

NO LOOKING BACK

Kajaria. India's best-known tile brand

- ° Leadership presence in the second most populous country of the world
- ° The most certified tile company in the world
- ° The fastest growing tile company in India
- ° The only Indian 'Superbrand' tile company - for the seventh successive time.

Content

Highlights 2013-14

Kajaria registered healthy growth despite the numerous challenges



statement from the management

"The best way forward lies in never looking back."

Competitive advantage

Kajaria footprint across the tile value chain allows it to address a wide opportunity matrix.



management discussion and analysis

Ceramic tiles are integral to home improvement.

5-year financial

Even though we have provided our five-year performance on this page, we are not quite looking back.

Value added statement

directors' report

Your Directors are pleased to present the 28th Annual Report together with the audited accounts

report on Corporate Governance

We believe that the governance process should ensure that large corporates are managed in a manner that meets stakeholders aspirations and societal expectations.



Financial statements

No looking back.

Even as the rest of the country was marked by an economic slowdown, there was no such trace at Kajaria Ceramics.

India's GDP grew less than 5% in the last two years; Kajaria's revenues grew an average 18% during the period.

This sustained growth in the face of sectoral and economic challenges was derived from an institutionalised mindset.

Whatever the odds, think bigger, think better, think quicker.

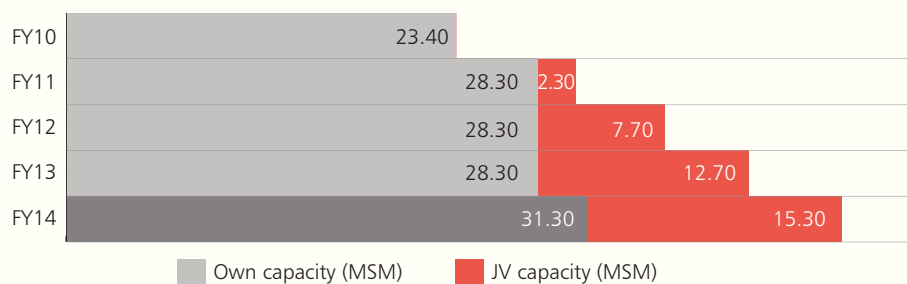
In other words, no looking back.

*"The woods are lovely, dark and deep. But I have promises to keep.
And miles to go before I sleep." – Robert Frost*

A forward-looking Kajaria means a number of things.

Proactive capacity-creation.
Judicious cost reduction.
Widening product portfolio.
Progressive value-addition.

When you put all these together, you get one of the fastest growing tile companies in the world.

Proactive **expansion**Strengthening **business**

FY10	15.73	FY10	5.36
FY11	15.64	FY11	7.08
FY12	15.83	FY12	9.42
FY13	15.65	FY13	12.29
FY14	15.61	FY14	14.03

EBIDTA margins (%) – industry beating

Despite a huge hike in RLNG prices (US\$/mmbtu)

Liquid **Balance Sheet**

FY10	1,077	FY10	1.39
FY11	1,594	FY11	1.28
FY12	909	FY12	0.96
FY13	976	FY13	0.82
FY14	1,661	FY14	0.41

Healthy cash flow (₹ million)

Falling debt-equity (x)

MULTI-LOCATIONAL

ADDITION

KAJARIA NEVER LOOKS BACK

SCALING

VERTICALLY

BUSINESS

NORTH AND WEST

KAJARIA ALWAYS DOES BEST

CAPACITY

CREATE

CAPACITY

AND THEN

MORE

CAPACITY

BROWNFIELD

₹850

NEXT 24

REPLICATE

MILLION

ANOTHER
7.50 MSM

LEAST
USED
WORD

FILE

PASSION

GREENFIELD

MULTI-LOCATIONAL CAPACITY ADDITION

Most corporates create capacity cautiously.

So when Kajaria grew its capacity by 10.60 MSM multi-locationally in 24 months, most observers expected consolidation to follow.

But then Kajaria never looks back.

So Kajaria did what Kajaria does best. The Company invested ₹850 million in 2013-14 to add 5.60 MSM (14% addition of its March 2013 base) across its North and West locations.

And then ... it engaged in the implementation of another 7.50 MSM capacity (expected to be operational in the first half of 2014-15). And announced a plan to add 10 MSM through greenfield and brownfield initiatives.

The word 'enough' is probably the least used at Kajaria.



50%

KAJARIA'S CAPACITY ADDITION PLANS IN THE NEXT TWO YEARS (OVER ITS MARCH 2014 CAPACITY).

The word 'enough' is probably the least used at Kajaria.

INDIA'S FIRST HOLISTIC
BATHROOM SOLUTIONS
PROGRESSING
LATE RALLY
PURE-PLAY TILE
COMPANY
VERSUS
TURNING
EFFECT
NO LOOKING BACK
KAJARIA
IS INDIA'S MOST
RESPECTED TILE BRAND

SYNERGIC BUSINESS VENTURES

Most companies successful in their niche generally select to grow their capacity within it.

So when Kajaria reported yet another successful year, the general analyst conclusion was that the Company would make more of the same.

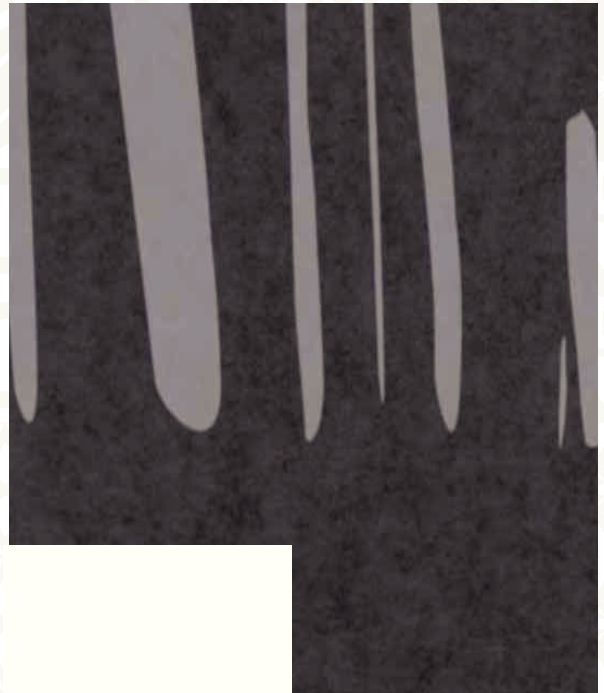
But then Kajaria is forward-looking.

The Company selected to emerge as an industry outlier through the following initiatives:

- Kajaria Sanitaryware, in which Kajaria (through its wholly-owned subsidiary Kajaria Bathware) holds a 64% stake, set up a 7 lac piece per annum sanitaryware manufacturing facility at Morbi, Gujarat which commenced operation in May 2014
- Kajaria Bathware plans to commission a ₹500 million faucet facility in Rajasthan (1.50 million piece per annum)

For years, Kajaria was a pure-play tile company. The Company now expects to transform into India's first holistic bathroom solutions provider.

The words 'no looking back' are not just used loosely at Kajaria Ceramics.



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Even though we have provided our five-year performance on this page, **we are not quite looking back.**

Revenue (₹ million)	2009-10	7,355
	2010-11	9,523
	2011-12	13,115
	2012-13	15,822
	2013-14	18,387

Growth **16.22%** **22.56%**
Over 2012-13 CAGR over 5 years

EBIDTA (₹ million)	2009-10	1,157
	2010-11	1,490
	2011-12	2,077
	2012-13	2,477
	2013-14	2,870

Growth **15.87%** **24.51%**
Over 2012-13 CAGR over 5 years

Net profit (₹ million)	2009-10	359
	2010-11	606
	2011-12	809
	2012-13	1,045
	2013-14	1,242

Growth **18.86%** **69.42%**
Over 2012-13 CAGR over 5 years

Cash profit (₹ million)	2009-10	626
	2010-11	903
	2011-12	1,201
	2012-13	1,491
	2013-14	1,712

Growth **14.81%** **38.30%**
Over 2012-13 CAGR over 5 years

Net margin (%)	2009-10	4.87
	2010-11	6.37
	2011-12	6.17
	2012-13	6.61
	2013-14	6.76

Growth **15 bps** **189 bps**
Over 2012-13 Over 5 years

ROCE (%)	2009-10	16.98
	2010-11	22.09
	2011-12	27.96
	2012-13	28.89
	2013-14	29.06

Growth **17 bps** **1,208 bps**
Over 2012-13 Over 5 years