Kajaria

Investors Presentation

August 2012

Global Tile Industry

Indian Tile Industry

Kajaria Ceramics – overview

Game Changer

Financials

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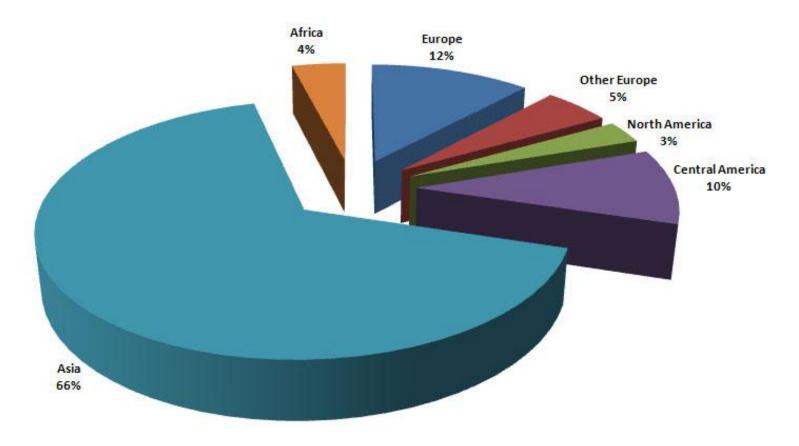
The production of top 10 countries...

	CY06	CY07	CY08	CY09	<u>CY10</u>	
CHINA	3000	3200	3400	3600	4200	→ 44%
♦ BRAZIL	594	637	713	715	753	
■ INDIA	340	385	390	490	550	→ 6%
IRAN	210	250	320	350	400	
ITALY	569	559	513	368	387	
VIETNAM	199	254	270	295	375	
SPAIN	608	585	495	324	366	
INDONESIA	170	235	275	278	287	
C* TURKEY	265	260	225	205	245	
EGYPT	122	140	160	200	220	
TOTAL WORLD PRODUCTION	ON 7760	8252	8520	8515	9515	

Source: Ceramic World Review

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World production Scenario



- World Production has grown @ 6% CAGR in the period CY 2004-2009. Grew @ 11.7% in CY 2010.
- All the top producer countries in Asian Continent increased their production. Asia's production grew by 14.9% in CY 2010

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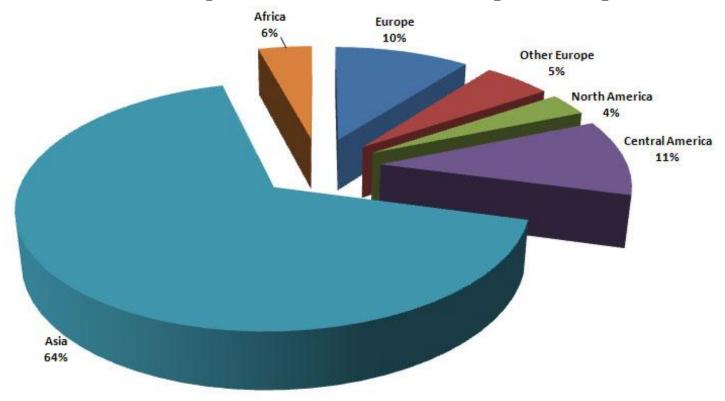
The consumption of top 10 countries...

			0.40	0.400	•	Sq Mtr)	
		CY06	<u>CY07</u>	<u>CY08</u>	<u>CY09</u>	<u>CY10</u>	
**	CHINA	2450	2700	2830	3030	3500 → 37%	
(BRAZIL	484	535	605	645	700	
*	INDIA	350	397	403	494	557 → 6%	
Ψ	IRAN	182	236	265	295	335	
8	VIETNAM	145	210	220	240	330	
	INDONESIA	148	178	262	297	277	
Ė	EGYPT	103	105	140	180	200	
3-2-10	USA	308	249	211	173	186	
多海 勒	SAUDI ARABIA	95	110	136	166	182	
	MEXICO	167	173	176	163	168	
	TOTAL WORLD CONSUMPTIO	N 7420	8060	8350	8460	9350	

Source: Ceramic World Review

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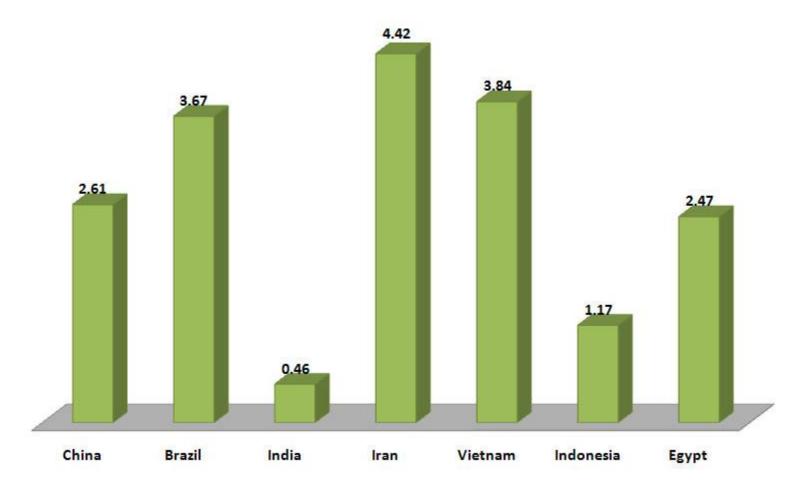
Global consumption Scenario (CY10)



- The break down in consumption by geographical area is very similar to that of production.
- Asia once again showed the biggest growth in demand at 14% in CY10.
- Indian tile industry grew by 12.2% (in volume terms) in CY10 over the last year.

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Global Scenario ... Per capita consumption of tile (Sq Mtr)



Source: Ceramic World Review



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- Indian tile industry was around 557 million sq. mtr. as of March 2011 and estimated to be 625 million sq. mtr. as of March 2012.
- Industry size Rs 17000 crore as of March 2012.
- National Brands control 50% of industry.
- The industry has been growing at a CAGR of 15-16% per annum in last 4-5 years.

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Indian Industry - Major Players

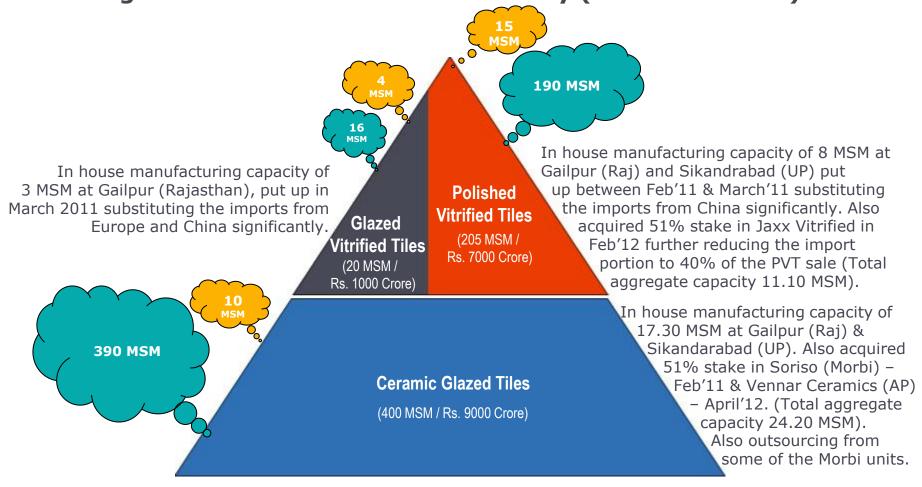
National Brands control around 50% of the Industry

	Turnover as on date
	31.03.2012
	(Rs/Cr)
H&R Johnson	1729
Kajaria Ceramics	1407
Nitco Tiles	959
Somany Ceramics	927
Asian Granito	622
RAK Ceramics*	600
Orient Bell Ceramics	584
Varmora*	356
Murudeshwar Ceramics	190
Regency Ceramics	166
Euro Ceramics	160
Bell Granito*	140
Others (Marbomax, Restile, Decolight, Marbito, Spartek etc)*	660
Total	8500

Balance 50% of the industry is represented by other unbranded players present in Morbi (Gujarat).

Indian Industry – Segmentation

How Kajaria is Catering to all the segment of the 625 MSM tile Industry (Rs 17000 Crore)



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Manufacturing

- Kajaria started production in August 1988 at Sikandrabad (UP) with 1 million sq. mtr. per annum.
- Current Capacity of Sikandrabad plant is 8.20 million sq. mtr. of ceramic glazed and vitrified tiles.



Manufacturing

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 20.10 millions sq. mtr. per annum of ceramic glazed and vitrified tiles.



Acquisition (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. Production for enhanced capacity started in March 2012.

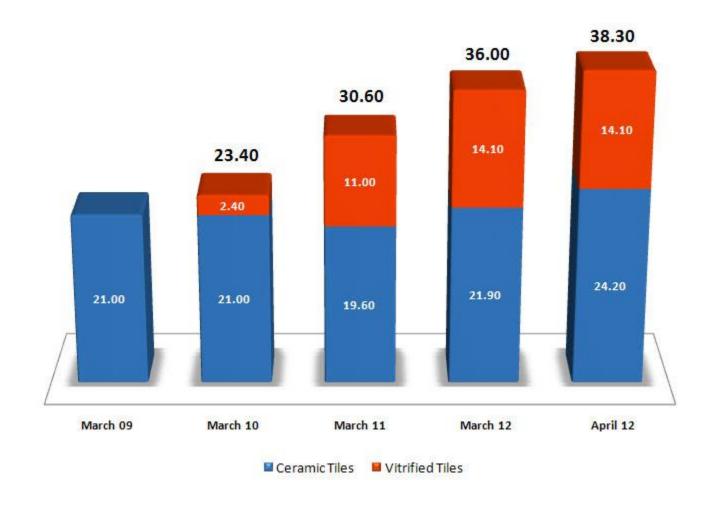
B. JAXX VITRIFIED

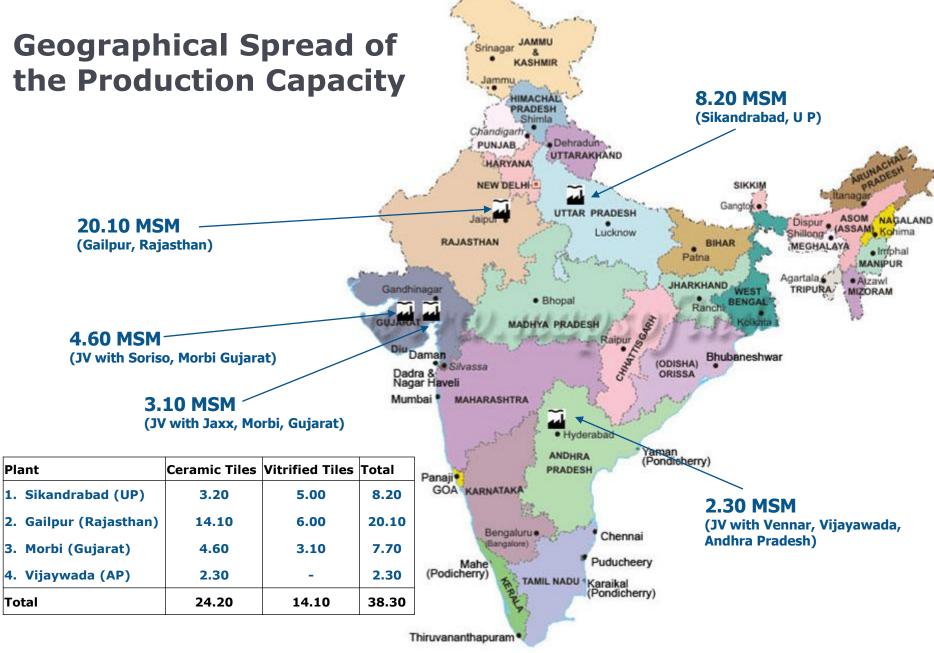
Acquired 51% stake in Jaxx Vitrified Pvt Ltd, based in Morbi, Gujarat in February 2012, with an annual capacity of 3.10 MSM. Production has commenced in March 2012.

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. Production has commenced on the 1st July 2012.

The total present capacity is 38.30 million sq. mtr. making Kajaria the largest manufacturer of ceramic and vitrified tiles in India





The most certified **Ceramic Tile Company in the world**















SA 8000: 2008: For implementing of Social Accountability Standards for the Manufacturing of Ceramic Tiles.



ISO 9001: 2008: For Implementing a Quality Management System for the Manufacture and Supply of Ceramic Tiles.



ISO 14001: 2004: For implementing an Environmental Management System for the Manufacturing of Ceramic Tiles.



OHSAS 18001: 2007: For implementing an Occupational Health & Safety Management System for the Manufacturing of Ceramic Tiles.



ISO 22000: 2005: For implementing a Food Safety Management System for the Manufacturing of Ceramic Tiles.



ISO 50001: 2011: For Establishing, Implementing, Maintaining and Improving an Energy Management System for a systematic approach in achieving continual improvement of energy performance.



Distribution Network of Strong & Loyal 825 dealers all Over the country



A stand alone shop that gives dedicated space to all tile verticals.



A stand alone shop that gives 2000 sq. ft. + dedicated space to high end tiles made or imported by the company.



A shop in shop concept where dealer gives a dedicated space to Ceramic Tile verticals.



A shop in shop concept where dealer gives a dedicated space to Polished Vitrified or Glazed Vitrified Tile verticals.



Multi brand dealers

The above 825 dealers cater to around 5000 sales points across the country

24 Display Centers at all the offices in the country





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

EXHIBITIONS ALL OVER THE COUNTRY











Only Ceramic Tile Company in India conferred with "Superbrand" for Sixth consecutive time.





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

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Improved ROCE/ROE due to higher asset turn ratio

- Historic high capex has capped ROCE/ROE
- Asset turn ratio has been improving due to:-
 - Incrementally lower capex (Italian machine price came down due to China foray into machine manufacture)
 - Kajaria moving towards bigger/value added tiles

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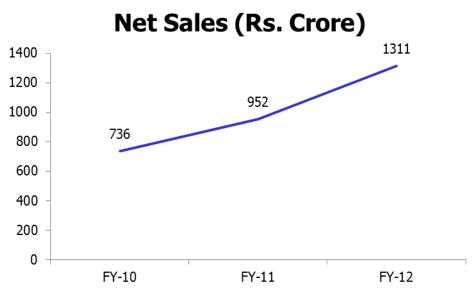
Financials

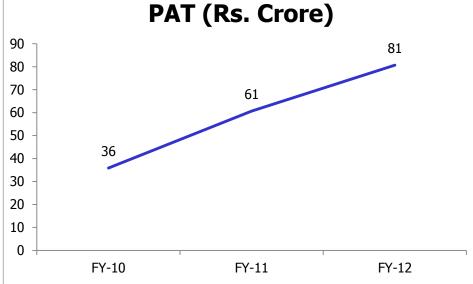
Segment wise Turnover

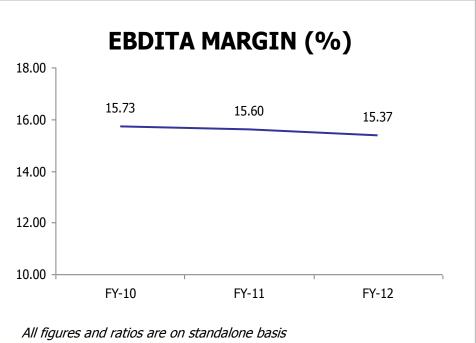
Rs. in Crore

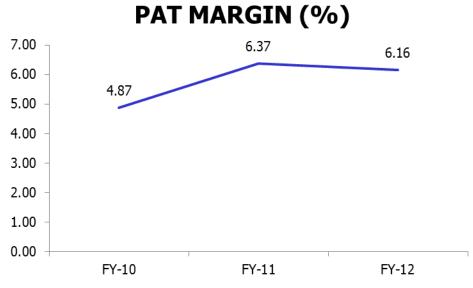
		ic Wall & r Tiles	Polished Vitrified Tiles		Glazed Vitrified Tiles		Bathware / Wooden Flooring	Total
Fin Year	Mnfg.	Outso- urcing	Mnfg. Outso- urcing		Mnfg.	Outso- urcing	(Outsourcing)	
FY 2009-10 (Audited)	473	13	6	173	-	102	-	767
2010-11 (Audited)	458	62	86	250	12	140	8	1016
2011-12 (Audited)	534	133	208	297	137	76	15	1400

(Standalone)

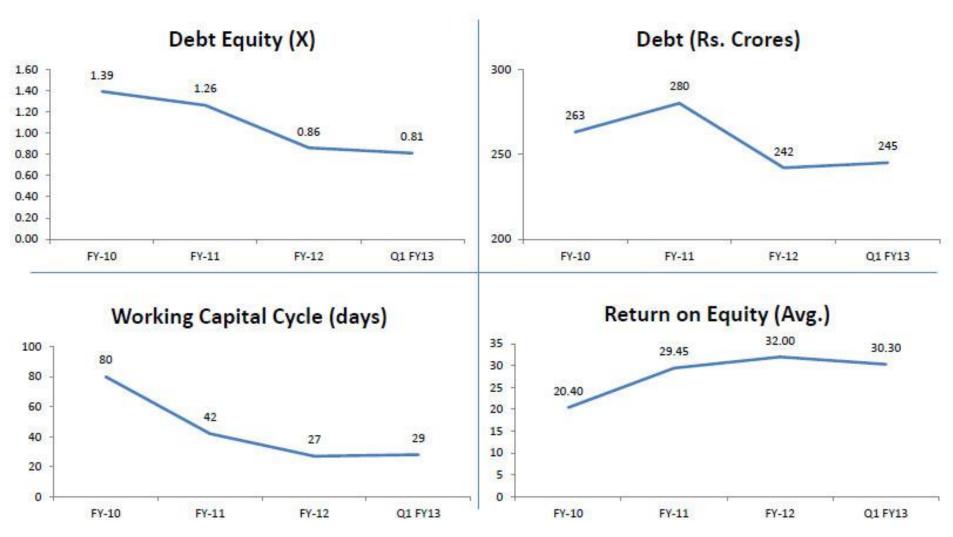












Capex creditors not considered in working capital cycle.

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^{*} ROE for 3 months taken at average net worth as on 31st Mar. 12 and 30th June, 12 and annualised Q1 FY13 PAT.

Financials

	Q1FY13		Q1FY12		Growth		12MFY12		12MFY11		Growth	
	Standalone	Consolidated										
Gross Sales	381.14	384.72	287.26	289.00	33%	33%	1400.32	1407.21	1004.57	1004.57	39%	40%
Net Sales	352.87	356.04	269.76	271.31	31%	31%	1311.35	1311.53	952.35	951.75	38%	38%
EBIDTA	53.89	56.55	41.95	43.29	28%	31%	201.58	207.67	148.61	148.95	36%	39%
EBIDTA MARGIN	15.27%	15.88%	15.55%	15.96%			15.37%	15.83%	15.60%	15.65%		
Interest	12.06	13.44	8.83	9.09	37%	48%	46.98	48.51	29.93	30.05	57%	61%
Depreciation	9.67	10.69	8.73	9.02	11%	19%	37.08	39.26	29.50	29.68	26%	32%
Profit Before Tax	32.16	32.42	24.39	25.18	32%	29%	117.52	119.90	89.18	89.22	32%	34%
Тах	9.97	10.09	7.56	7.82	32%	29%	36.80	38.05	28.52	28.53	29%	33%
Minority Interest		0.08		0.29		-	-80	0.97		0.07		
Profit After Tax	22.19	22.25	16.83	17.07	32%	30%	80.72	80.88	60.66	60.62	33%	33%
Equity	14.72	14.72	14.72	14.72		*	14.72	14.72	14.72	14.72		
EPS (Rs)	3.02	3.02	2.29	2.32	32%	30%	10.97	10.99	8.24	8.24	33%	33%



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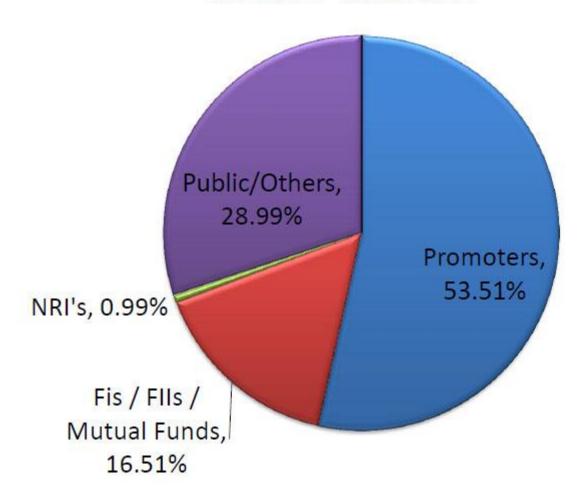
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Shareholding pattern

As on 30th June 2012



Equity Shares Outstanding – 73.58 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!