Kajaria Ceramics Ltd

Q2FY12/H1FY12 Results Update

Financial highlights

(Rs in Crore)

	Q2FY12		Q2FY11	Growth		H1FY12		H1FY11	Growth	
	Standalone	Consolidated	Standalone	Standalone	Consolidated	Standalone	Consolidated	Standalone	Standalone	Consolidated
Gross Sales	337.03	337.99	234.70	44%	44%	624.29	626.99	441.75	41%	42%
Net Sales	316.39	317.28	221.75	43%	43%	586.15	588.59	416.86	41%	41%
EBIDTA	46.80	48.38	34.89	34%	39%	88.75	91.67	66.19	34%	38%
EBIDTA MARGIN	15%	15%	16%			15%	16%	16%		
Interest	10.60	10.86	8.12	31%	34%	19.43	19.95	15.89	22%	26%
Depreciation	8.82	9.12	7.75	14%	18%	17.55	18.15	15.11	16%	20%
Profit Before Tax	27.38	28.40	19.02	44%	49%	51.77	53.58	35.19	47%	52%
Tax	8.48	8.80	5.70	49%	54%	16.04	16.62	10.55	52%	58%
Minority Interest	-	0.34	-	-	-	-	0.63	-	-	-
Profit After Tax	18.90	19.26	13.32	42%	45%	35.73	36.33	24.64	45%	47%
Equity	14.72	14.72	14.72	-		14.72	14.72	14.72	-	
EPS (Rs)	2.57	2.62	1.81	42%	45%	4.86	4.94	3.35	45%	47%

Quantitative Data

A. Production

1. Ceramic glazed wall tile unit – Gailpur (Capacity 14.10 msm p.a)

This unit has produced 3.67 msm during Q2FY12, operated at 100% + capacity. During H1FY12 this unit has produced 7.31 msm tiles, which is also 100% + capacity.

2. Ceramic glazed floor tile unit – Sikandrabad (Capacity 3.20 msm p.a.)

This unit has produced 0.81 msm during Q2FY12, 100% + capacity. During H1FY12 it has produced 1.64 msm tiles, which is also 100% + capacity.

3. Vitrified tiles unit – Sikandrabad (Capacity 5.00 msm p.a)

In this quarter ended 30th September 2011, this unit produced 1.16 msm of tiles, which works out to 93% of the capacity. During H1FY12 the total production was 2.20 msm, 88% of the capacity.

4. Vitrified tiles unit – Gailpur (Capacity 6.00 msm p.a)

We had put up this capacity to produce high end polished and glazed vitrified tiles, which came in production on 28th March 2011. In the first quarter ended June 2011, this unit attained 62% of capacity utilization. In this quarter it produced 1.26 msm of tiles and attained 84% capacity utilization.

B. Sales

- ***Manufacturing sales*:** During Q2FY12 the Company has sold 6.59 msm tiles as against 5.03 msm in Q2FY11. During H1FY12 the Company has sold 12.72 msm tiles vs. 9.75 msm in H1FY11.

- ***Trading sales*:** During Q2FY12 the Company has sold 3.05 msm tiles as against 2.03 msm in Q2FY11. During H1FY12 the Company has sold 5.35 msm tiles vs. 3.58 msm in H2FY11.

Review of the financial performance

- ***Revenue*:** The Company has achieved a net sales of Rs 316.39 crore in Q2FY12 compared with Rs 221.75 crore in Q2FY11 (up 43%) and a net sales of Rs 586.15 crore in H1FY12 compared with Rs 416.86 crore in H1FY11 (up 41%). The consolidated net sales was Rs 588.59 crore in H1FY12.

- ***EBIDTA*:** The Company reported an EBIDTA of Rs. 46.80 crore in Q2FY12 as compared to Rs. 34.89 crore in Q2FY11 and Rs. 88.75 crore in H1FY12 as compared to Rs. 66.19 crore in H1FY11. The consolidated EBIDTA was Rs 91.67 crore in H1FY12. The EBIDTA margin declined marginally due to increase in input cost (raw material and LNG). The strengthening of US Dollar also impacted the cost of import - both tiles and raw material.

- ***Interest:*** The interest charges increased marginally at Rs. 10.60 crore in Q2FY12 as compare to Rs. 8.12 crore in Q2FY11 due to increased operations and continued hardening of interest rates. During H1FY12 the interest increased at 19.43 (consolidated Rs 19.95 crore) from Rs. 15.89 crore in H1FY11.

- ***PAT:*** The company reported post-tax profit (PAT) of Rs 18.90 crore in Q2FY12 as compared to Rs 13.32 crore in Q2FY11 (up 42%) and Rs 35.73 crore in H1FY12 as compared to Rs 24.64 crore in H1FY11 (up 45%). The Consolidated Net Profit for the half year was Rs. 36.33 crore (up 47%)

- ***Debt Level and working capital:*** The total debt has increased marginally at Rs 285 crore (consolidated Rs 292 crore) as of 30th September 2011 as compared to Rs 280 crore (consolidated Rs. 288 crore) as of 31st March 2011. During the 6 months (April to September 2011) the Capex creditors amounting to Rs. 35 crore and dividend amounting to Rs. 17 crore were also paid. The debt equity (consolidated) declined from 1.29 as of 31 March 2011 to 1.10 as of 30th September 2011. This has been due to better cash flow and continued reduction in Working Capital cycle.

Expansion at Morbi

The expansion of Soriso Ceramic Pvt Ltd (subsidiary) for increasing its capacity from 2.30 msm p.a. to 4.60 msm p.a at the existing location is on schedule. We expect the commercial production to start in the month of February 2012. Kajaria Ceramics owns 51% stake in Soriso Ceramic Pvt Ltd.

About Kajaria Ceramics Limited

Kajaria Ceramics Limited is the largest producer of floor and wall tiles in India having an aggregate capacity of 30.60 msm* per annum. The company is providing complete tile solution to the customers by way of own production and import of tiles and bathware. Kajaria is the only Indian ceramic tile company awarded 'Superbrand' status for fifth consecutive time.

* including subsidiary capacity

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