

***Kajaria***

# WHAT'S WIN AT'S STORE

ANNUAL  
REPORT  
2016 / 17

KAJARIA CERAMICS LIMITED

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OUR  
REVENUES  
COULD  
GROW ONLY  
BY 6% IN  
2016-17.

OUR EBITDA  
MOVED  
ONLY BY 8%  
IN 2016-17.

OUR NET  
PROFIT  
INCREASED  
JUST BY 9%  
IN 2016-17.

OUR ROE  
DECLINED  
BY 293 BPS  
IN 2016-17.

OUR ROCE  
DECREASED  
BY 169 BPS  
IN 2016-17.

DESPITE THIS SUBDUED GROWTH, THE MOOD AT KAJARIA CERAMICS CAN BE SUMMED IN JUST ONE WORD.





# AT KAJARIA, WE ARE EXCITED BECAUSE...

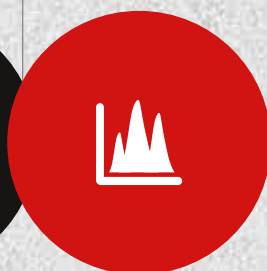
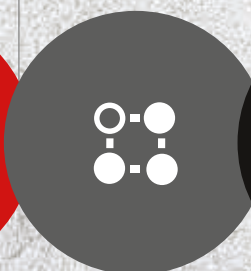
...India's economic scenario appears to be most promising in years.

...the tax reforms waiting to be implemented will be the most decisive in the country's existence.

...India is moving from an informal economy to a formal economy.

...the downstream sectors addressed by Kajaria Ceramics are likely to report an attractive rebound.

...we embarked on a number of initiatives to capitalise on emerging opportunities.





AFTER NEARLY SEVEN DECADES OF INDEPENDENCE, THREE OF INDIA'S BIGGEST REFORMS ARE TRANSPIRING TOGETHER.

PROMISING TO TRANSFORM REALITIES FOR INDIA'S CERAMIC TILE SECTOR IN GENERAL AND KAJARIA CERAMICS IN PARTICULAR.

### 1. Goods & Services Tax

For decades, the manufacture and distribution of products in India were affected by various taxes at various levels. This affected national competitiveness, economic growth and competitive fairness. In 2017, the introduction of the Goods & Services Tax is intended to remove anomalies, catalyse economic growth and strengthen the organised sector. This reform will be more pronounced in India's ceramic tile sector, where majority is dominated by unorganised players.

### 2. Real Estate Regulatory Authority

For decades, India's home buyers bought the most expensive asset class without sectoral protection. From 2017, the implementation of the unprecedented RERA promises to enhance sectoral credibility, make it virtually impossible for non-compliant players to bring projects to the market. In turn, this will strengthen the confidence of the buyer and drive the prospects of organised players.

### 3. Housing for all

In 2017, the government provided infrastructure status to the country's Affordable Housing segment – a move that is expected to transform the prospects of the real estate sector catalysing demand for residential housing across the value chain specially for mid-segments which caters to the needs of the aspiring upward mobile section of the Indian population. According to CLSA, this policy could lead to the creation of 60 mn houses between 2018 and 2024; growth in the premium housing segment is expected to be more than 30%.



WHAT LIES IN STORE...

# MORE CONVIN FAST

MORE  
CONNECT

HOME BUYING  
USED TO BE  
A WIZENED  
AND ELDERLY  
THING; NO  
LONGER.



TODAY A GREATER PROPORTION OF THOSE 35-AND-BELOW ARE BUYING THEIR FIRST HOMES; A LARGER PROPORTION OF BUYERS ARE OPTING FOR MORTGAGE FINANCE; MOST ARE SEEKING HOMES AWAY FROM TRADITIONAL RESIDENTIAL CLUSTERS; **MOST ARE WILLING TO TRY THE NEW.**

WELCOME TO INDIA'S CONVENIENCE GENERATION.

THERE IS INCREASING EVIDENCE THAT COMPANIES THAT COMMUNICATE RELEVANTLY AND ADEQUATELY WITH THIS CONVENIENCE GENERATION CARVE AWAY A DISPROPORTIONATELY LARGER MARKET SHARE.

AT KAJARIA, WE HAVE ESTABLISHED AN ONGOING CONSUMER CONNECT THROUGH A MULTI-FORMAT AND MULTI-PLATFORM STRATEGY.



**Electronic:** Kajaria communicates pan-India through the national and regional television channels for creating pan-India awareness.



**Events:** Kajaria is visible at pan-India stadia hosting events of national interest – IPL and Indian cricket matches with international teams.



**Airports:** Kajaria is visible across more than 30 pan-India airports (hubs for new-age customers), making it the only Indian tile manufacturer to enjoy this presence.



**Social media:** Kajaria is prominent on the social media (Facebook, LinkedIn and Twitter) with a following of more than 6 lac people.



**On-ground:** Kajaria enhances awareness through hoardings, banners and print media across dealer catchment areas.



**Ambience:** Kajaria has evolved showroom store ambience resembling jewellery stores, attracting footfalls.



**The result:** a growing recall that if it is a tile, then it must be 'Kajaria'.

*Catalysing offtake.*



KAJARIA'S  
BRANDING AND  
PROMOTION  
INVESTMENT IN  
FY17

WHAT LIES IN STORE...

# MORE PRODUCTS

MORE  
PRODUCTS

MARBLE  
IS PASSÉ;  
FLOORS ARE  
SYNONYMOUS  
WITH TILES.



SO WHEN INDIA PREPARES TO CREATE THE LARGEST SPACE INCREMENT IN ITS EXISTENCE (USABLE AND LIVABLE), THE INFERENCE: **MORE TILES WILL BE CONSUMED THAN EVER.**

MORE FASHIONABLE TILES. MORE LARGE TILES. MORE NICHE TILES. MORE SPECIALLY-TREATED TILES.

THE GAME WILL GRAVITATE TO PLAYERS WITH THE WIDEST TILE VARIETY. PLAYERS WITH SOMETHING TO MATCH EVERY PREFERENCE. PLAYERS WHO SPOIL CUSTOMERS FOR CHOICE.

AT KAJARIA, WE ARE MAKING A QUIET PROMISE: WE WILL MAKE TILE SELECTION INCREASINGLY CHALLENGING THROUGH THE ABILITY TO PERMUTE ACROSS SIZES, COLOURS, TEXTURES AND FINISHES ON THE ONE HAND AND WIDENING APPLICATIONS ON THE OTHER.



**Designs:** We launched more than 500 designs across existing product verticals (ceramic wall and floor tiles, polished and glazed vitrified tiles).



**Sizes:** We launched new large-format tiles across product verticals (120x180 cms, 120x120 cms, 120x80 cms, 80x80 cms) to address discerning aspirations even as we continued to manufacture smaller tiles to cater to the large mass requirements.



**Basket completion:** We ensured that each offering within each product vertical was aligned with the latest trends; our goal is to ensure that we have a tile that matches with the aspiration of every Indian.



**Application:** We adapted Polished Vitrified tiles used in floor applications around a wall application ('Signature' brand).



**The result:** Kajaria has a product for every application, every customer and every aspiration.

*Widening opportunities.*

#### Pioneering efforts

Ceramic floor tile (80x80 cms) launched for the first time in India

Polished vitrified tile (60x120 cms double charge) launched for the first time in India

Glazed vitrified tile (120x180 cms)- the largest ever made in India - launched for the first time

A red circular logo with the text "KAJARIA CERAMICS LIMITED." in white, uppercase letters.

KAJARIA  
CERAMICS  
LIMITED.

THE MOST  
DYNAMIC  
PROXY OF  
INDIA'S TILE  
INDUSTRY.  
**FLOORING  
CUSTOMERS.**  
ENRICHING  
STAKE  
HOLDERS.