Kajaria

Investors Presentation

May 2012

Agenda

Global Tile Industry

Indian Tile Industry

Kajaria Ceramics – overview

Game Changer

Financials

Shareholding Pattern

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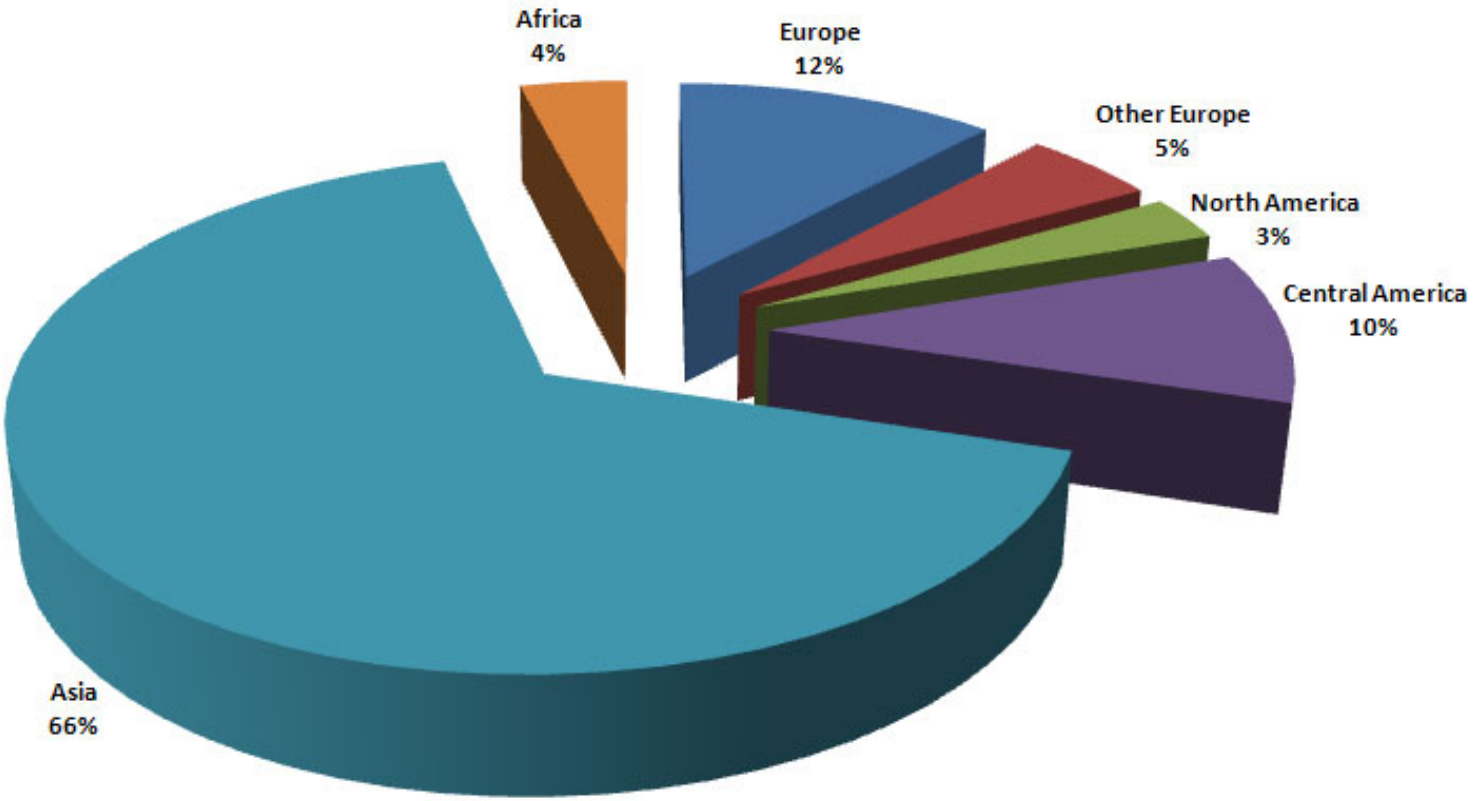
The production of top 10 countries…

(Million Sq Mtr)

	CY06	CY07	CY08	CY09	CY10	
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	
TURKEY	265	260	225	205	245	
EGYPT	122	140	160	200	220	
TOTAL WORLD PRODUCTION	7760	8252	8520	8515	9515	

Source: Ceramic World Review

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

Source: Ceramic World Review

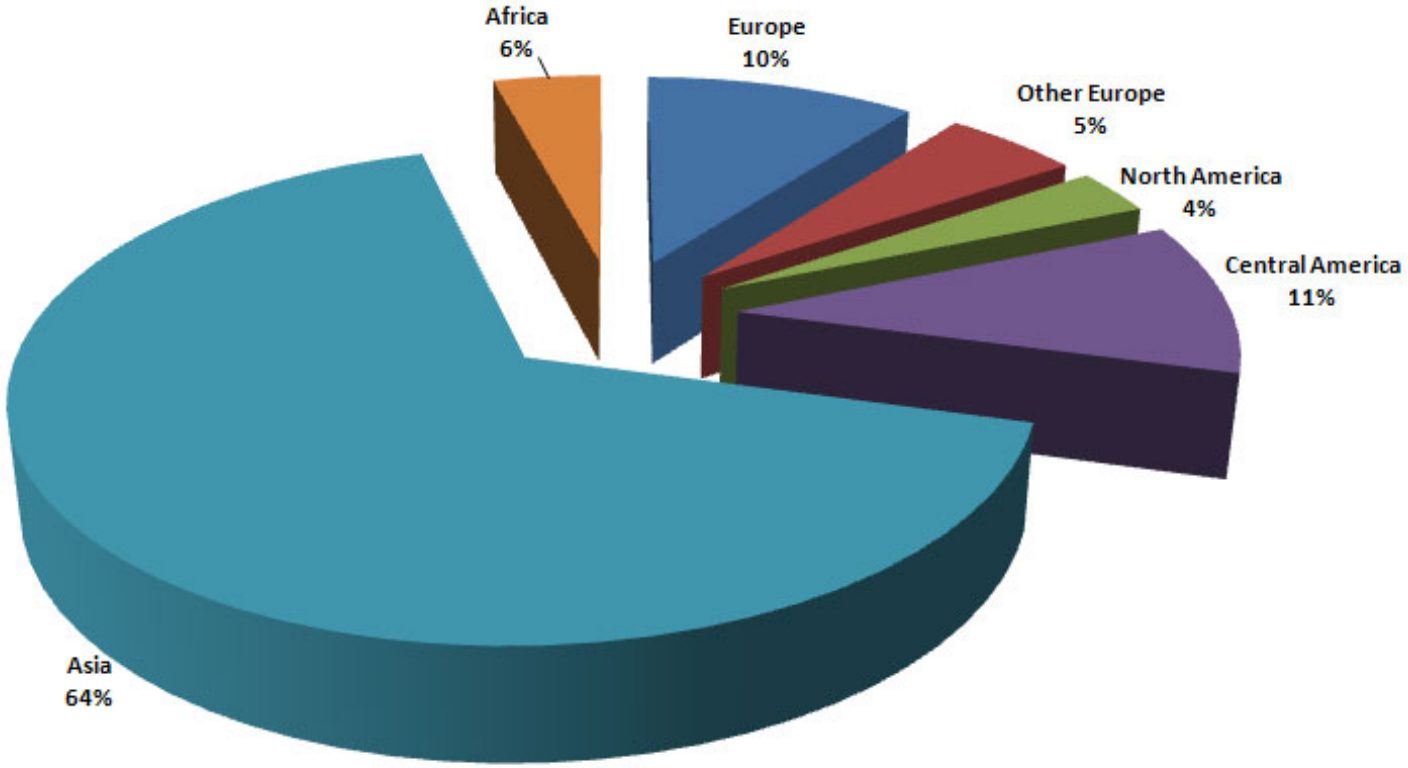
The consumption of top 10 countries…

(Million Sq Mtr)

	CY06	CY07	CY08	CY09	CY10	
CHINA	2450	2700	2830	3030	3500	→ 37 %
BRAZIL	484	535	605	645	700	
INDIA	350	397	403	494	557	→ 6 %
IRAN	182	236	265	295	335	
VIETNAM	145	210	220	240	330	
INDONESIA	148	178	262	297	277	
EGYPT	103	105	140	180	200	
USA	308	249	211	173	186	
SAUDI ARABIA	95	110	136	166	182	
MEXICO	167	173	176	163	168	
TOTAL WORLD CONSUMPTION	7420	8060	8350	8460	9350	

Source: Ceramic World Review

Global consumption Scenario (CY10)

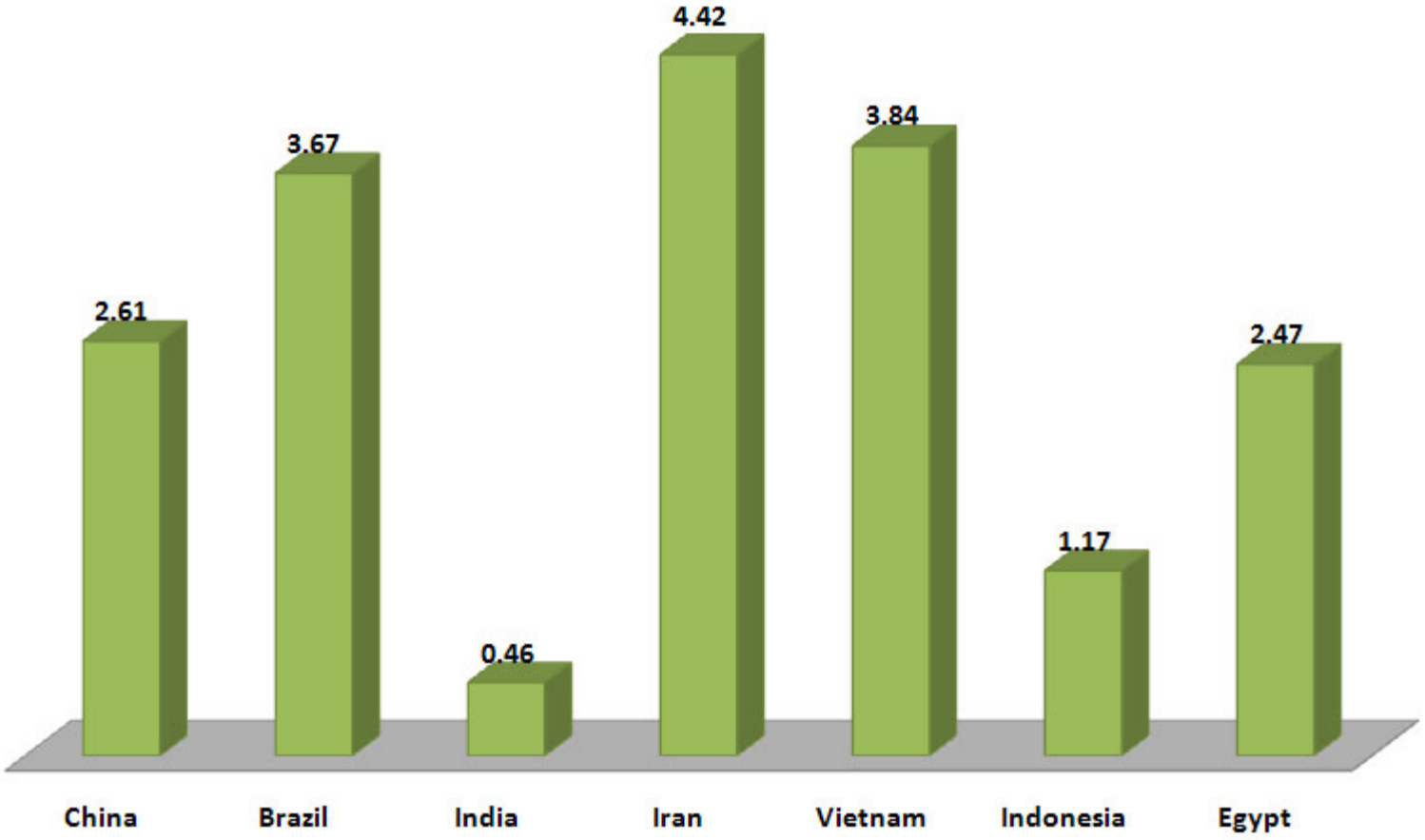


- The break down in consumption by geographical area is very similar to that of production.
- Asia once again showed the biggest growth in demand at 14% in CY10.
- Indian tile industry grew by 12.2% (in volume terms) in CY10 over the last year.

Source: Ceramic World Review

Global Scenario ...

Per capita consumption of tile (Sq Mtr)



Source: Ceramic World Review

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Indian Tile Industry

- Indian tile industry is around 557 million sq. mt. as of March 2011.
- Industry size Rs 14000 crore as of March 2011.
- National Brands control 50% of industry.
- The industry has been growing at a CAGR of 15-16% per annum in last 4-5 years.

Indian Industry – Major Players

National Brands control around 50% of the Industry

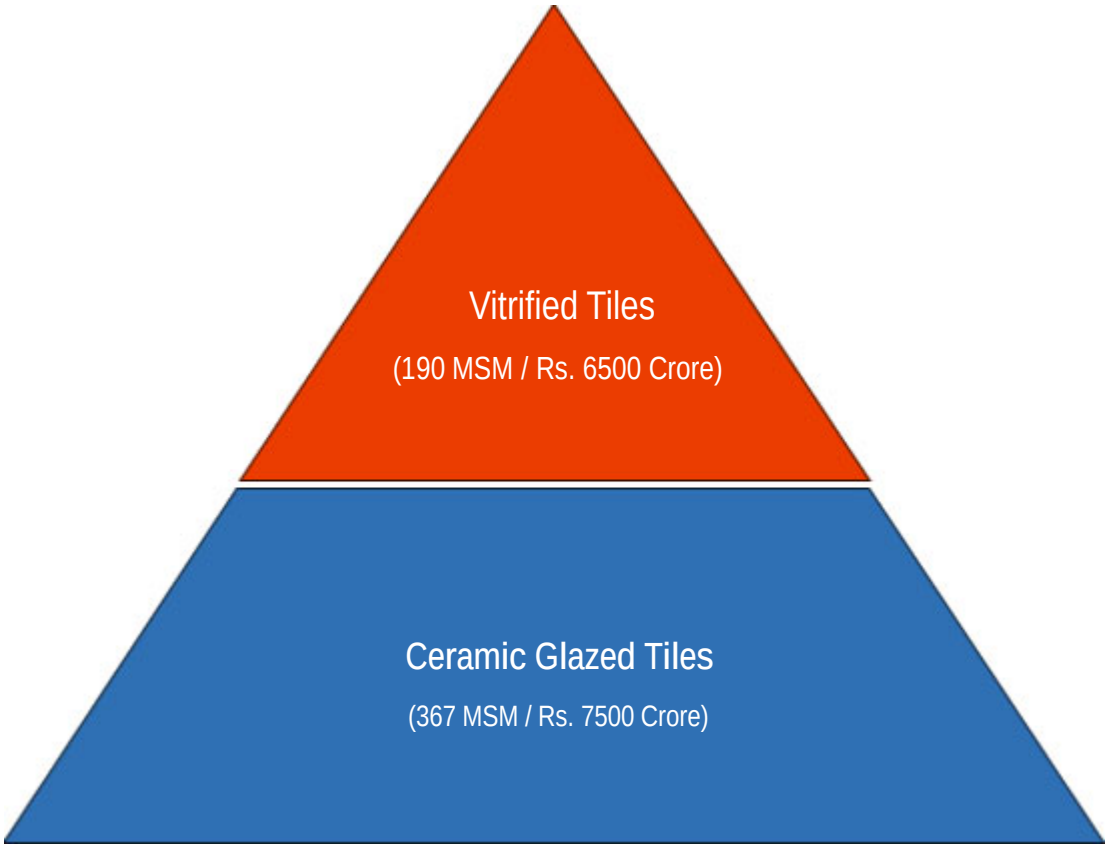
	Turnover as on date 31.03.2011 (Rs/Cr)	(Fy. 2011-12)
H&R Johnson	1472	→ Rs. 1729 cr.
Kajaria Ceramics	1005	→ Rs. 1407 cr.
Somany Ceramics	758	
Nitco Tiles	729	
Asian Granito	482	
Orient Ceramics	358	
Euro Ceramics	260	
Gokul Ceramics*	200	
Bell Ceramics	167	
Regency Ceramics	192	
Murudeshwar Ceramics	186	
Bell Granito*	100	
Decolight Ceramics	151	
Others (Restile, Simpolo, Spartek etc)*	1000	
Total	7060	

* estimated

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

Indian Industry – Segmentation

How Kajaria is Catering to all the segment of the 557 MSM tile Industry (Rs 14000 Crore)



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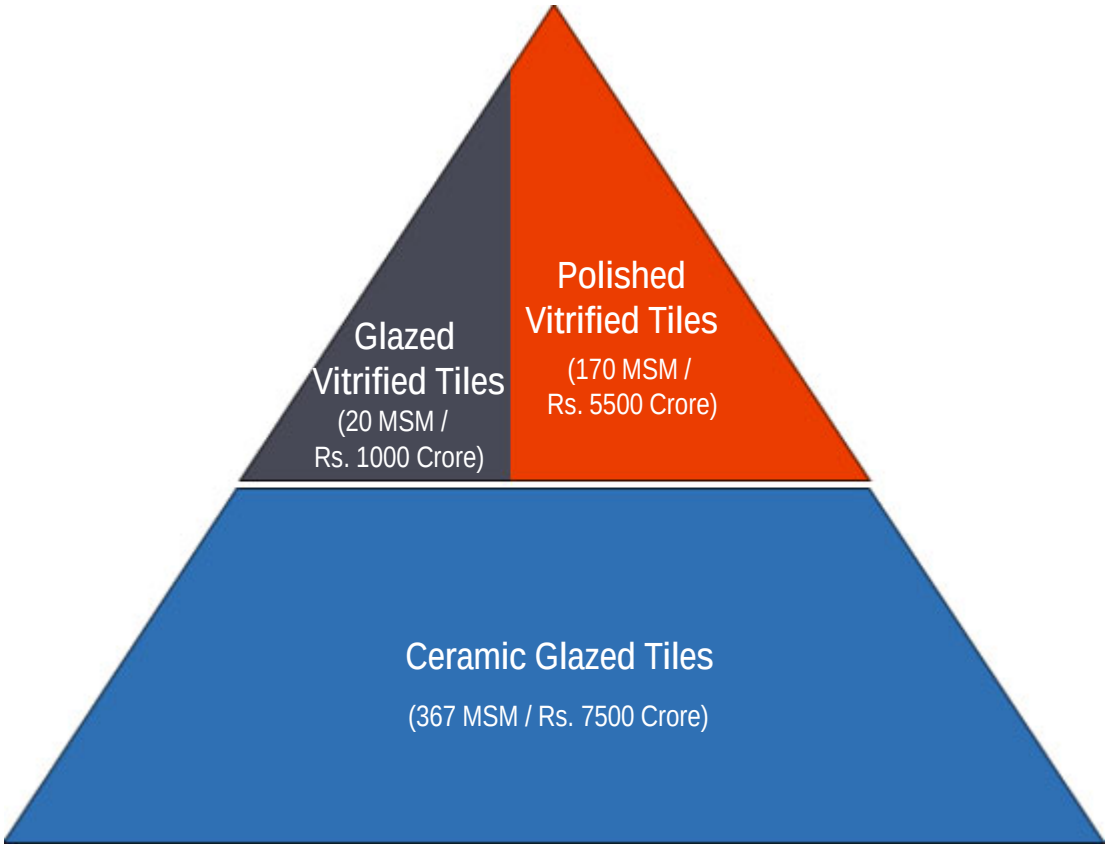
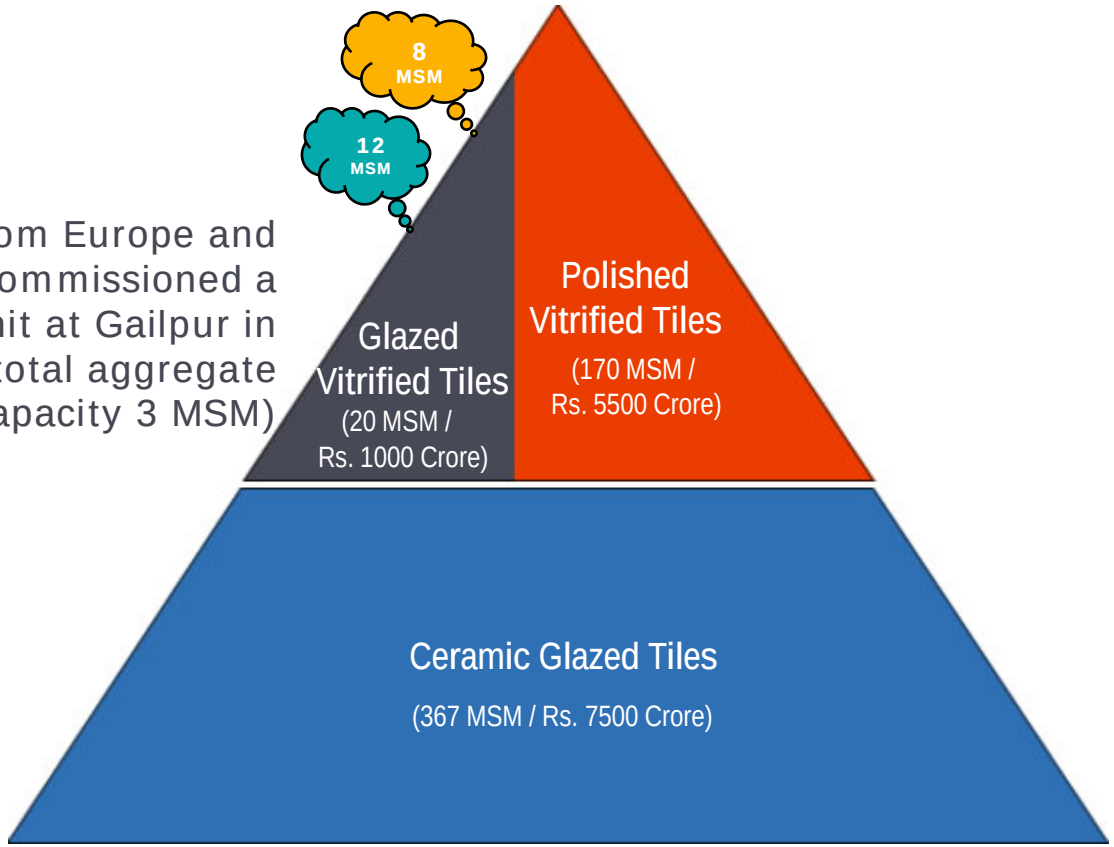


Indian Industry – Segmentation

How Kajaria is Catering to all the segment of the 557 MSM tile Industry (Rs 14000 Crore)

Earlier importing from Europe and China, commissioned a manufacturing unit at Gailpur in March 2011 (total aggregate capacity 3 MSM)



Import Share Domestic Share

Indian Industry – Segmentation

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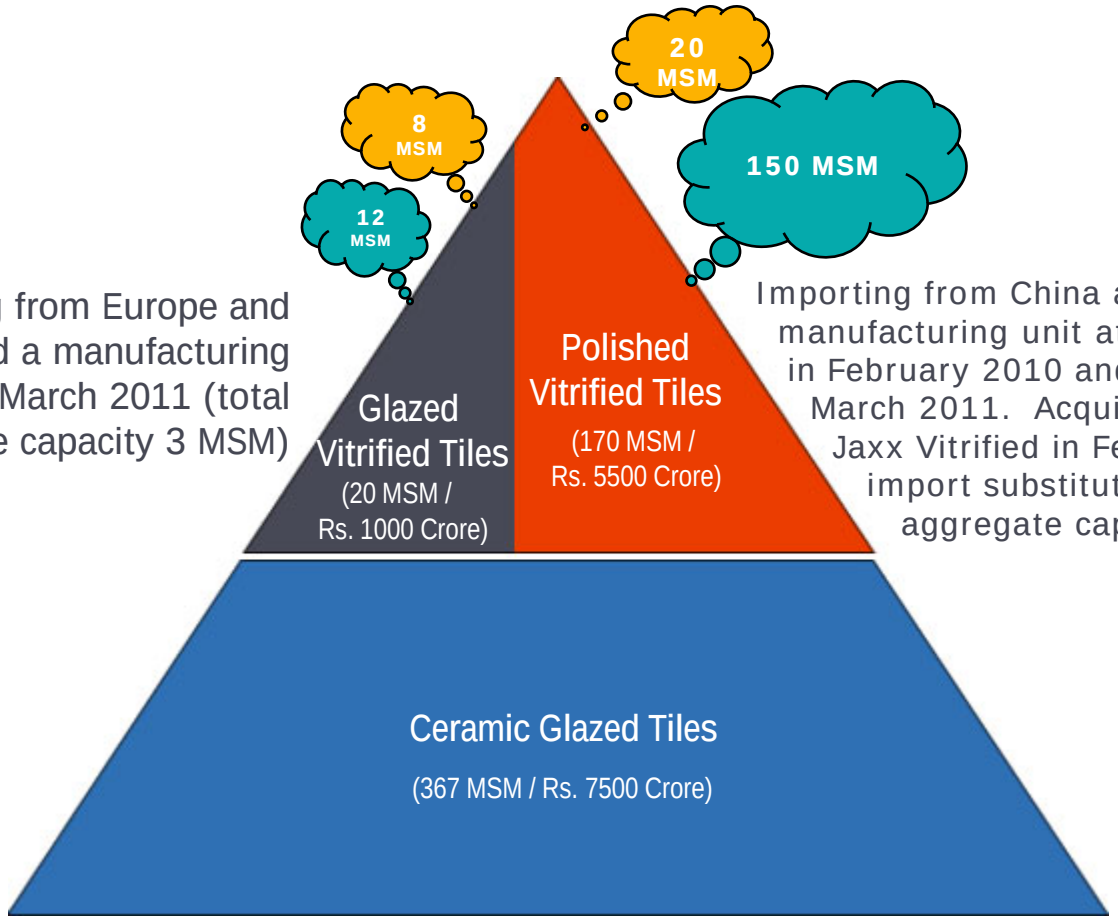

Importing from China and commissioned a manufacturing unit at Sikandrabad (U P) in February 2010 and in Gailpur in March 2011. Acquired 51% stake in Jaxx Vitrified in February 2012 for import substitution (total aggregate capacity 11.10 MSM).

Import Share Domestic Share

Indian Industry – Segmentation

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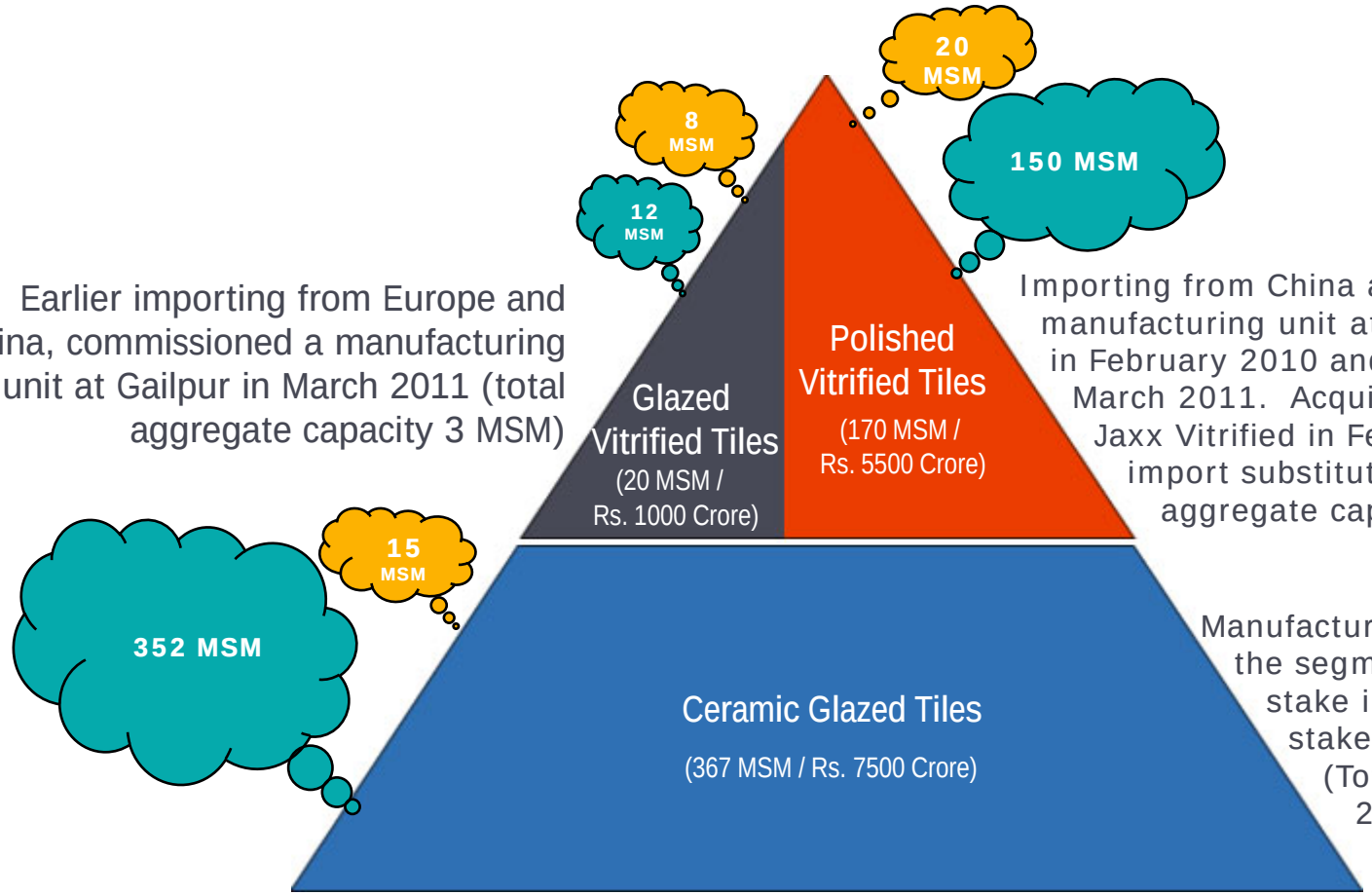

Earlier importing from Europe and China, commissioned a manufacturing unit at Gailpur in March 2011 (total aggregate capacity 3 MSM)

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Manufacturing upper end of the segment. Taken 51% stake in Soriso and 51% stake in Vennar Ceramics (Total aggregate capacity 24.20 MSM)

Import Share **Domestic Share**

Kajaria

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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.

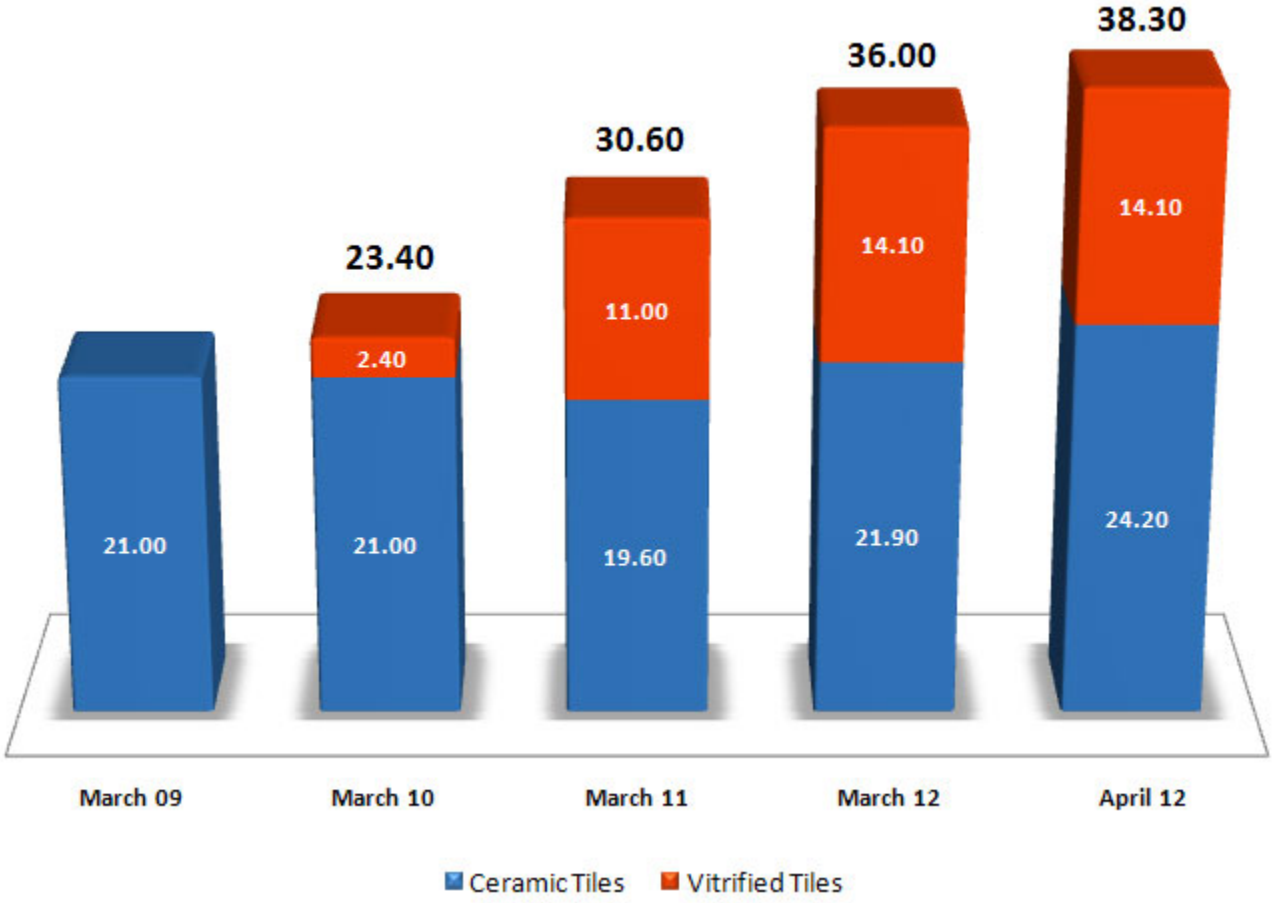
B. JAXX VITRIFIED

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

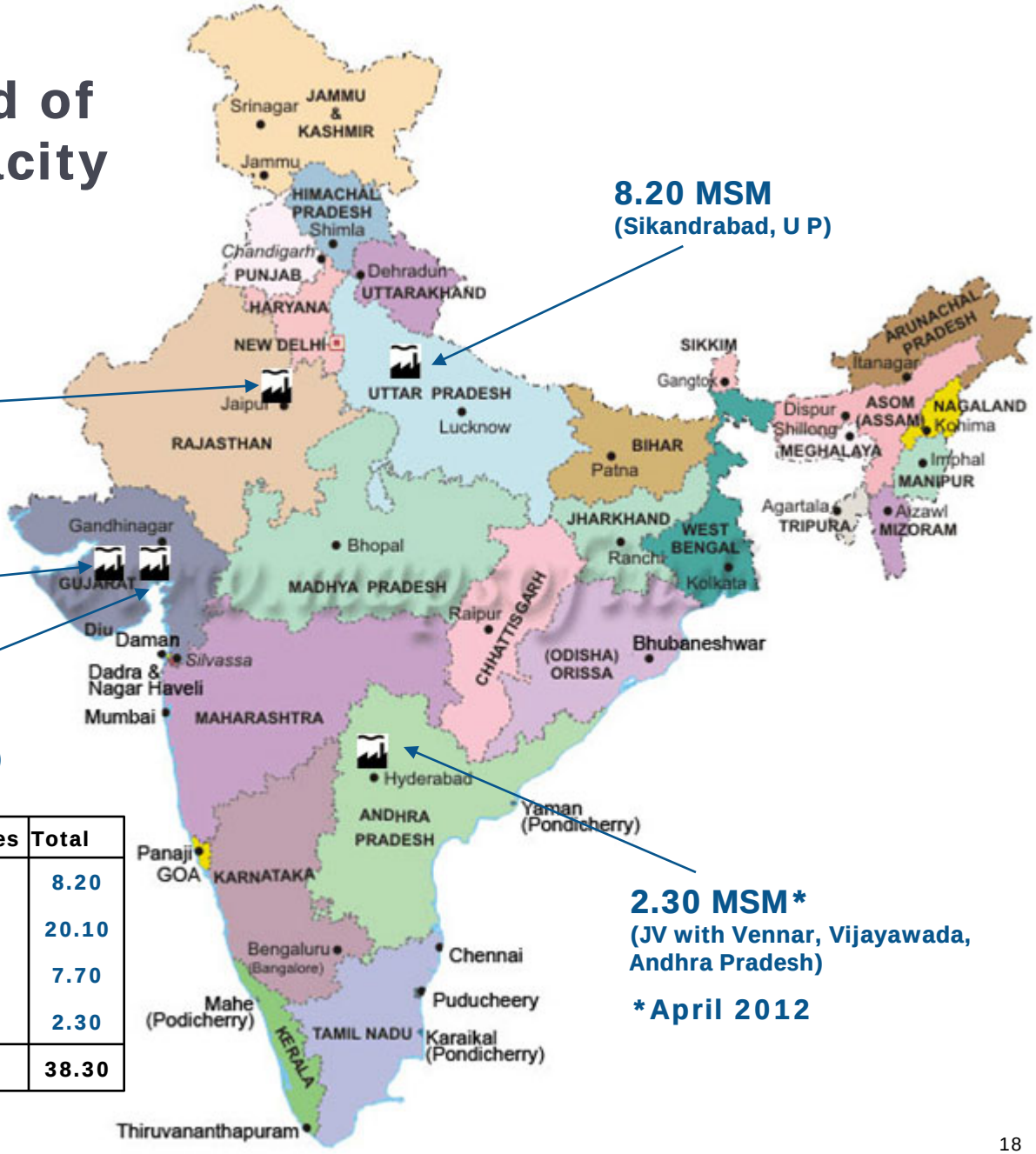
Acquired 51% stake in Vennar Ceramics Ltd, based in Vijayawada, Andhra Pradesh in April 2012, with an annual capacity of 2.30 MSM. (production to commence in June 2012).

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



Kajaria

Geographical Spread of the Production Capacity



8.20 MSM
(Sikandrabad, U P)

20.10 MSM
(Gailpur, Rajasthan)

4.60 MSM
(JV with Soriso, Morbi Gujarat)

3.10 MSM
(JV with Jaxx, Morbi, Gujarat)

2.30 MSM*
(JV with Vennar, Vijayawada, Andhra Pradesh)

***April 2012**

Plant	Ceramic Tiles	Vitrified Tiles	Total
1. Sikandrabad (UP)	3.20	5.00	8.20
2. Gailpur (Rajasthan)	14.10	6.00	20.10
3. Morbi (Gujarat)	4.60	3.10	7.70
4. Vijaywada (AP)*	2.30	-	2.30
Total	24.20	14.10	38.30

Kajaria

Distribution network of 825 dealers

(Apart from their sub-dealers)

21 Display Centers at all the offices in the country

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

PRESTIGIOUS PROJECTS

Delhi Metro

South Delhi Station

IT / ITES

Adobe Systems India Pvt. Ltd.

Developers

The Close - Unitech

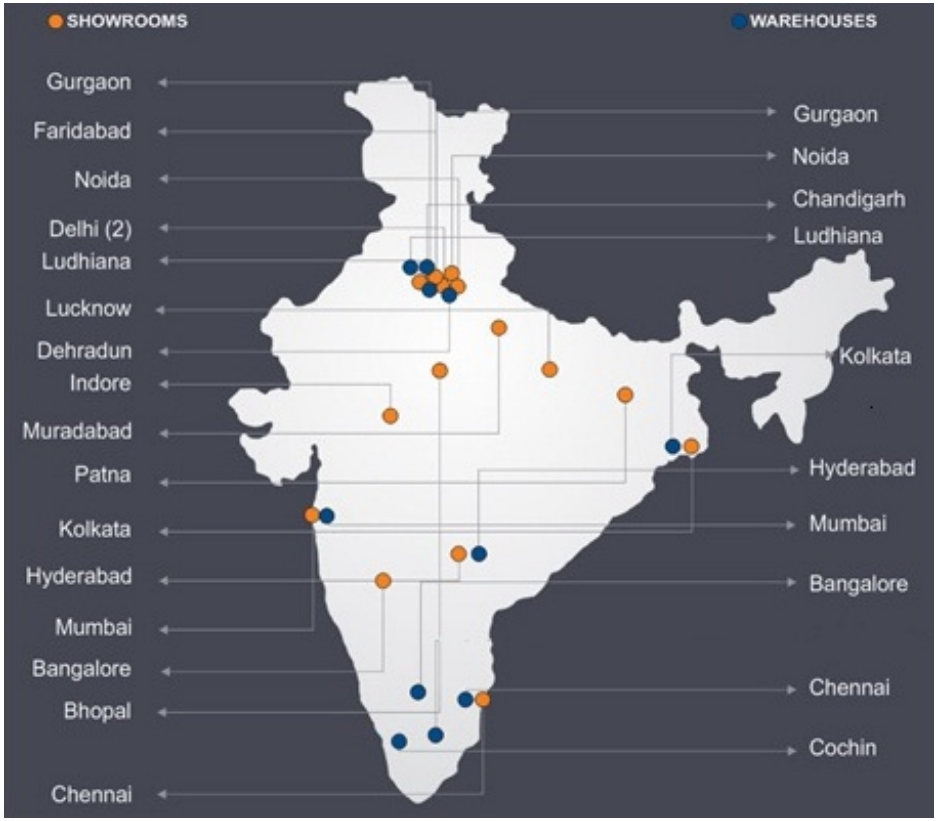
Schools

Delhi Public School

Kajaria

Kajaria World

- Chain of retail showrooms selling high end tiles from Spain & China.
- 17 showrooms (5 own + 12 franchises as of now.
- Selling leading international brands like:-



SALONI cerâmica Spain..

LOLA CERAMICS China..

ARGENTA Spain ...

BALDOCER CERAMICAS Spain ...

Ludhiana

Chennai

Gurgaon

Kajaria

The most certified
Ceramic Tile Company in the world

Committed to Society
India's first tile Company with
SA-8000
CERTIFIED

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

Committed to Excellence
India's first tile Company with
ISO 9001 : 2008
CERTIFIED

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

Committed to Save Environment
India's first tile Company with
ISO-14001
CERTIFIED

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

Committed to Better Health & Safety
India's first tile Company with
OHSAS-18001
CERTIFIED

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

Committed to Food Safety
India's first tile Company with
ISO-22000:2005
CERTIFIED

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

Committed to Energy
India's first tile Company with
ISO-50001:2011
CERTIFIED

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

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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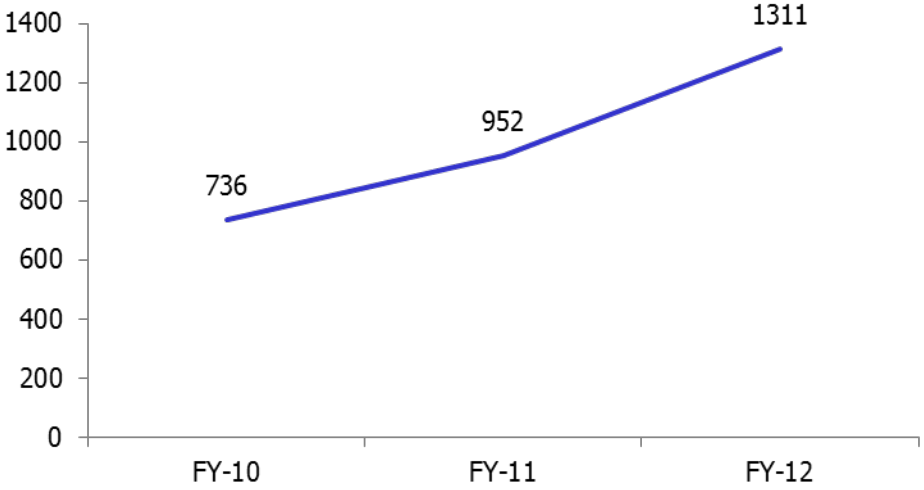
Segment wise Turnover

Rs. in Crore

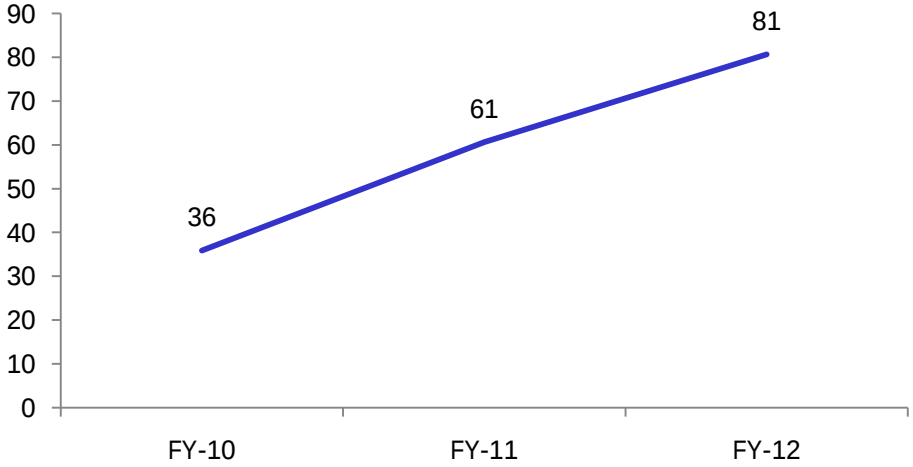
	Ceramic Wall & Floor Tiles		Polished Vitrified Tiles		Glazed Vitrified Tiles		KAJARIA world High End Tiles	Bathware / Wooden Flooring	Total
Fin Year	Mnfg.	Outso-urcing	Mnfg.	Outso-urcing	Mnfg.	Outso-urcing		(Outsourcing)	
FY 2009-10 (Audited)	473	13	6	173	-	62	40	-	767
2010-11 (Audited)	458	62	86	250	12	113	27	8	1016
2011-12 (Audited)	534	133	208	297	137	-	76	15	1400

(Standalone)

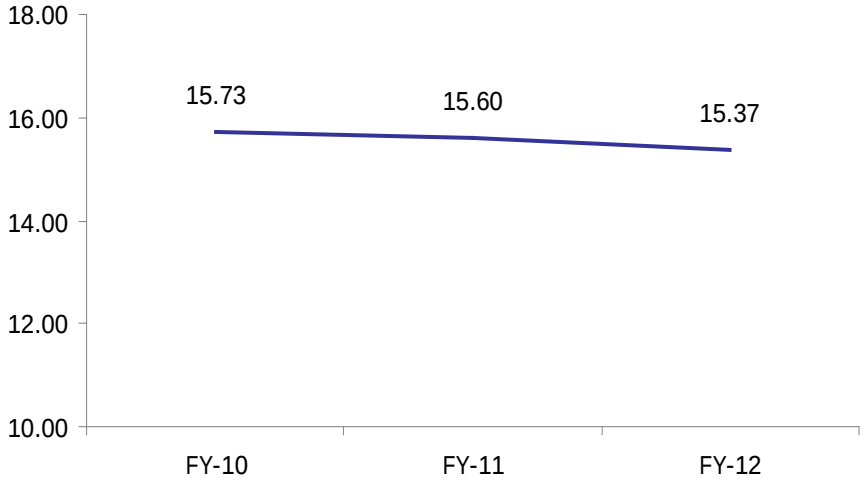
Net Sales (Rs. Crore)



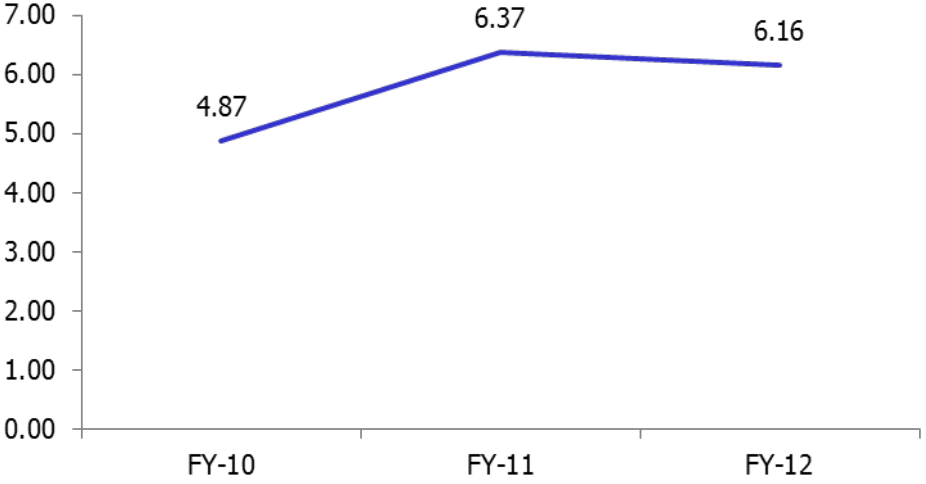
PAT (Rs. Crore)



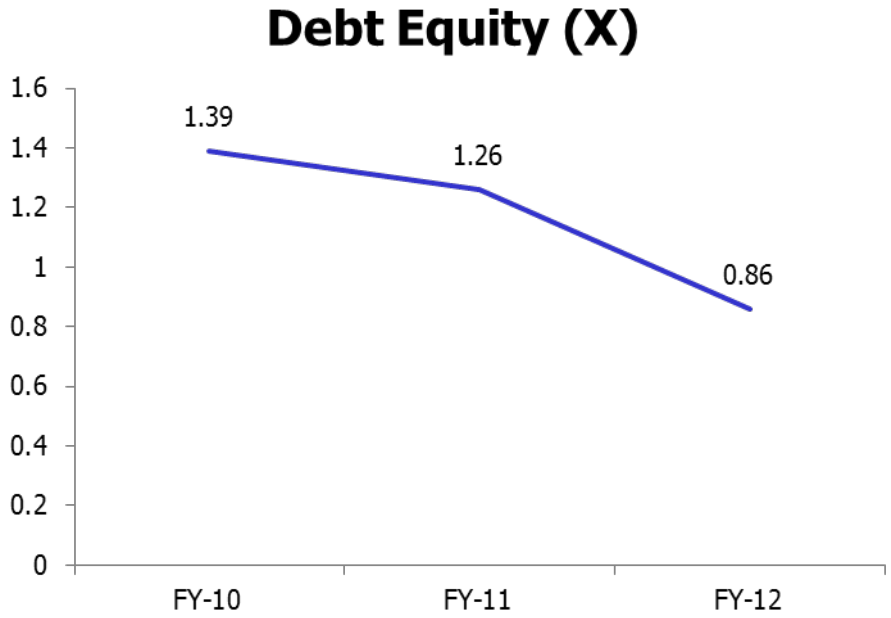
EBDITA MARGIN (%)

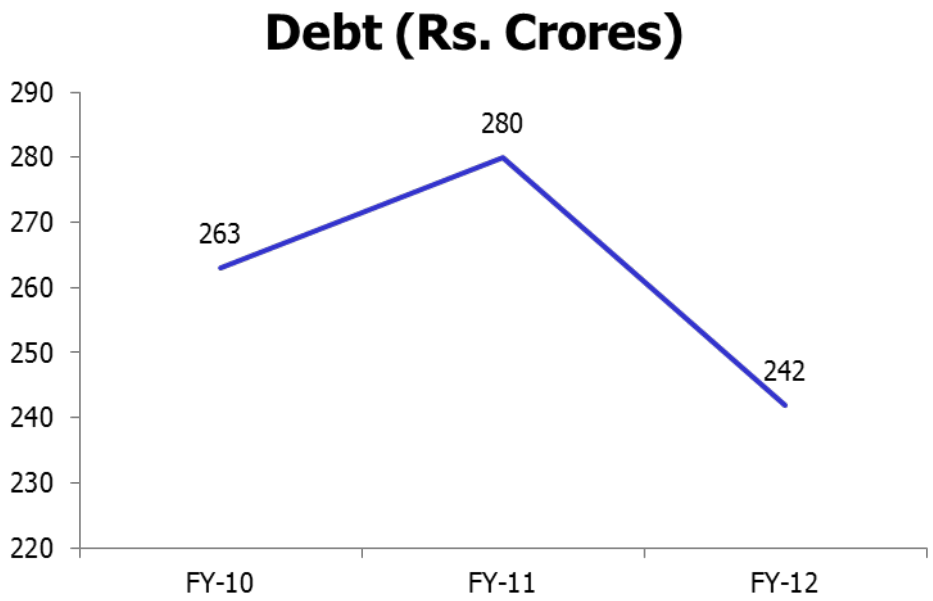


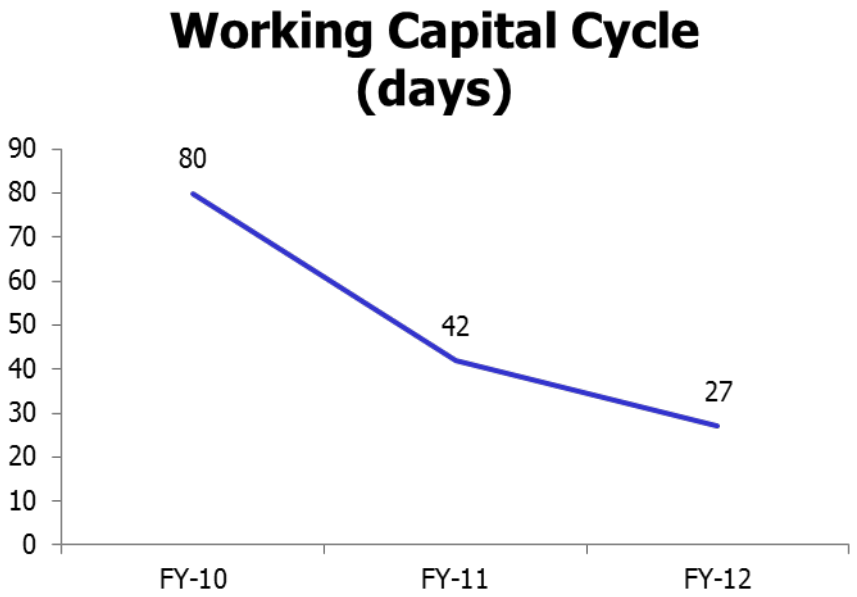
PAT MARGIN (%)

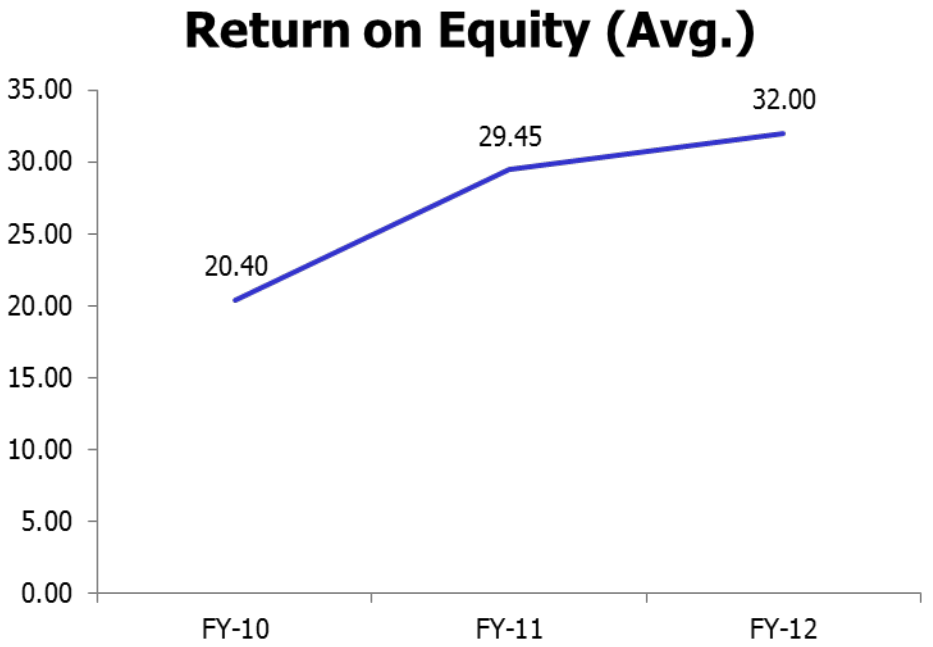


All figures and ratios are on standalone basis









All figures and ratios are on standalone basis

Financials

Rs in Crore

	Q4FY12		Q4FY11		Growth		12MFY12		12MFY11		Growth	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Gross Sales	405.06	406.60	295.90	295.90	37%	37%	1400.32	1407.21	1004.57	1004.57	39%	40%
Net Sales	377.22	372.62	281.32	280.72	34%	33%	1311.35	1311.53	952.35	951.75	38%	38%
EBIDTA	**57.72**	**59.94**	**42.15**	**43.06**	**37%**	**39%**	**201.58**	**207.67**	**148.61**	**148.95**	**36%**	**39%**
EBIDTA MARGIN	15.30%	16.09%	14.98%	15.34%			15.37%	15.83%	15.60%	15.65%		
Interest	12.13	13.20	6.15	6.84	97%	93%	46.98	48.51	29.93	30.05	57%	61%
Depreciation	9.52	10.82	7.15	7.33	33%	48%	37.08	39.26	29.50	29.68	26%	32%
Profit Before Tax	36.07	35.92	28.85	28.89	25%	24%	117.52	119.9	89.18	89.22	32%	34%
Tax	11.86	12.34	10.42	10.43	14%	18%	36.80	38.05	28.52	28.53	29%	33%
Minority Interest	-	0.09	-	0.07	-	-	-	0.97	-	0.07	-	-
Profit After Tax	**24.21**	**23.49**	**18.43**	**18.39**	**31%**	**28%**	**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)	**3.29**	**3.19**	**2.51**	**2.50**	**31%**	**28%**	**10.97**	**10.99**	**8.24**	**8.24**	**33%**	**33%**

Dividend: The Board has recommended a Dividend of 125% i.e. Re. 2.50/- per equity share for the financial year ended 31.03.2012 on the equity shares subject to the approval of the shareholders in the Annual General Meeting.

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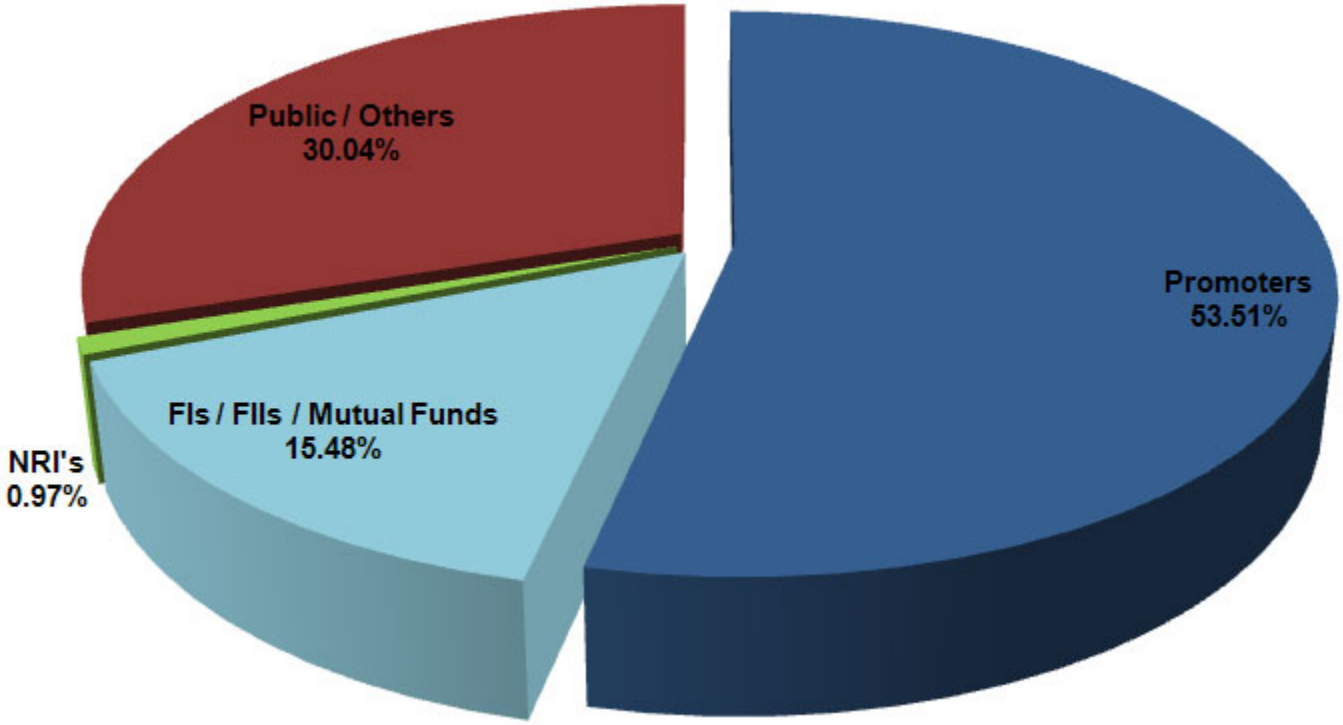
Shareholding pattern (31.03.2012)



Kajaria

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!