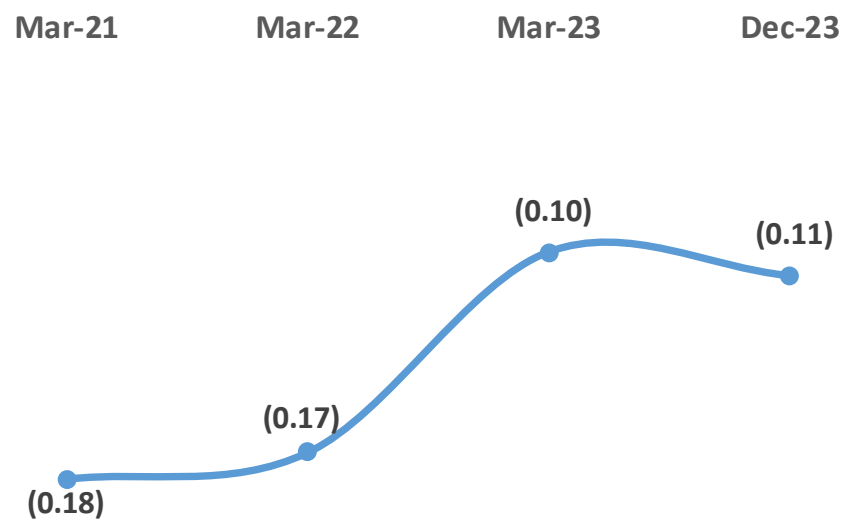




Net Debt (Rs. in Crores)



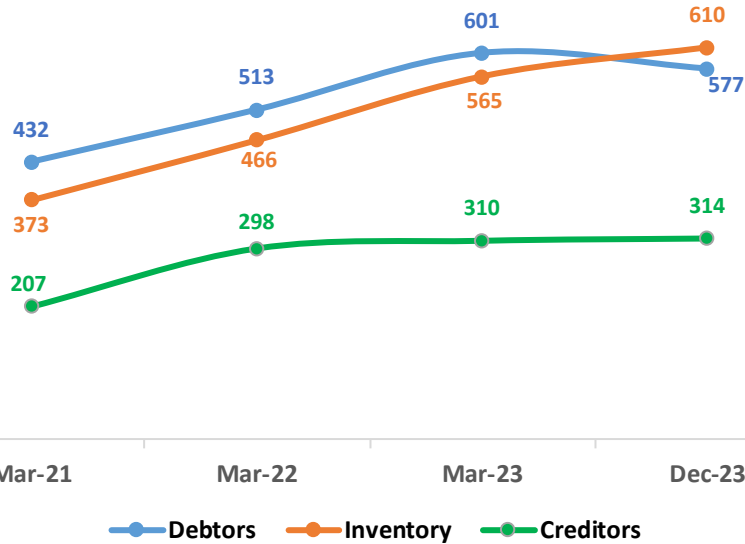
Net Debt to Equity (x)



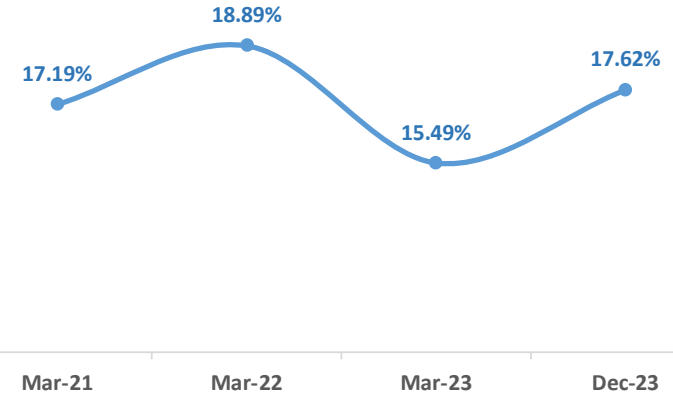
* Net of cash and cash equivalents

Key Ratios (Consolidated)

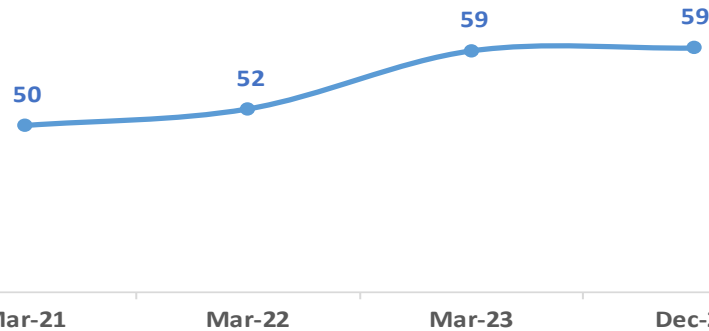
Working Capital (Rs. in Crores)



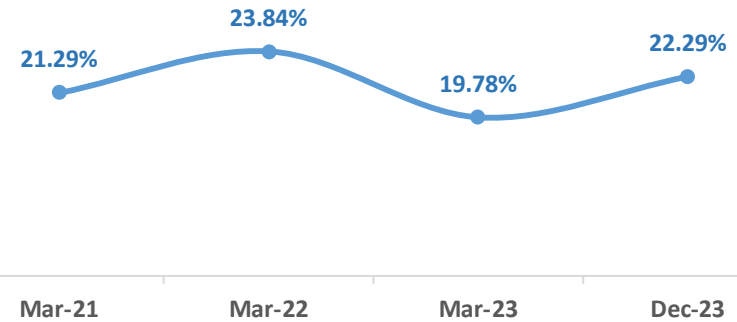
Return on Equity (avg.)



Working Capital (Days)

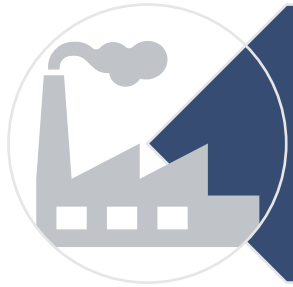


Return on Capital Employed (avg.)



- ROE as on 31st Dec 23 taken at average of net worth as on 31st March 23 & 31st Dec 23 and on 9M FY24 PAT.
- ROCE as on 31st Dec 23 taken at average of capital employed as on 31st March 23 & 31st Dec 23 and on 9M FY24 EBIT.
- Working capital days excludes capex creditors, capital advances and cash, cash equivalent & bank balance.
- For calculation of Mar-21 working capital days, only Q2, Q3 and Q4 FY21 sale has been considered.

- ❑ Recent upturn in real estate cycle to have a positive rub-off effect on tile demand in FY25.
- ❑ Interest rates likely to come down next year – to boost real estate sector further.
- ❑ Govt. thrust on building India and revival of private capex
- ❑ Sustenance of export growth momentum for Morbi players to aid lower competitive intensity in domestic space.
- ❑ Shift expected to continue from unorganised to organised sector.
- ❑ **Our endeavor is to grow 5-6% higher than the growth in the domestic tile industry**



Manufacturing



Channel Partners



People



Branding



Premiumisation



Scaling up of
adjacencies

1. MANUFACTURING

- Multi-locational plants equipped with cost efficient fuel arrangements.
- Recently installed Continua+ press in North & South India.
- Focus to add incremental units (**Recently acquired Morbi unit, Nepal JV, Plywood JV & Sanitaryware unit in Morbi**) with higher asset turns & RoCEs.

2. PEOPLE

- Most experienced sales team with average retained age at 14-15 years.
- Introduction of Sales Force Automation (SFA) from April 2024 to improve employee productivity

3. PREMIUMISATION

- Increasing focus on value added tiles like large format tiles or slabs.
- Higher focus on premium sanitaryware and faucets.

4. CHANNEL PARTNERS

- Strong distribution network encompassing 1,800+ dealers of which 400 have exclusive showrooms
- Focus to improve quality of distribution network.
- Introduction of Dealer Management System (DMS) to improve business efficiency.

5. BRANDING

- Branding spends currently around 3% of revenues.
- Only tile company to rope in two brand ambassadors for brand building.
- Aggressive branding spends to continue in tiles and accelerate on Kerovit

6. SCALING UP OF ADJACENCIES

- Sanitaryware & Faucets:** Commissioning of state-of-art sanitaryware unit in Morbi in March 2024, focusing on premiumisation and expanding distribution network
- Plywood:** Acquiring 51% stake in plywood company based in North India to ensure consistency in supplies and quality.
- Tile grout & adhesives:** Expanding range and distribution network.

A. KAJARIA VITRIFIED PVT. LTD.

Kajaria Vittrified Pvt. Ltd. is based in Morbi (Gujarat). Kajaria has 95% stake in the same. The company has annual capacity of 8.90 MSM of polished vitrified tiles. The Company has operated at optimum capacity during Q3 FY24.

B. KAJARIA INFINITY PVT. LTD.

Kajaria Infinity Pvt. Ltd. is based in Morbi (Gujarat). Kajaria Ceramics has 80.79% stake in the same. Kajaria Infinity has annual capacity of 5.70 MSM of glazed vitrified tiles and operated at optimum capacity during Q3 FY24.

C. SOUTH ASIAN CERAMICS TILES PVT. LTD.

Kajaria Ceramics has 51% stake in South Asian Ceramics Tiles Pvt. Ltd., Telangana. The Annual production capacity of South Asian Ceramics is 4.75 MSM ceramic floor tiles. The Company has operated at 89% capacity during Q3 FY24.

D. KAJARIA BATHWARE (P) LTD. (KBPL)

Kajaria Bathware is a subsidiary of Kajaria Ceramics Ltd, in which Kajaria owns 85% (on diluted basis), and Aravali Investment Holdings, Mauritius, a wholly-owned subsidiary of WestBridge Crossover Fund, LLC, owns a 15% stake.

- a) **Sanitaryware:** The Sanitaryware plant is situated in Morbi, Gujarat, with a production capacity of 7.50 lakh pieces per annum. The plant has been producing more value-added products and operated at 80% of the capacity in Q3FY24.
- b) **Faucet:** This facility is situated in Gailpur, Rajasthan, with a production capacity of 1.60 million pieces per annum. The plant operated at 78% of the capacity in Q3FY24.

E. KAJARIA PLYWOOD PVT. LTD. (KPPL)

Kajaria Plywood Pvt. Ltd., a wholly-owned subsidiary of Kajaria Ceramics Ltd.

KPPL is offering plywood and laminate products under the brand name KajariaPLY.

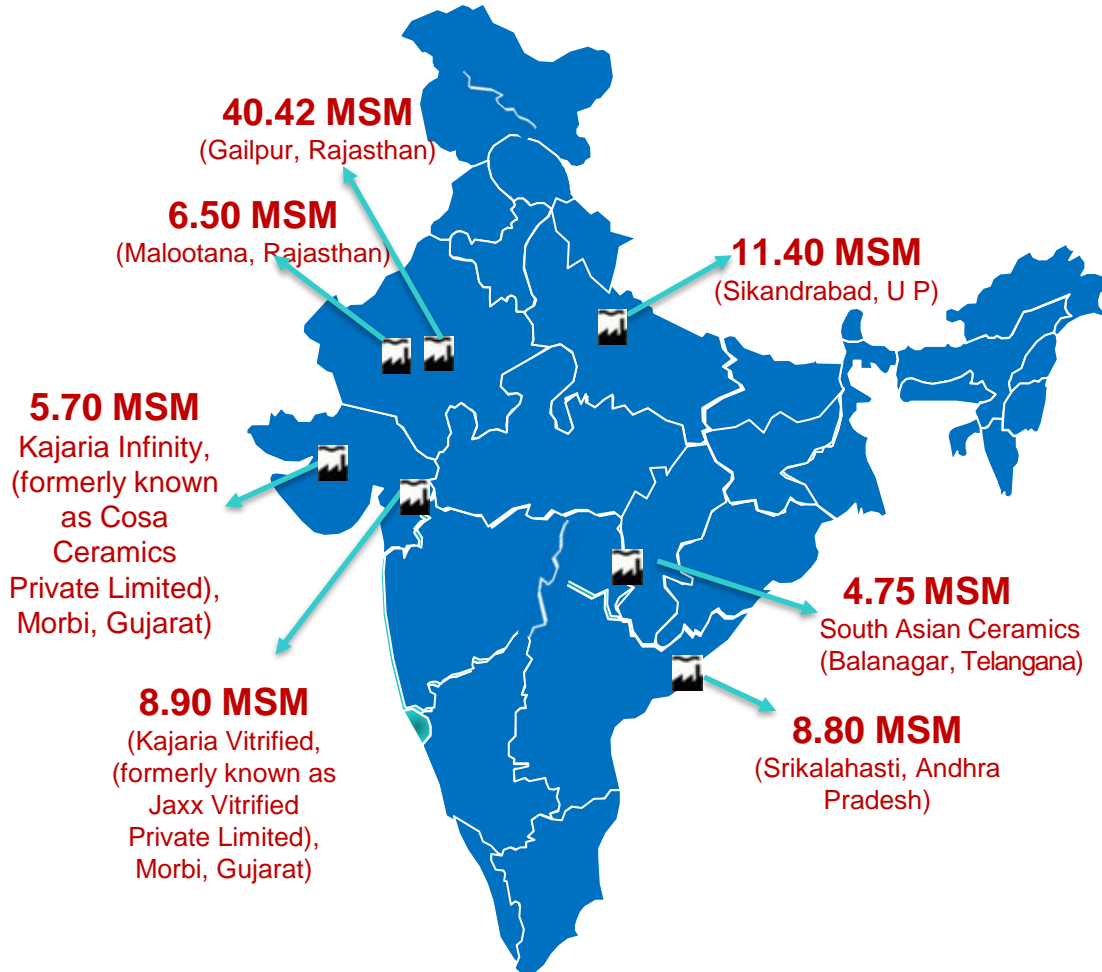
Kajaria Ply proposes to acquire majority stake in an entity to manufacture plywood and allied products.

F. KAJARIA INTERNATIONAL DMCC (wholly owned subsidiary)

- Kajaria International DMCC was established to expand its presence in the international market. The company has undertaken two joint ventures – one in the UAE and the other recently incorporated in the UK.

ASSET OVERVIEW

Total Tile Capacity 86.47 MSM at present



Plant	Production Capacity (MSM)			
	Ceramic Wall & Floor Tiles	Polished Vitrified Tiles	Glazed Vitrified Tiles	Total
1. Sikandrabad (UP)	-	-	11.40	11.40
2. Gailpur (Rajasthan)	31.32	-	9.10	40.42
3. Malootana (Rajasthan)	-	6.50	-	6.50
4. Morbi (Gujarat)	-	8.90	5.70	14.60
5. Srikalahasti (AP)	-	-	8.80	8.80
6. Balanagar (Telangana)	4.75	-	-	4.75
Total	36.07	15.40	35.00	86.47

A. Kerrovit Global Pvt. Ltd. (Gujarat)

The Board in its meeting held on 21st January 2022, had considered that Kajaria Bathware Pvt Ltd (KBPL) to invest upto ₹80 crores in Kerovit Global Pvt Ltd (KGPL) to make it a WoS and to set up a sanitaryware manufacturing facility having production capacity of 6 lacs pcs p.a. in the state of Gujarat. This expansion is expected to be completed by March/April 2024.

B. Investment in Nepal

The Board in its meeting held on 25th March 2023, had approved putting up a 5.1 MSM capacity plant at a project cost of ₹ 181.49 crore in Nepal, on joint venture basis between the Company and various individuals affiliated with Ramesh Corp, Nepal. The project is slightly delayed due to incessant rain in Q3, and the project commissioning is now expected by June 2024.

C. Investment in Keronite Tiles Private Limited (KTPL)

The Board in its meeting held on 31st January 2024, has approved an investment up to ₹ 50 crores for acquiring or manufacturing facility at Morbi (Gujarat) having an annual production capacity of 6 MSM of GVT by way of acquiring upto 90% stake in KTPL. After the proposed investment, KTPL will become a subsidiary of the company.

D. Investment in Kajaria Ultima Private Limited (KUPL)

The Board in its meeting held on 31st January 2024, has approved an investment upto ₹ 30 crore in KUPL to purchase land in Morbi. KUPL plans to put up a large format tile manufacturing facility in Morbi at a later date. After the proposed investment, KUPL will become a wholly owned subsidiary (WOS) of the company.

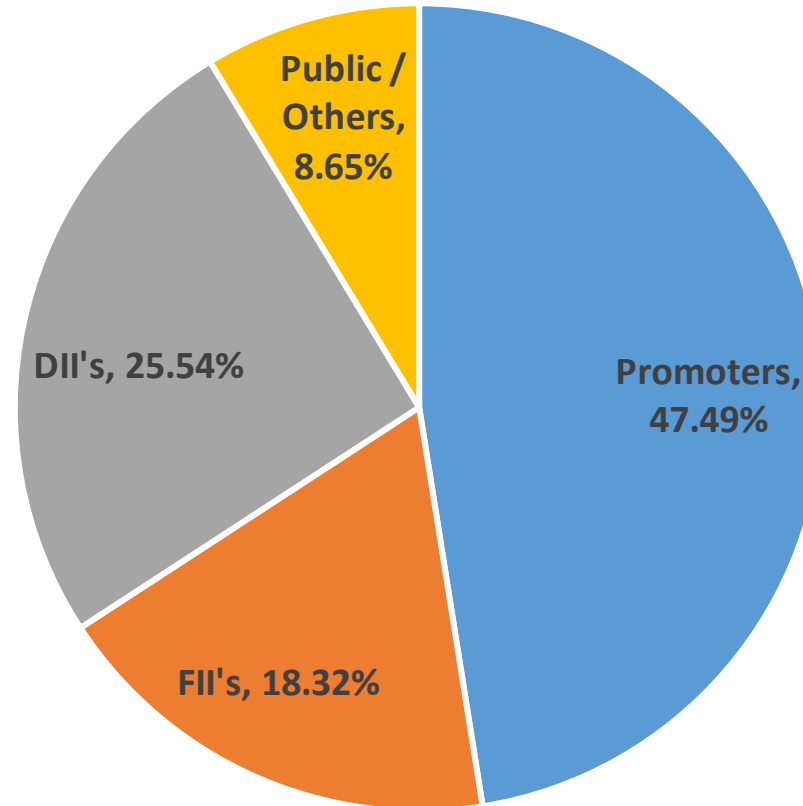
Income Statement - Financial highlights



	Q3 FY24		Q3 FY23		Growth		9M FY24		9M FY23		Growth	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	1,024.27	1,151.75	986.47	1,091.13	4%	6%	2,998.91	3,337.60	2,880.05	3,177.11	4%	5%
EBITDA	143.61	178.77	116.84	133.07	23%	34%	426.21	527.69	371.82	416.07	15%	27%
EBITDA MARGIN	14.02%	15.52%	11.84%	12.20%			14.21%	15.81%	12.91%	13.10%		
Other Income	16.50	11.27	12.69	7.48	30%	51%	44.29	28.80	37.25	23.20	19%	24%
Depreciation	29.68	38.91	23.39	32.53	27%	20%	78.75	105.50	67.88	98.54	16%	7%
Finance costs	2.22	4.98	4.45	8.31	-50%	-40%	6.17	14.51	7.36	15.08	-16%	-4%
Profit before Share of loss from JV, exceptional items, and Tax	128.21	146.15	101.69	99.71	26%	47%	385.58	436.48	333.83	325.65	16%	34%
Share of loss from Joint Venture	-	(0.30)	-	-			-	(0.50)	-	-		
PBT before Exceptional	128.21	145.85	101.69	99.71	26%	46%	385.58	435.98	333.83	325.65	16%	34%
Exceptional Items - loss (gain)	-	-	-	-			-	-	-	(3.66)		
PBT	128.21	145.85	101.69	99.71	26%	46%	385.58	435.98	333.83	321.99	16%	35%
Tax Expense	33.25	37.89	26.05	26.05	28%	45%	99.36	108.09	85.68	86.48	16%	25%
PAT before Minority	94.96	107.96	75.64	73.66	26%	47%	286.22	327.89	248.15	235.51	15%	39%
Minority Interest	-	3.77	-	(0.66)			-	8.22	-	(0.97)		
PAT after Minority	94.96	104.19	75.64	74.32	26%	40%	286.22	319.67	248.15	236.48	15%	35%
Cash Profit	124.64	143.10	99.03	106.85	26%	34%	364.97	425.17	316.03	335.02	15%	27%
Equity Share Capital	15.93	15.93	15.92	15.92			15.93	15.93	15.92	15.92		
EPS (Basic) (Rs.)	5.96	6.54	4.75	4.67	26%	40%	17.97	20.07	15.58	14.85	15%	35%

As on December 31, 2023

Equity Shares Outstanding – 159.26 millions



Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India and the 8th* largest in the world. It has annual capacity of 86.47 mn. sq. meters presently, distributed across seven plants - one at Sikandrabad in Uttar Pradesh, one at Gailpur and one at Malootana in Rajasthan, two at Morbi in Gujarat, one at Srikalahasti in Andhra Pradesh and one at Balanagar in Telangana.

For further information, please visit www.kajariaceramics.com or contact:

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* As per Ceramic World Review