

Kajaria

Corporate Presentation

24th Jul 2018

Agenda

Global Tile Industry

Indian Tile Industry











Kajaria Ceramics – overview

Financials

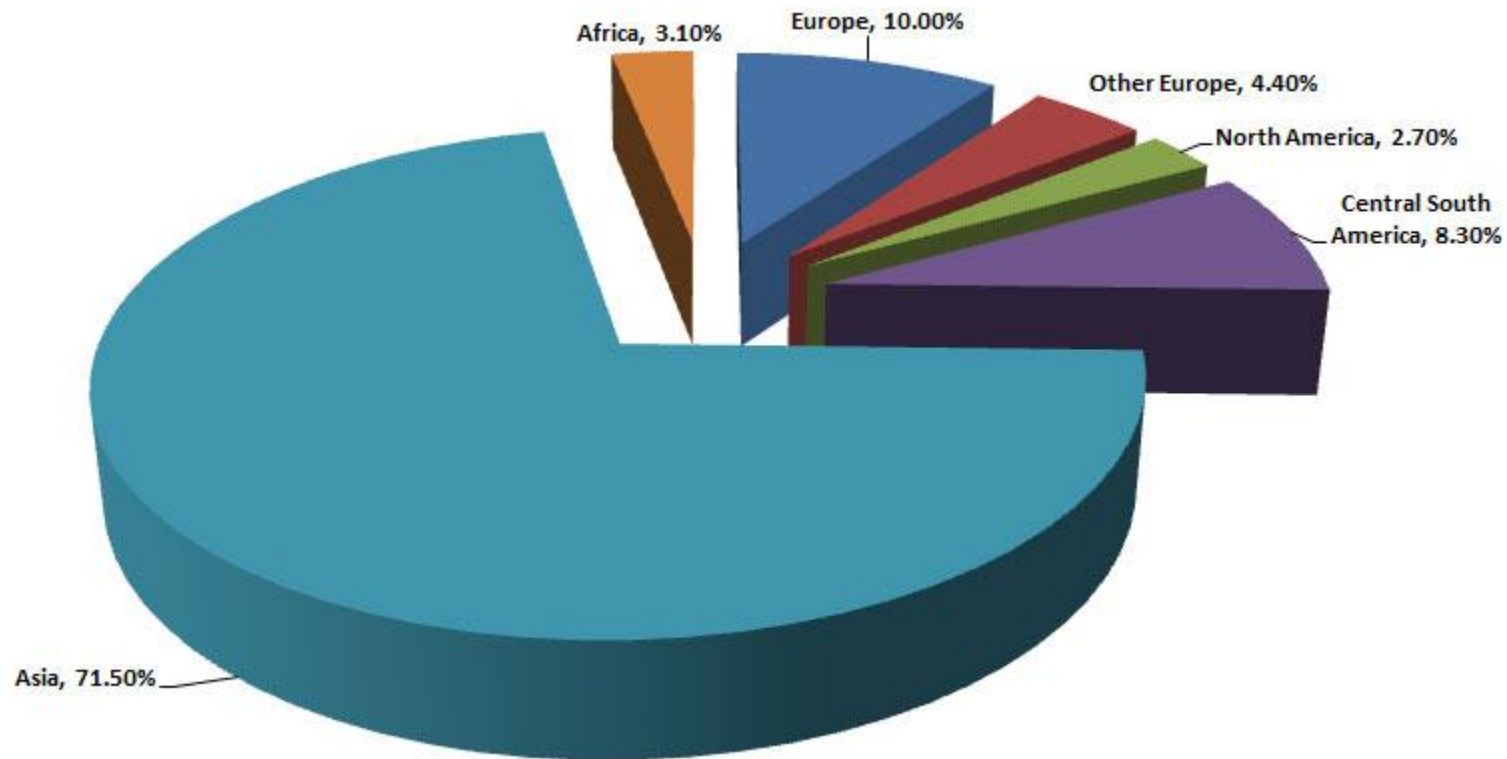
Shareholding Pattern

The production of top 10 countries...

(Million Sq Mtr)

		<u>CY12</u>	<u>CY13</u>	<u>CY14</u>	<u>CY15</u>	<u>CY16</u>	
	CHINA	5200	5700	6000	5970	6495	→ 50%
	INDIA	691	750	825	850	955	→ 7%
	BRAZIL	866	871	903	899	792	
	SPAIN	404	420	425	440	492	
	VIETNAM	290	300	360	440	485	
	ITALY	367	363	382	395	416	
	INDONESIA	360	390	420	370	360	
	IRAN	500	500	410	300	340	
	TURKEY	280	340	315	320	330	
	MEXICO	231	230	230	245	267	
TOTAL WORLD PRODUCTION		11226	11961	12377	12357	13056	











World production scenario



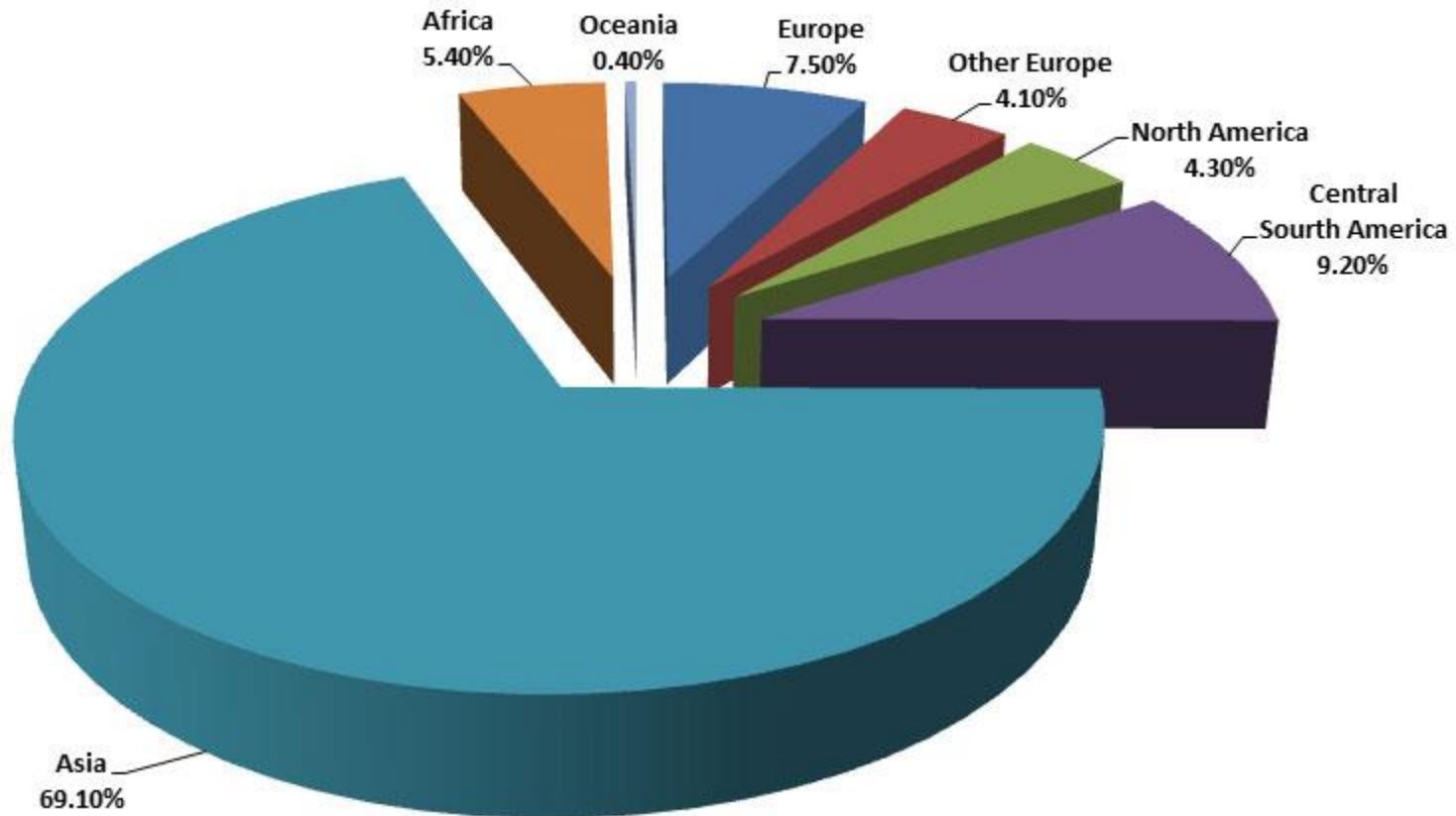
- In 2016 world tile production reached 13.05 billion sq. mtr. – up 0.57% over 2015.
- Asia produced 9331 million sq. mtr. – up 8.1% over 2015.

The consumption of top 10 countries...

(Million Sq Mtr)

		<u>CY12</u>	<u>CY13</u>	<u>CY14</u>	<u>CY15</u>	<u>CY16</u>	
	CHINA	4250	4556	4894	4885	5475	→ 43%
	INDIA	681	748	756	763	785	→ 6%
	BRAZIL	803	837	853	816	706	
	VIETNAM	254	251	310	400	412	
	INDONESIA	340	360	407	357	369	
	USA	204	230	231	254	274	
	SAUDI ARABIA	230	235	244	263	248	
	TURKEY	184	226	215	234	241	
	MEXICO	187	187	197	218	235	
	THAILAND	160	180	175	192	189	
	TOTAL WORLD CONSUMPTION	10964	11582	12081	12177	12783	

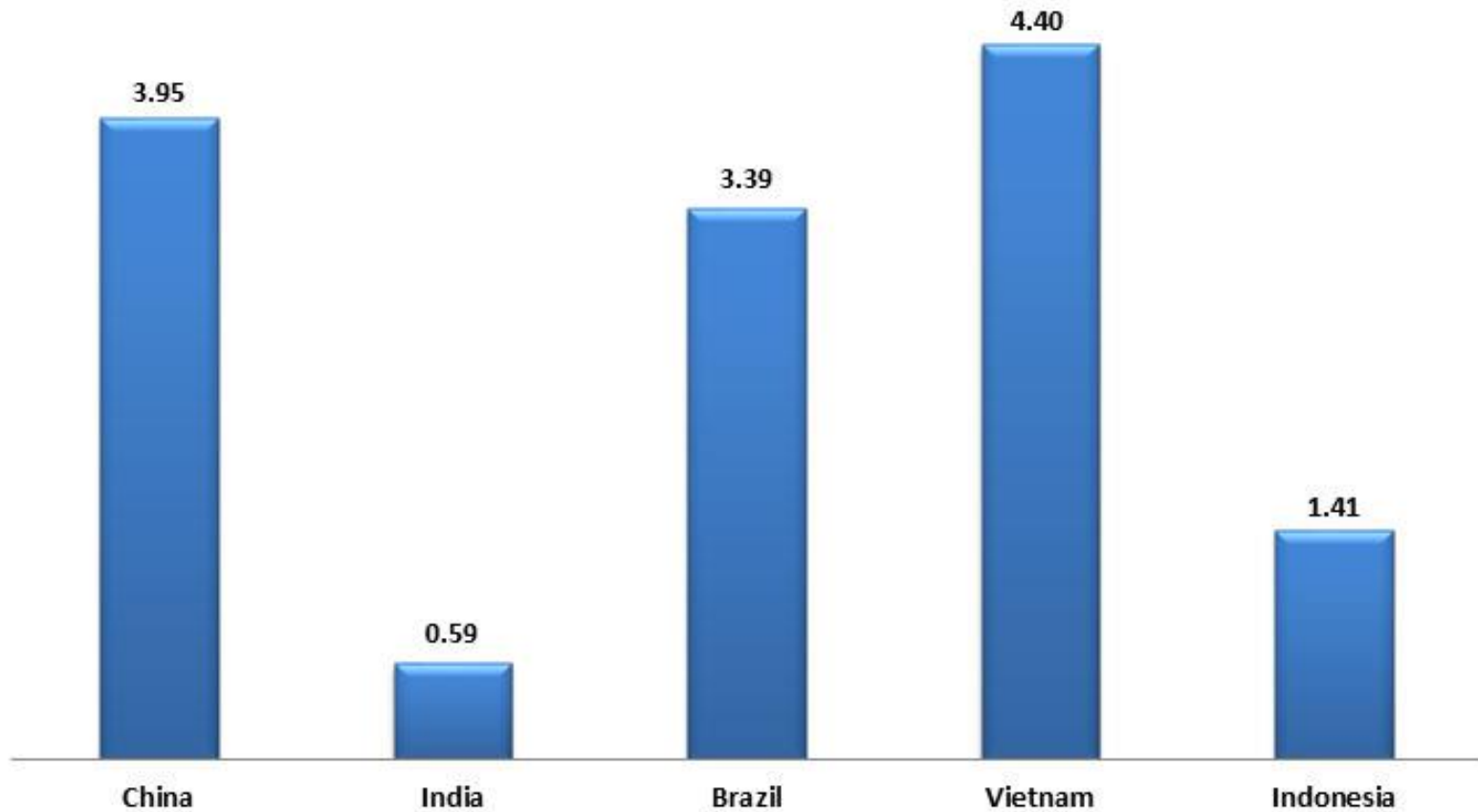
Global consumption Scenario (CY16)



- The break down in consumption by geographical area is very similar to that of production.
- Asia accounted for 69% of the world consumption.

Global Scenario ...

Per capita consumption of tile (Sq Mtr)



Indian Tile Industry

- Indian tile production is estimated to be 980 million sq. mtr. as of March 2018
- Indian tile consumption is estimated to be 760 million sq. mtr. as of March 2018.
- Industry size is estimated to be Rs. 27000 crore (Net Sales) as of March 2018.
- National Brands contribute to around 50% of industry.
- The industry has been growing at a CAGR of 8 - 9% in the last 4-5 years, but has degrown marginally in FY 2018.

Indian Industry – Major Players

National Brands control around 50% of the Industry

	Revenue (Net Sale) as on 31.03.2018 (Rs/Cr)
Kajaria Ceramics	2711
Somany Ceramics	1713
Prism Johnson (TBK Division)	1685
Asian Granito	1156
RAK Ceramics *	750
Simpolo *	750
Varmora *	700
Orient Bell Ceramics	648
Nitco Tiles	610
Sun Heart *	600
Murudeshwar Ceramics	119
Others (Swastik, Restile, Marbomax, ITACA, Sunshine etc)*	658
Total	12100

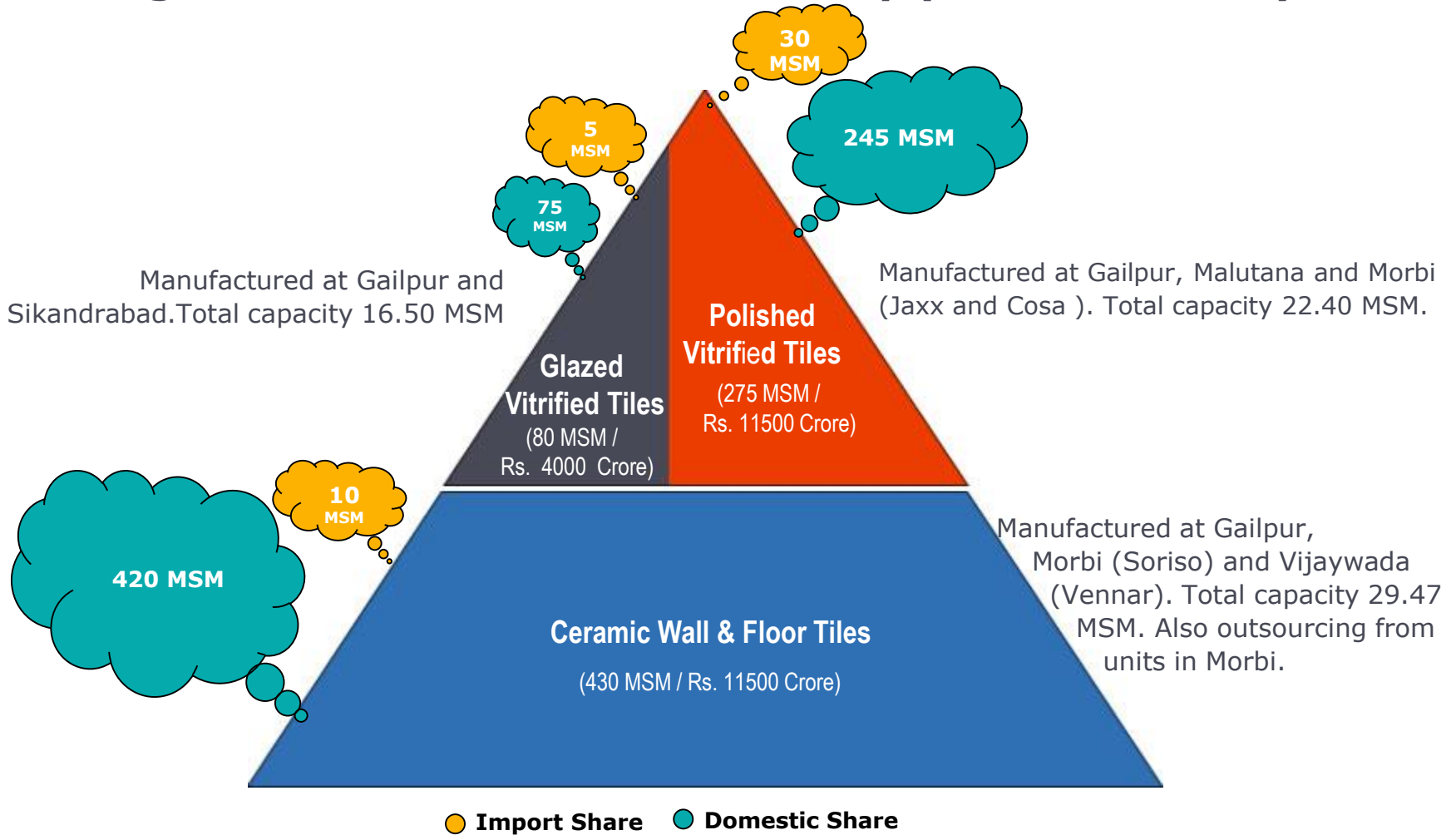
* estimated

Balance of the industry is represented by other regional brands/unbranded players present in Morbi/ Himmatnagar (Gujarat).

'Kajaria' is the largest manufacturer of ceramic/vitrified tiles in India and the 9th largest in the world. It has an annual manufacturing capacity of 68.37 mn. sq. meters presently, distributed across eight tile plants - one at Sikandrabad (UP), one at Gailpur (Rajasthan), one at Malutana (Rajasthan), four at Morbi (Gujarat) and one at Vijaywada (AP).

Indian Industry – Segmentation

How Kajaria is Catering to all the segment of the 785 MSM tile Industry (Rs. 27000 Crore)



Manufacturing – Own Plants

- **Kajaria started production in August 1988 at Sikandrabad (UP) with 1 million sq. mtr. per annum.**
- **Current Capacity of Sikandrabad plant is 8.40 million sq. mtr. glazed vitrified tiles.**



Manufacturing – Own Plants

Commissioned 2nd Plant in March 1998 at Gailpur (Rajasthan) with a capacity of 6 million sq mtr p.a. and further increased the capacity in phased manner. The present capacity of Gailpur plant is 31.00 millions sq. mtr. per annum of ceramic wall and floor tiles and vitrified tiles.



Manufacturing – Own Plants

Commissioned 3rd Plant in January 2016 at Malutana (Rajasthan) with a capacity of 6.50 million sq mtr p.a. of polished vitrified tiles.



Tile Manufacturing – Through Joint Ventures

A. SORISO CERAMICS

Acquired 51% stake in Soriso Ceramic Pvt Ltd. based in Morbi, Gujarat in February 2011 with an annual capacity of 2.30 MSM of ceramic floor tiles. Further expanded the capacity to 4.60 MSM in March 2012. The revised capacity of Soriso works out to 3.67 MSM per annum due to change in product profile.

B. JAXX VITRIFIED

Acquired 51% stake (now 82%) in Jaxx Vitrified Pvt Ltd, based in Morbi, Gujarat in February 2012, with an annual capacity of 3.10 MSM. Production commenced in March 2012. Jaxx has acquired another plant with a 2.60 MSM annual capacity of polished vitrified tile in April 2013 in Morbi making the total capacity of Jaxx to 5.70 MSM per annum. Further expansion of 4.50 MSM polished vitrified tile has increased Jaxx capacity to 10.20 MSM.

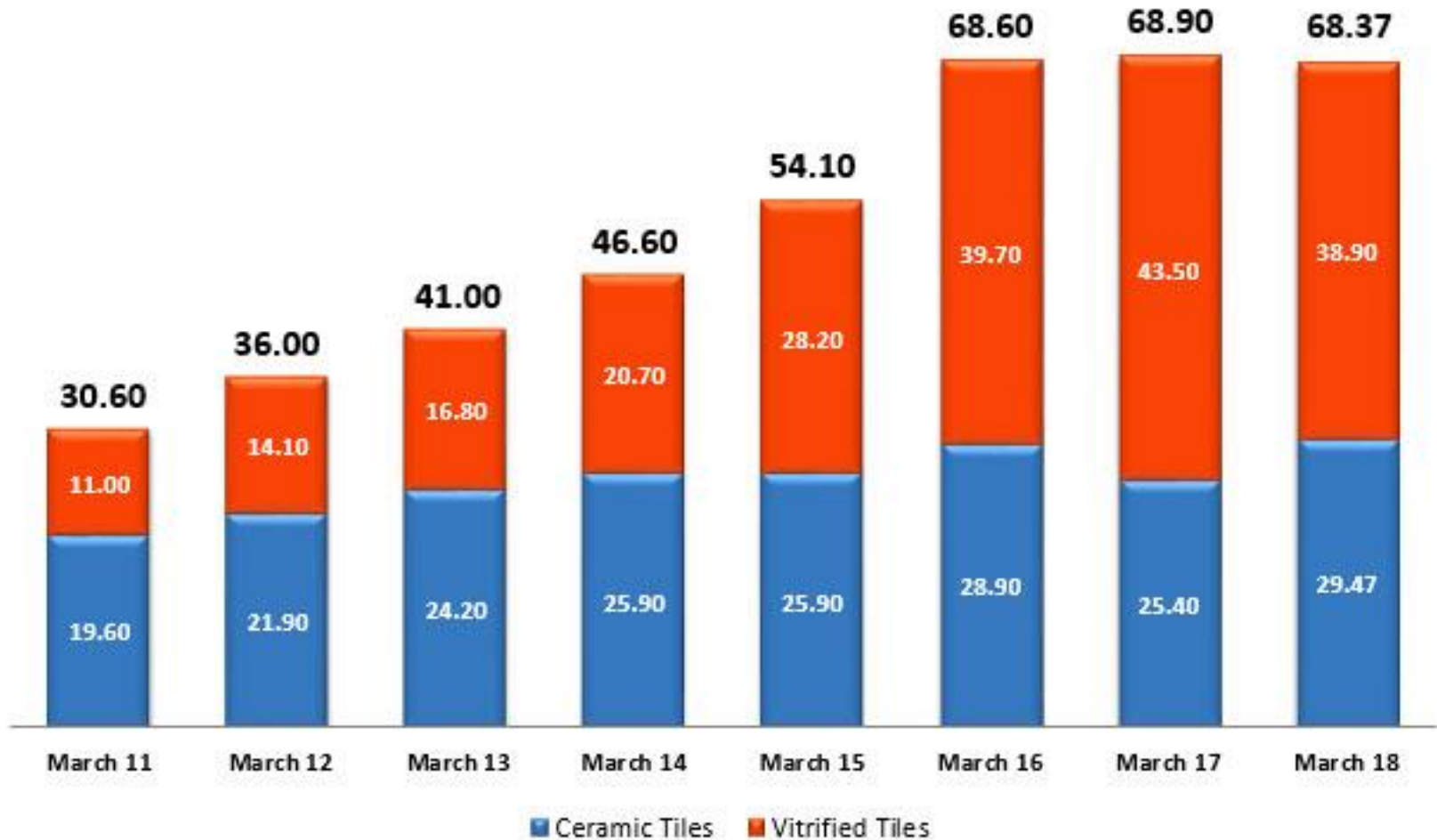
C. VENNAR CERAMICS

Acquired 51% stake in Vennar Ceramics Ltd, based in Vijayawada, Andhra Pradesh in April 2012, with an annual capacity of 2.30 MSM of high end ceramic wall tiles. Production has commenced on the 1st July, 2012. The revised capacity of Vennar works out to 2.90 MSM per annum due to change in product profile.

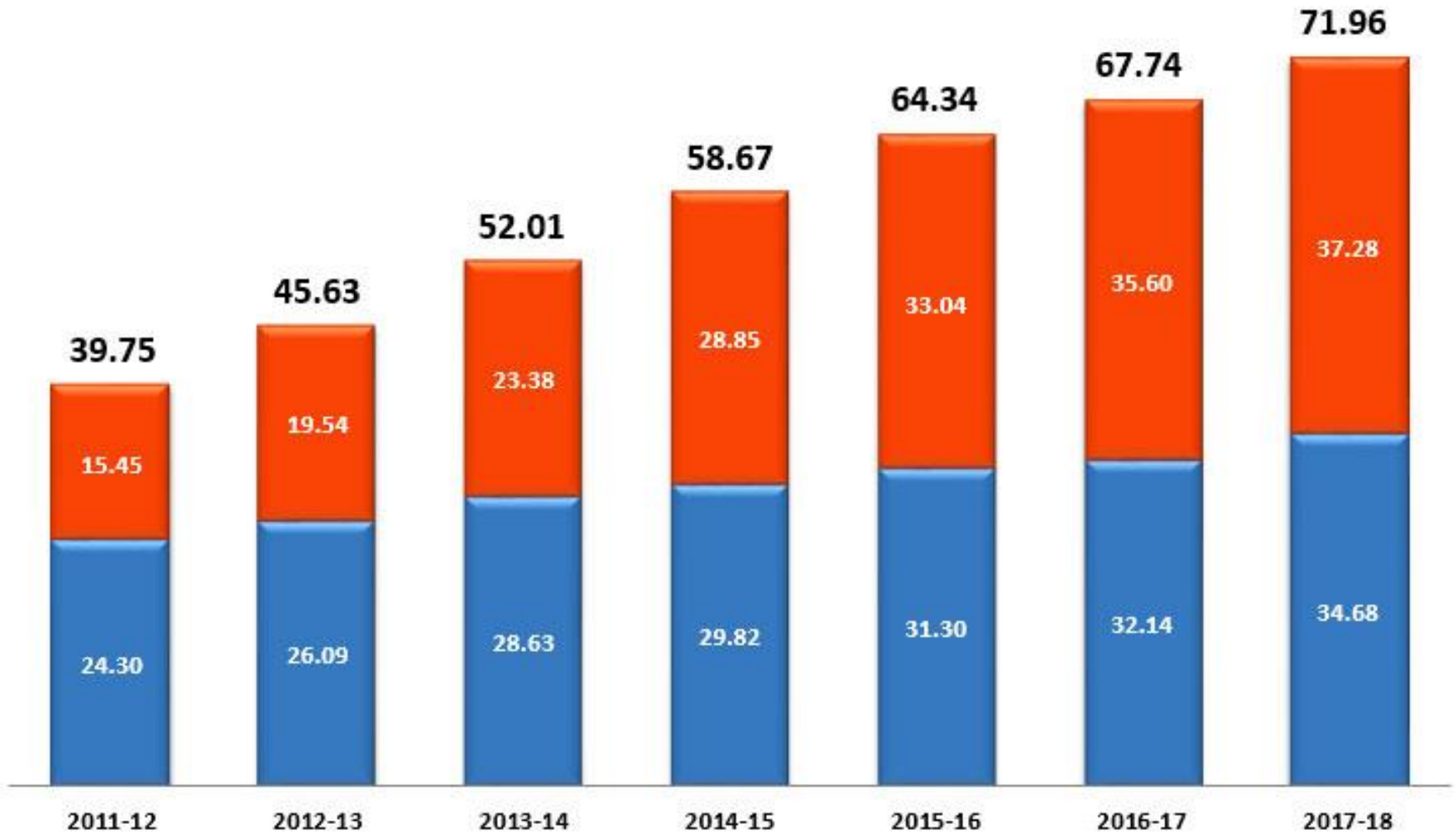
D. COSA CERAMICS

Acquired 51% stake in Cosa Ceramics Pvt. Ltd., based in Morbi, Gujarat – on 16th Oct.'12, with an annual production capacity of 2.70 MSM of polished vitrified tiles and further increased to 5.70 MSM in Sep. 2014.

Tile capacity growth (msm per annum)



Tile sales growth (msm per annum)



Geographical Spread of the Production Capacity

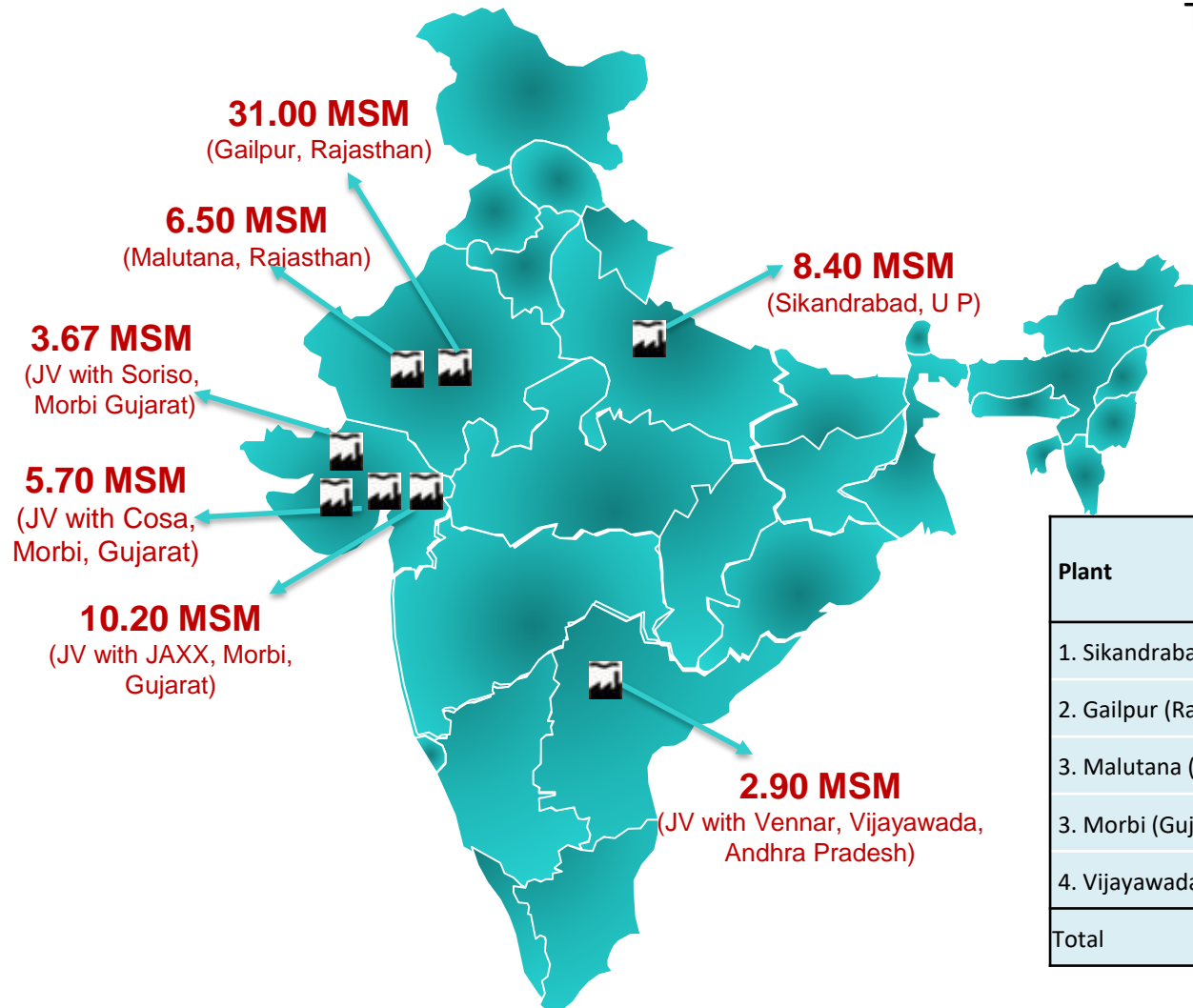
ASSET OVERVIEW

Total Capacity 68.37 MSM

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MANUFACTURING FACILITIES

Tile plants **8**, Faucets plant **1**,
Sanitary ware plant **1**



Plant	MSM			Total
	Ceramic Wall & Floor Tiles	Polished Vitrified Tiles	Glazed Vitrified Tiles	
1. Sikandrabad (UP)	-	-	8.40	8.40
2. Gailpur (Rajasthan)	22.90	-	8.10	31.00
3. Malutana (Rajasthan)	-	6.50	-	6.50
3. Morbi (Gujarat)	3.67	15.90	-	19.57
4. Vijayawada (AP)	2.90	-	-	2.90
Total	29.47	22.40	16.50	68.37

Ongoing Expansions / Acquisitions

a) KAJARIA FLOERA CERAMICS

Kajaria Floera Ceramics Pvt. Ltd, is putting up a manufacturing facility of glazed vitrified tiles with a capacity of 5.00 MSM p.a. in Andhra Pradesh. The plant is expected to be commissioned by end of this fiscal.

b) Expansion at Sanitaryware (Morbi)

Kajaria Sanitaryware (P) Ltd is in the process of increasing the capacity at the existing location from 5.40 lac pcs p.a. to 6.00 pcs p.a. (with ability to produce more value added products). The same shall be operational by end of July 2018.

Diversification

KAJARIA BATHWARE (P) LIMITED



a) **Sanitaryware:** Kajaria Sanitaryware (P) Ltd. (KSPL), in which KBL was holding 64% shares (82% Now), has started the production of sanitaryware in April 2014.

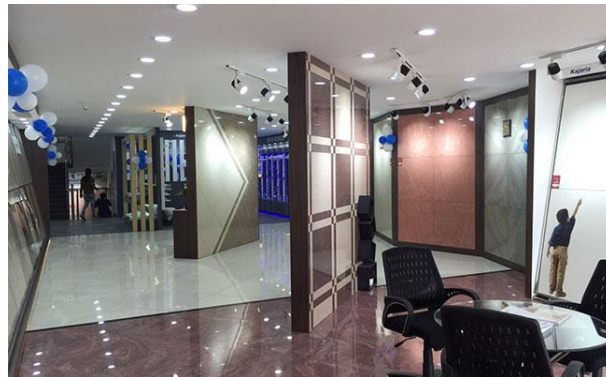


b) **Faucet:** The 1.00 million pieces faucet facility at Gailpur (Rajasthan) commenced commercial production in July 2015.

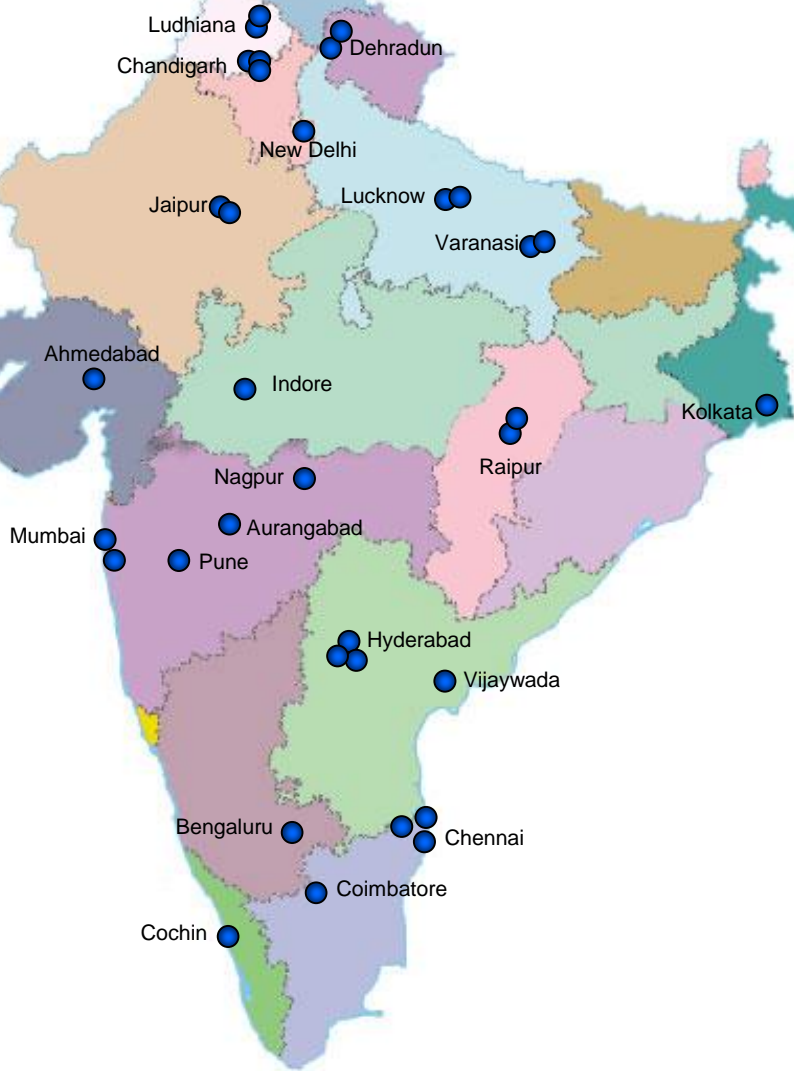
Distribution Network of strong and loyal 1400 dealers all over the country, which include outlets like



The above dealers cater to numerous touch points
across the country



34 Corporate Offices / Display Centers across the country



Customers / Architects come to select the tiles, then buy from their nearest dealer.

TAKING PART IN EXHIBITIONS ACROSS THE COUNTRY





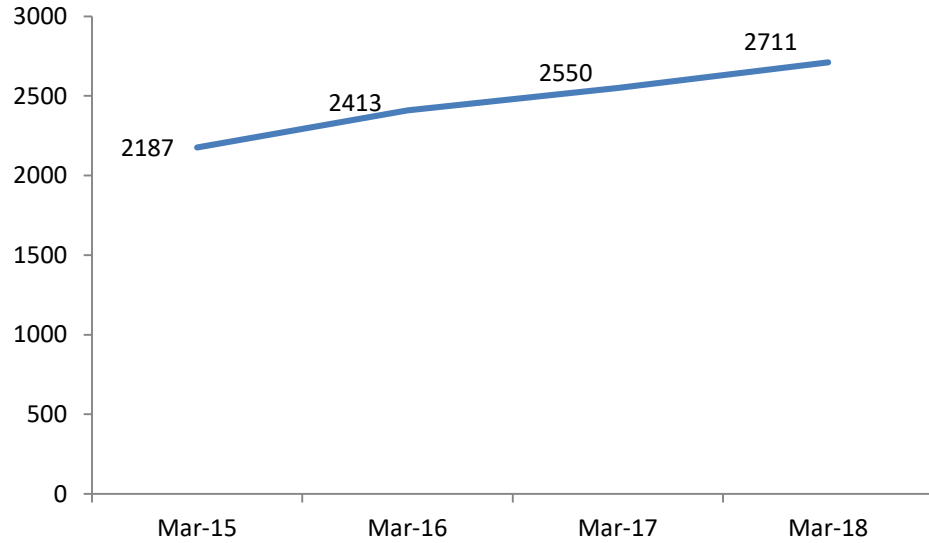
Only Ceramic Tile Company in India conferred with “**Superbrand**” for Tenth consecutive time



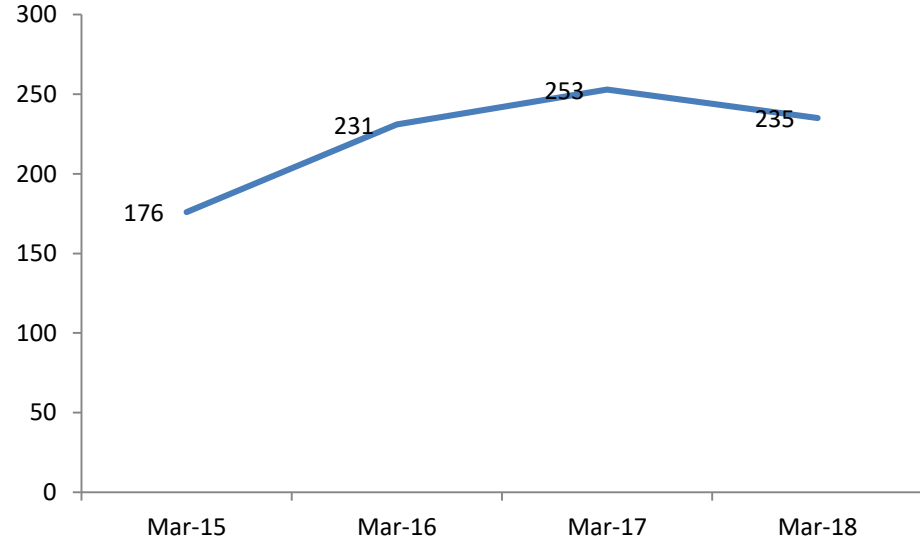
Superbrand is a concept that originated in the UK in 1993 and currently operating in 86 countries



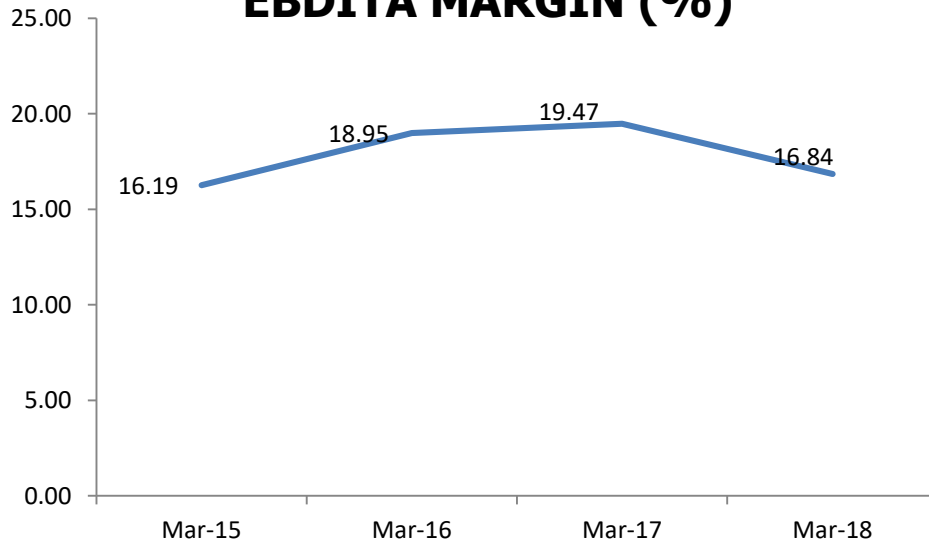
Net Sales (Rs. Crore)



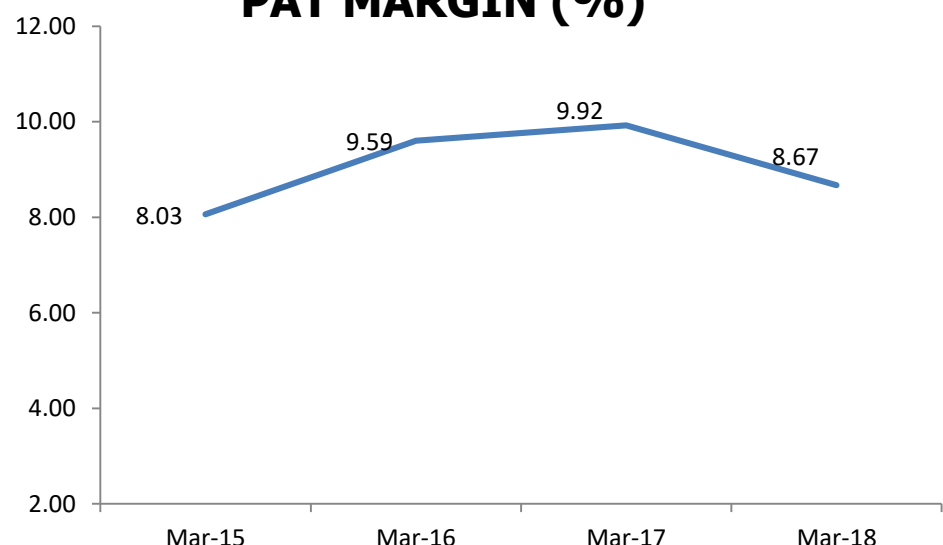
PAT (Rs. Crore)



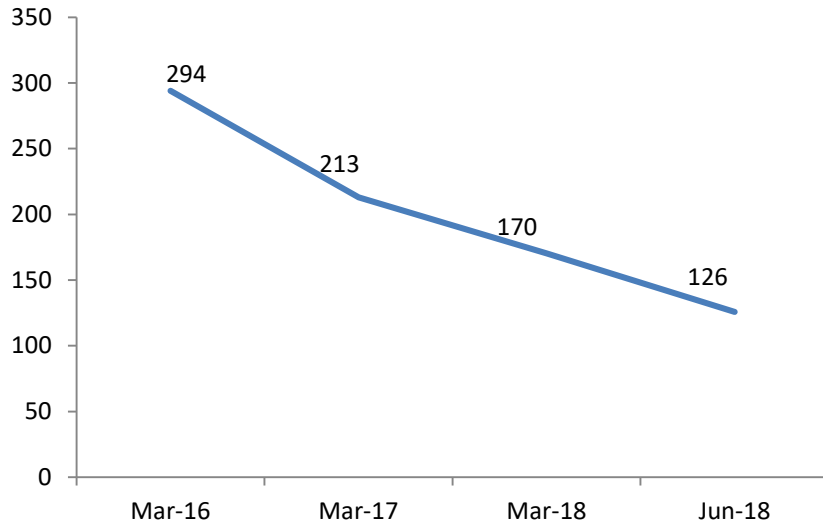
EBDITA MARGIN (%)



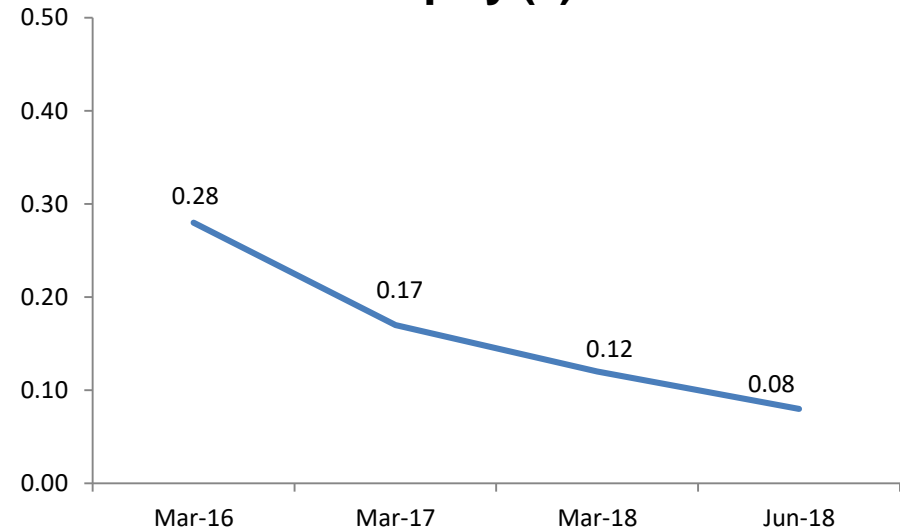
PAT MARGIN (%)



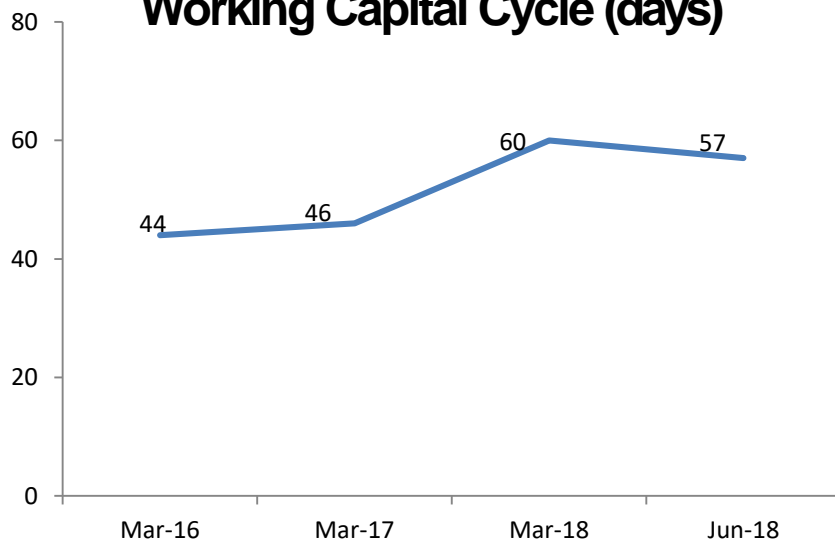
Debt (Rs. Crore)



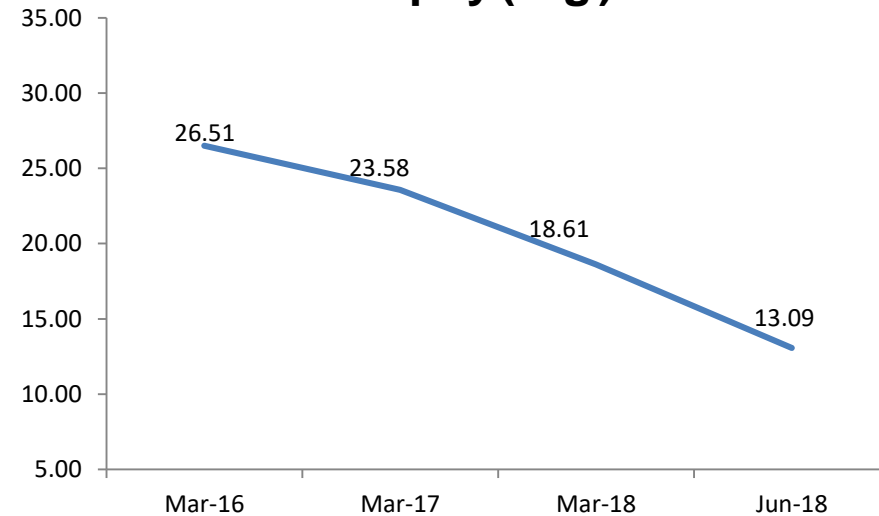
Debt Equity (X)



Working Capital Cycle (days)



Return on Equity (Avg.) *



* Recomputed as per IND-AS.

Working capital days' excludes capex creditors and cash & Bank balance and not comparable with previous periods due to GST.

ROE as on 30th Jun 18 taken at average of net worth as on 31st Mar 18 & 30th Jun. 18 and Q1FY 19 PAT.

Income Statement

Financial highlights

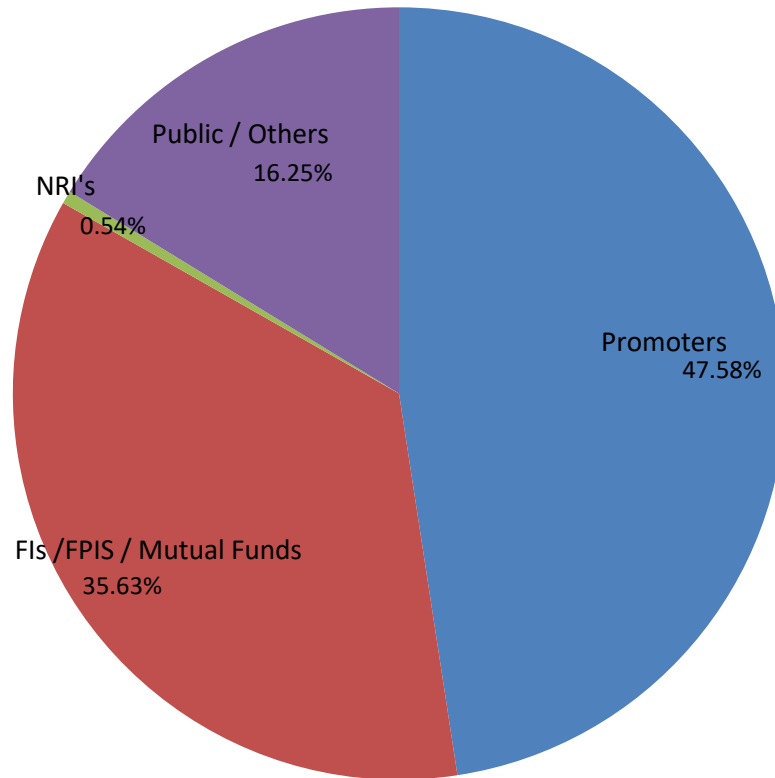
(Rs in Crore)

	Q1 FY19		Q1 FY18		Growth		FY18		FY17		Growth	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	614.11	657.02	621.43	628.17	-1%	5%	2580.68	2710.60	2527.96	2549.63	2%	6%
EBIDTA	87.71	96.81	94.05	104.31	-7%	-7%	427.89	456.36	438.66	496.33	-2%	-8%
EBIDTA MARGIN	14.28%	14.73%	15.13%	16.61%			16.58%	16.84%	17.35%	19.47%		
Depreciation	16.01	22.67	14.73	21.84	9%	4%	61.76	88.53	53.20	81.39	16%	9%
Other Income	6.68	2.38	5.32	2.80	26%	-15%	23.51	10.84	25.34	15.36	-7%	-29%
Interest	1.04	4.17	0.98	7.80	6%	-47%	4.48	24.10	3.54	34.00	27%	-29%
Exceptional Items			3.61	-0.75			3.61	-0.75				
Profit Before Tax	77.34	72.35	80.05	78.22	-3%	-8%	381.55	355.32	407.26	396.30	-6%	-10%
Tax Expense	26.87	26.98	27.91	29.31	-4%	-8%	129.23	126.72	137.10	142.49	-6%	-11%
Minority Interst		-0.20		-2.07				-6.36		1.00		
Cash Profit	66.48	68.24	66.87	72.82	-1%	-6%	314.08	323.49	323.36	334.20	-3%	-3%
Profit After Tax	50.47	45.57	52.14	50.98	-3%	-10%	252.32	234.96	270.16	252.81	-7%	-7%
Equity Share Capital	15.90	15.90	15.89	15.89			15.90	15.90	15.89	15.89		
EPS (Basic) (Rs.)	3.18	2.87	3.28	3.21	-3%	-10%	15.88	14.78	17.00	15.91	-7%	-7%

Shareholding Pattern

As on 30th Jun. 2018

Equity Shares Outstanding – 158.95 millions



Forward looking and cautionary statement

Certain statements in this report concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risk and uncertainties relating to these statements include, but are not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, completion, including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, contracts, our ability to commission, our ability to raise the finance within time and cost, our ability to manage our internal operations, reduced demand for tiles , our ability to successfully complete and integrate potential acquisitions, withdrawal of fiscal/governmental incentives, impact of regulatory measures, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the company.

Thank You!