# Kajaria

Investors Presentation
May 2011

#### Agenda

Global Tile Industry

Indian Tile Industry

Kajaria Ceramics – overview

Leveraging Synergies

**Financials** 

Shareholding Pattern

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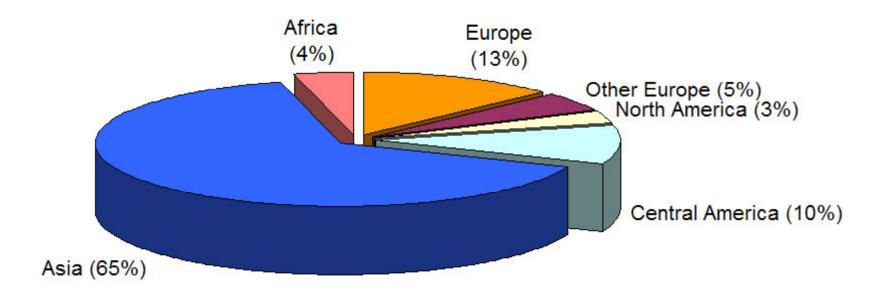
#### The production of top 10 countries...

	(Million Sq Mtr)				
	<u>CY 06</u>	<u>CY 07</u>	<u>CY 08</u>	<u>CY 09</u>	
CHINA	3000	3200	3400	3600	→ 42%
♦ BRAZIL	594	637	713	715	
INDIA	340	385	390	490	→ 6%
ITALY	569	559	513	368	
IRAN	210	250	320	350	
SPAIN	608	585	495	324	
<b>VIETNAM</b>	199	254	270	295	
INDONESIA	170	235	275	278	
C TURKEY	265	260	225	205	
EGYPT	122	140	160	200	
TOTAL WORLD PRODUCTION	7760	8252	8520	8515	

Source: Ceramic World Review



#### The production of top 10 countries



- World Production has been growing @6-7% CAGR in the period CY 2004-2008 but hardly grew in CY 2009.
- All the top producer countries in Asian Continent increased their production in particular China & India.
- The 27 member EU (European Union) suffered the most significant fall by 24.8% in 2009.
- The overall fall was limited by the positive trend in Asia (+6.3%) and Africa (+11.9%)

Kajaria

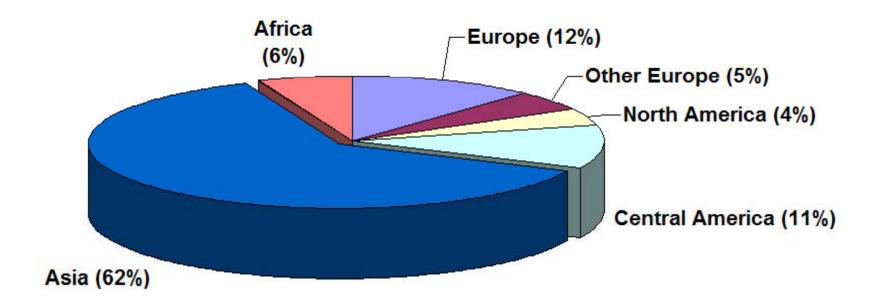
#### The consumption of top 10 countries...

		(Million Sq Mtr)						
		<u>CY06</u>	<u>CY07</u>	<u>CY08</u>	<u>CY09</u>			
*3	CHINA	2450	2700	2830	3030 <b>→ 36%</b>			
<b>(</b>	BRAZIL	484	535	605	645			
	INDIA	350	397	403	494 <b>→ 6%</b>			
	INDONESIA	148	178	262	297			
Φ	IRAN	182	236	265	295			
·66)	VIETNAM	145	210	220	240			
凼	EGYPT	103	105	140	180			
	USA	308	249	197	169			
*	SPAIN	319	314	240	156			
	ITALY	199	199	176	146			
_								
	TOTAL WORLD CONSUMPTION	7450	8060	8350	8460			

Source: Ceramic World Review



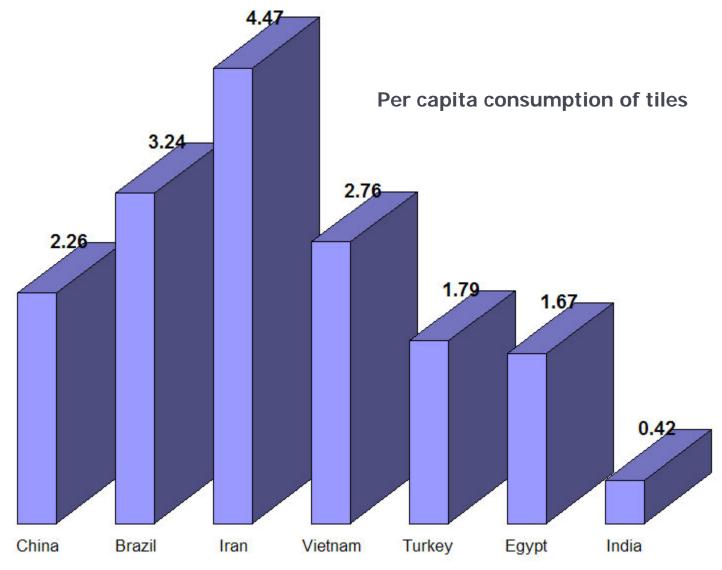
#### The consumption of top 10 countries (CY 09)



- The break down in consumption by geographical area is very similar to that of production
- Asia once again showed the largest growth in demand at 7.9%.
- India showed the maximum growth in the world at 22.58%.

Source: Ceramic World Review 7

#### Global Scenario ...



Source: Ceramic World Review

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#### **Indian Tile Industry**

- Indian tile industry is 494 million sq. mt. as of March 2010.
- Industry size Rs 120 Billion
- National Players control 50% of industry.
- Barring Financial Year 2008-09, the industry has been growing at a CAGR of 15-16% per annum in last 5-6 years.

#### Indian Industry – Major Players

#### National Players control around 50% of the Industry

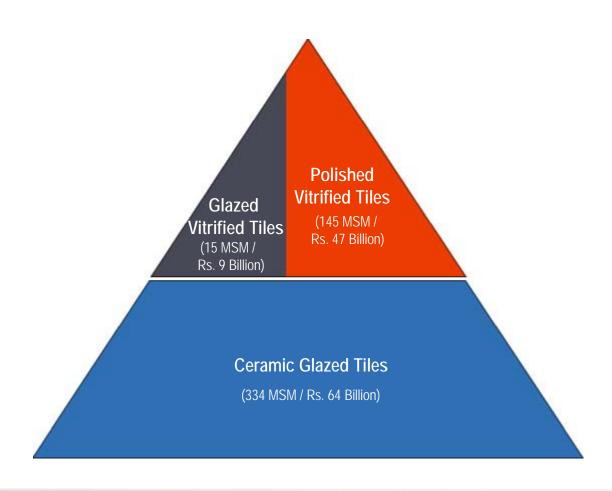
	Turnover as on			
	31.03.2010 (Rs/Billion)			
H&R Johnson	11.87			
Kajaria Ceramics	7.67			
Somany Ceramics	5.63			
Nitco Tiles	4.65			
Asian Granito	4.32			
Orient Ceramics	2.70			
Euro Ceramics	2.60			
Gokul Ceramics	1.90			
Bell Ceramics	1.65			
Regency Ceramics	1.65			
Murudeshwar Ceramics	1.46			
Bell Granito	0.97			
Decolight Ceramics	0.93			
Others (Restile, Simpolo, Spartek etc)	11.00			
Total	59.00			

Balance 50% of the industry is represented by other regional players mainly present in the state of Gujarat.

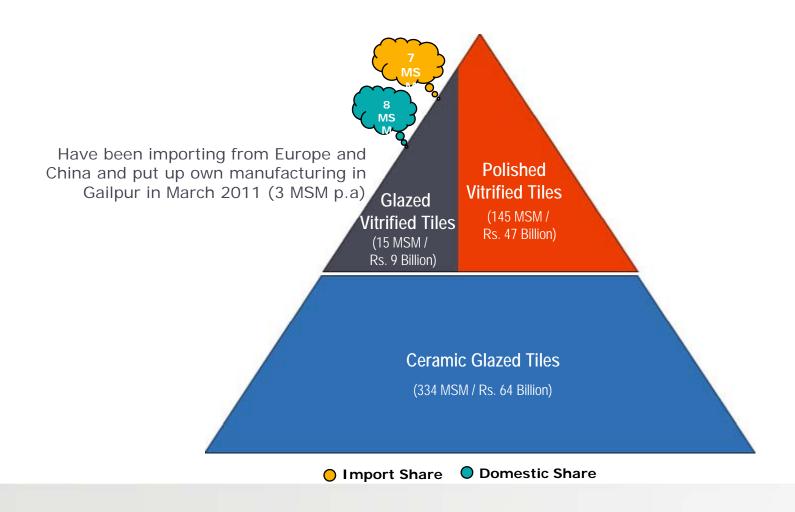
#### Indian Industry – Segmentation



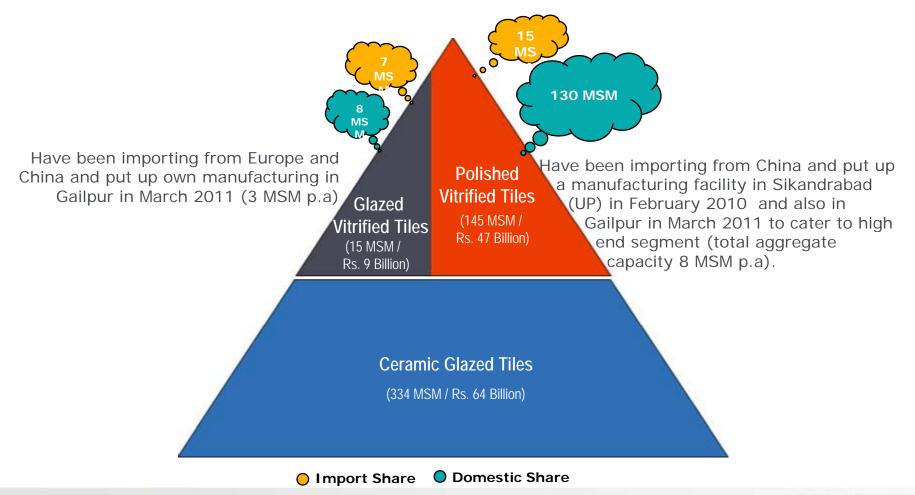
#### Indian Industry – Segmentation



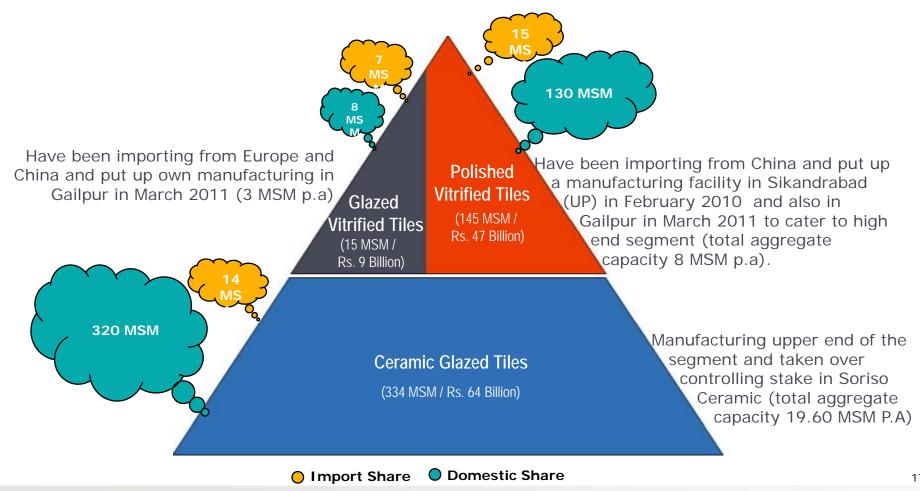
#### Indian Industry - Segmentation



#### Indian Industry - Segmentation



#### Indian Industry - Segmentation





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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

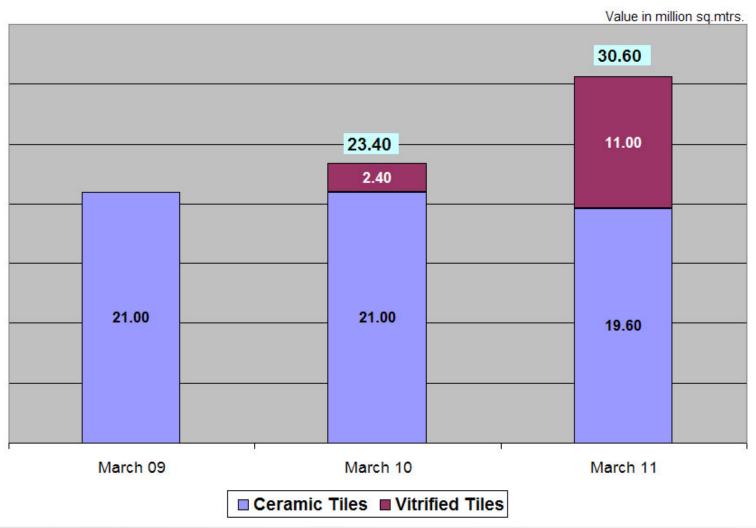
Commissioned 2<sup>nd</sup> Plant in March 1998 at Gailpur (Rajasthan) with a capacity of 6 million sq mtr p.a. and further increased the capacity in phased manner. The present capacity of Gailpur plant is 20.10 millions sq. mtr. per annum of ceramic glazed and vitrified tiles.

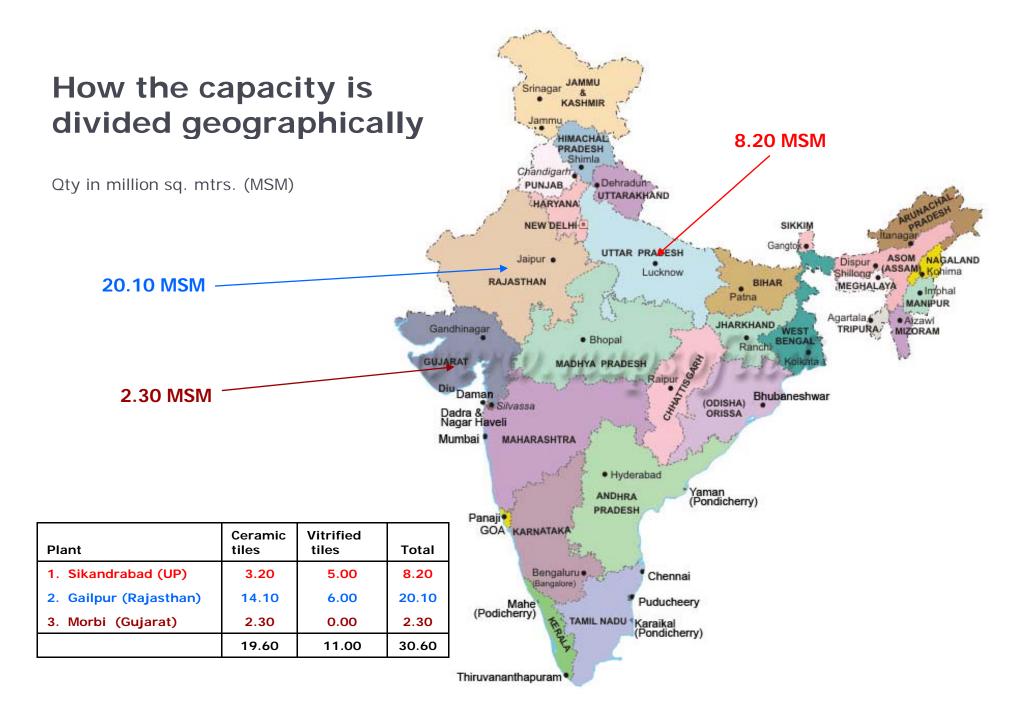


#### First ever acquisition

- Acquired 51% stake in Soriso Ceramic Private Limited, based in the State of Gujarat in February 2011.
- Soriso has an annual capacity of 2.30 million sq meters per annum of ceramic floor tiles.

## The total present capacity is 30.60 million sq. mtr. making Kajaria the largest manufacturer of ceramic and vitrified tiles in India





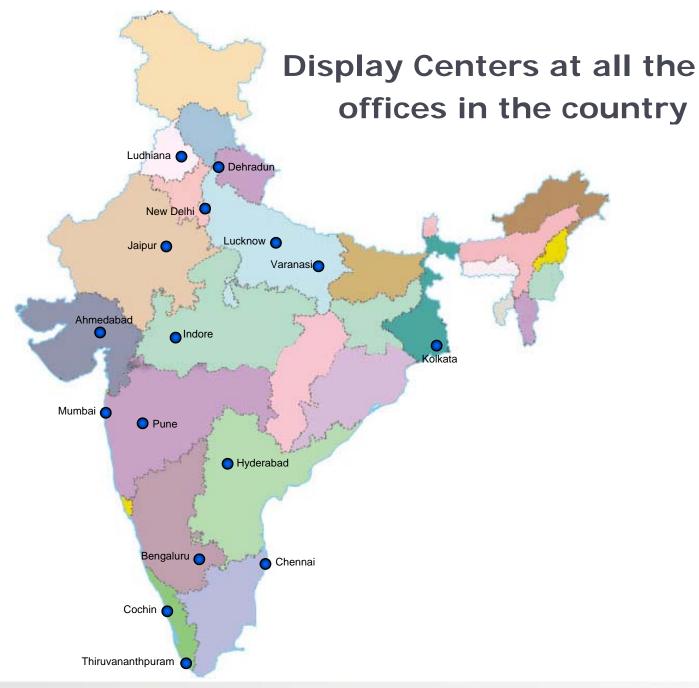


## Distribution network of 700 dealers

(Apart from their sub-dealers)







#### PRESTIGIOUS PROJECTS

#### **Delhi Metro**



**South Delhi Station** 

#### IT / ITES



Adobe Systems India Pvt. Ltd.

#### PRESTIGIOUS PROJECTS

#### **Developers**



The Close - Unitech

#### **Schools**



**Delhi Public School** 

#### Kajaria World

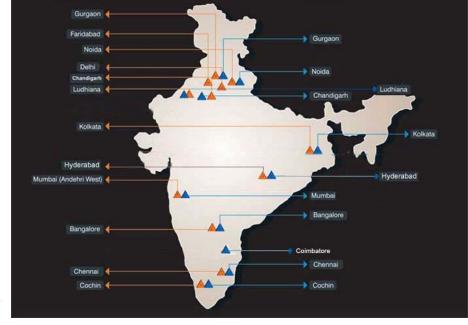
- Retail chain of showrooms selling high end imported tiles and sanitary ware from Spain and China.
- We have 12 showrooms (8 own + 4 franchises) and 12 warehouses.
- Selling leading international brands like: -

















A Showrooms

Chennai



▲ Warehouses

Gurgaon



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Committed to Excellence

India's first tile Company with

ISO 9001: 2008

CERTIFIED

Committed to Better Health & Safety
India's first tile Company with

OHSAS-18001

CERTIFIED

**Committed to Society** 

India's first tile Company with

SA-8000

CERTIFIED

Committed to Save Environment

India's first tile Company with

**ISO-14001** 

CERTIFIED





Indian Green Building Council

Kajaria's recent membership to the Indian Green Building Council, reassures that each manufactured product is eco-friendly when offered to builders & customers across the globe



## Only Ceramic Tile Company in India conferred with "Superbrand" for 5<sup>th</sup> consecutive time.



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



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#### **Leveraging Synergies**

Leveraging the two invaluable assets – the Kajaria brand and unparalleled, multi-layer distribution network – to expand the product bouquet to cater to the growing aspirations of the discerning Indian customers.

- Forayed into the high-end sanitaryware business which positions the Company as a complete bathroom solution provider
- Established a foothold in high-value wooden flooring solutions, by way of import from China.

# Entered Sanitaryware & Bath Fittings Segment In Collaboration with





#### Wooden Flooring

Started import of Wooden Flooring from China and being sold through the dealer distribution network

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Game Changer

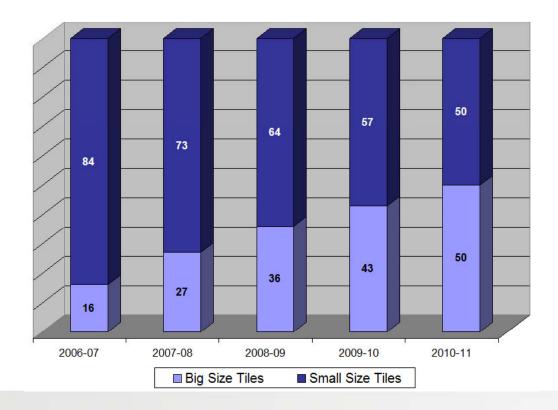
Financials

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#### **Game Changer**

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 value added (bigger size) tiles



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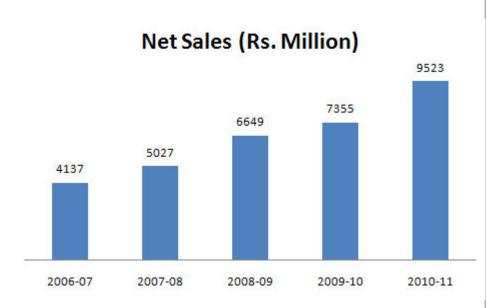
Financials

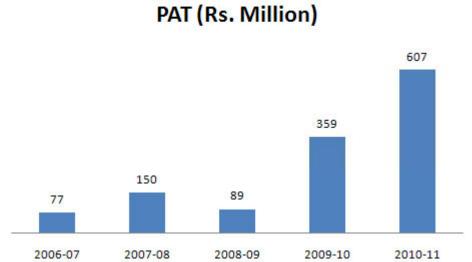
**Shareholding Pattern** 

#### **Segment wise Turnover Projection**

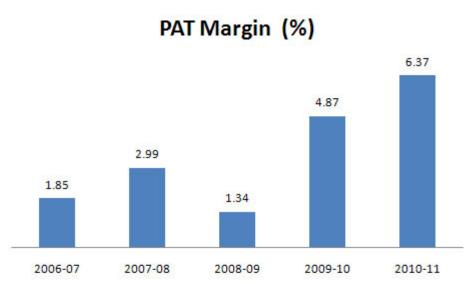
Rs. in Million

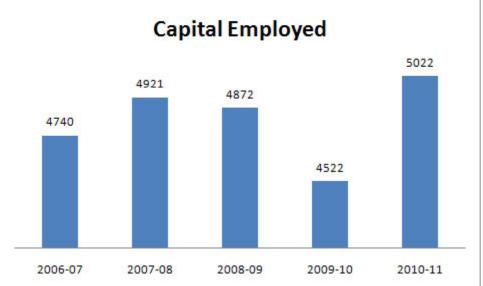
	Kajaria Kajaria vitro		<b>a</b> vitro	<b>Kajaria</b> et <b>⊚</b> rnity		KAJARIA W@rld	VitrA	<b>Kajaria</b> wood		
		amic iles	Polished Tile		Glazed \		Imported Tiles	Bathware	Wooden Flooring	Total
Fin Year	Mnfg.	Outso- urcing	Mnfg.	Outso- urcing	Mnfg.	Outso- urcing				
FY 2007- 08									-	
(Audited)	3499	-	-	1250	-	240	300	-		5289
FY 2008- 09									-	
(Audited)	4302	-	-	1850	-	400	360	-		6912
FY 2009- 10									-	
(Audited)	4728	130	60	1730	-	620	400	-	-	7668
2010-11										
(Audited)	4582	620	860	2504	12	1125	267	63	12	10045

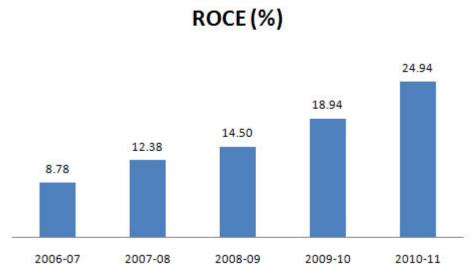


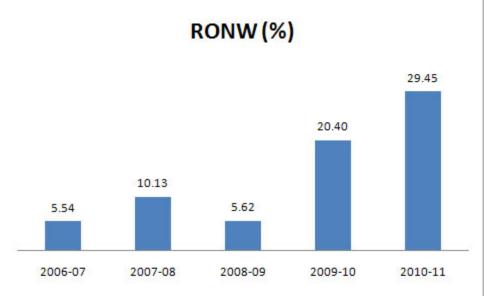


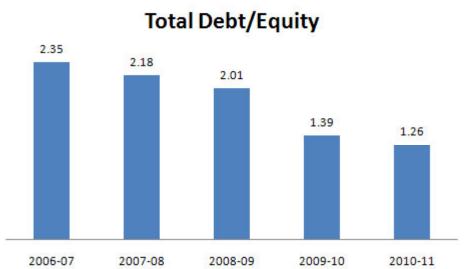














#### **Financials**

Rs in Million

	Qı	uarter Ended	I	Year ended			
	Growth (%)	Mar '11	Mar '10	Growth (%)	Mar '11	Mar '10	
Gross Sales	31%	2959	2263	31%	10046	7667	
Net Sales	31%	2813	2145	29%	9524	7355	
PBDIT	38%	426	308	28%	1485	1157	
PBDIT%		15%	14%		16%	16%	
Less: Interest	38%	66	48	-20%	299	375	
Less: Depreciation	-3%	71	73	10%	295	267	
РВТ	55%	288	186	73%	891	514	
PBT%		10%	9%		9%	7%	
Tax Provision	76%	104	59	83%	285	156	
PAT	44%	184	128	70%	607	358	
EPS* (Rs)		2.51	1.74		8.24	4.87	

<sup>\*</sup> Face Value Rs 2 per share.

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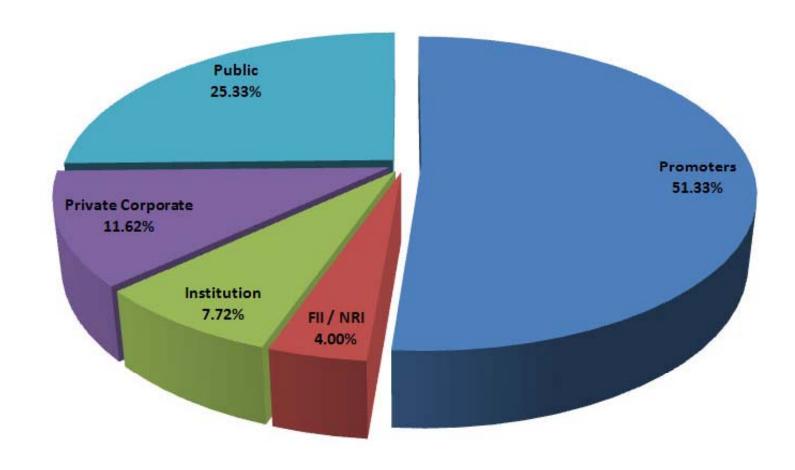
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#### Shareholding pattern (31.03.2011)



#### 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!