

Ceramic Tiles Market - India

August 2014

Executive Summary

Market

- Indian ceramic tiles market size is an INR 'm1' industry, growing steadily at a CAGR of 'p1'%
- Globally, India is the 'r1'th largest country in terms of ceramic tiles production
- A formidable feature in this sector is the vast distribution network of players
- Vittrified tiles market, a sub-set of the ceramic tiles market, has been growing at 'p2'% over the last few years

Drivers & Challenges

Drivers

- Boom in real estate sector
- Increase in disposable income
- Untapped market potential
- Replacement market

Challenges

- Tough competition from unorganized players
- Import of cheap tiles from China
- Depreciation of Rupee and rise in energy costs

Trends

- Introduction of Nanotechnology
- Environment-friendly flooring
- Designer tiles
- Introduction of 3D tiles
- Shift towards vitrified tiles
- Larger distribution networks
- Strategic alliances
- Shift from Chinese sourcing to local production

Regulatory Body

- Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS)

Competitive Landscape

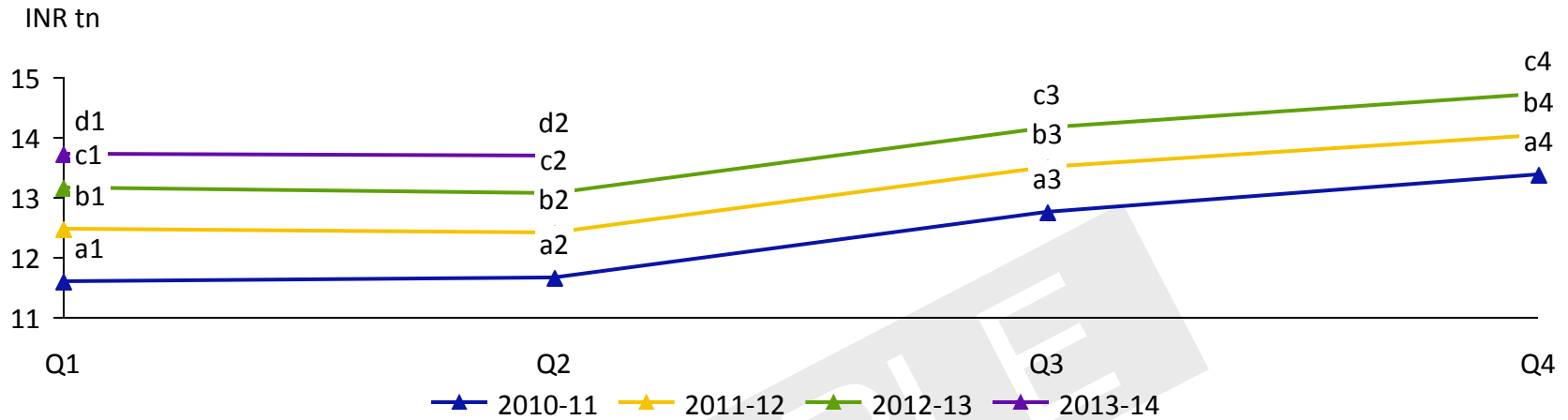
Major Players		
Company 1	Company 2	Company 3
Company 4	Company 5	Company 6

• **Macro-Economic Indicators**

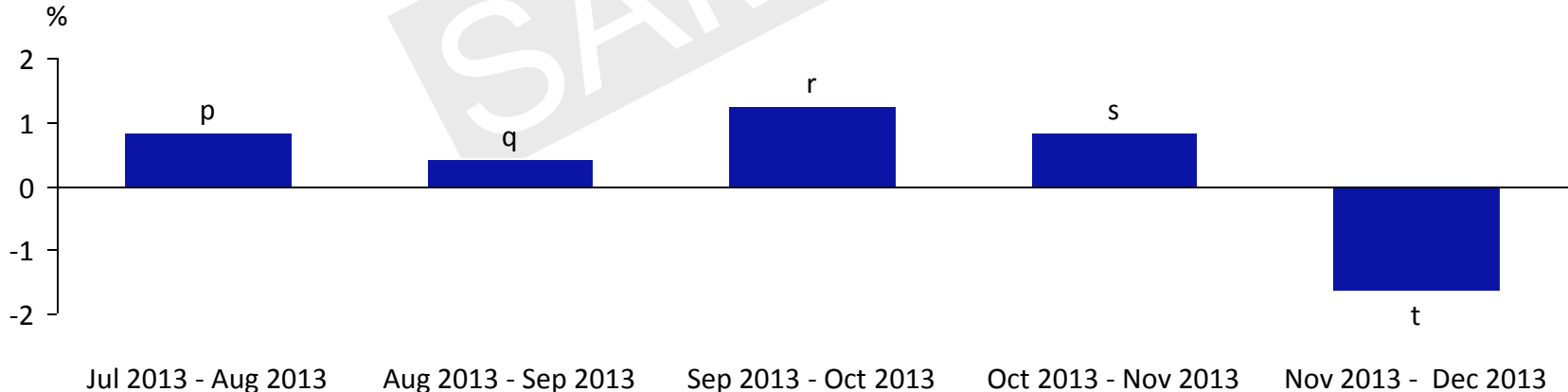
- Introduction
- Market Overview
- EXIM Data
- Drivers & Challenges
- Trends
- Regulatory Body
- Major Concern
- Competitive Landscape
- Strategic Recommendations
- Appendix

Economic Indicators (1/3)

GDP at Factor Cost: Quarterly



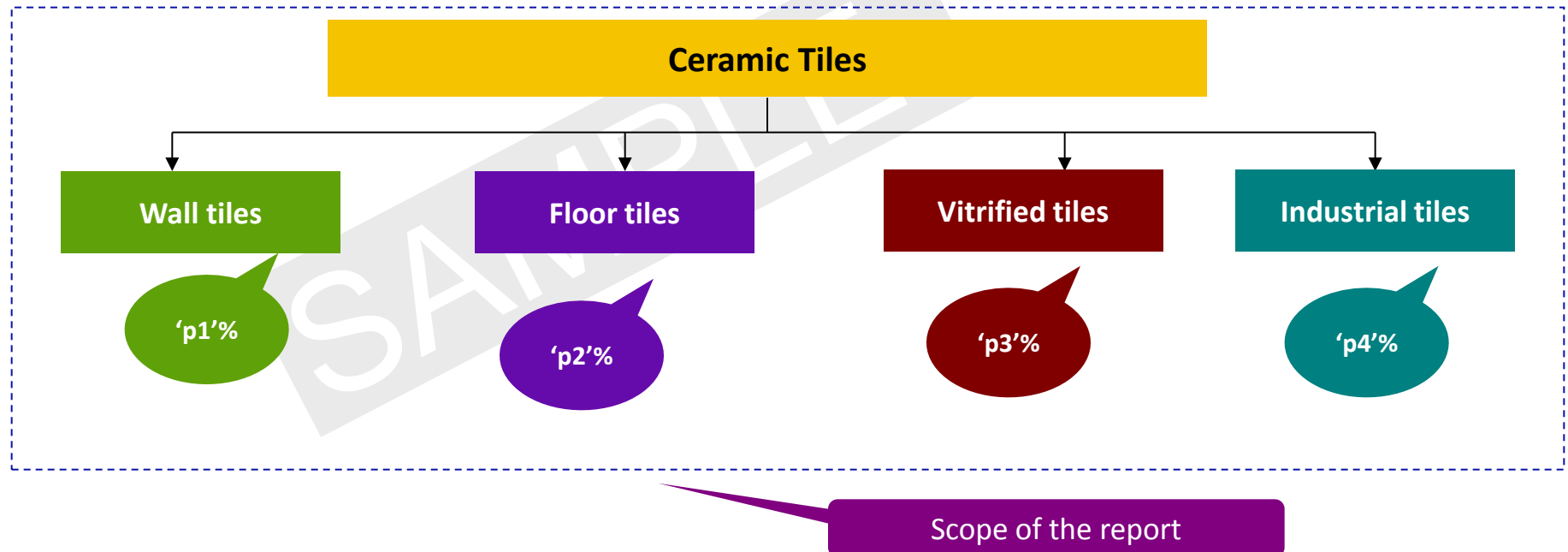
Inflation Rate: Monthly



Definition and Market Scope

Definition

- Ceramic tiles are mainly used for covering roofs, walls and floors, and are usually made from hard-wearing materials like ceramic, stone, metal or glass
- Clay, which happens to be one of the most important materials required for production, is generally imported from 'a1'

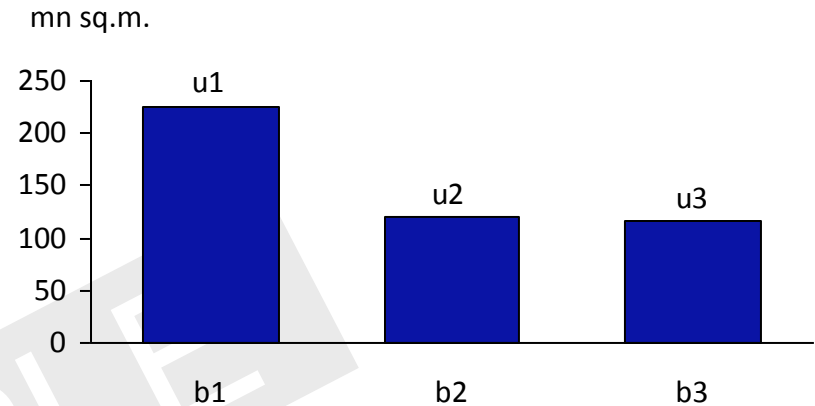


Easy availability and maintenance of ceramic tiles is pushing the global market by a large extent

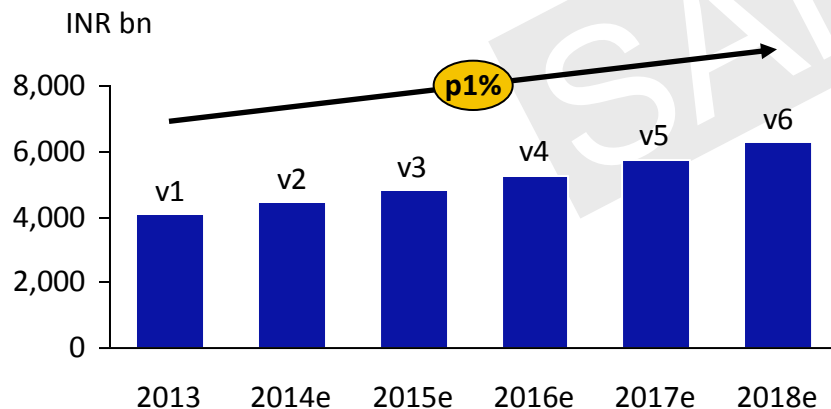
Global Market – Overview

- Global ceramic tiles market is witnessing an increase in demand due to changing lifestyle and increased disposable income
- Manufacturing has now shifted to 'a1', 'a2' and 'a4' from 'a5' and 'a6' to reduce costs
- The top 3 producers are 'c1', 'c2' and 'c3'
- 'c4' has replaced Italy as the world's largest exporter
- As of 2014, 'b1' of 'c5' is the largest producer of ceramic tiles in the world

Top Three Producers (2013)

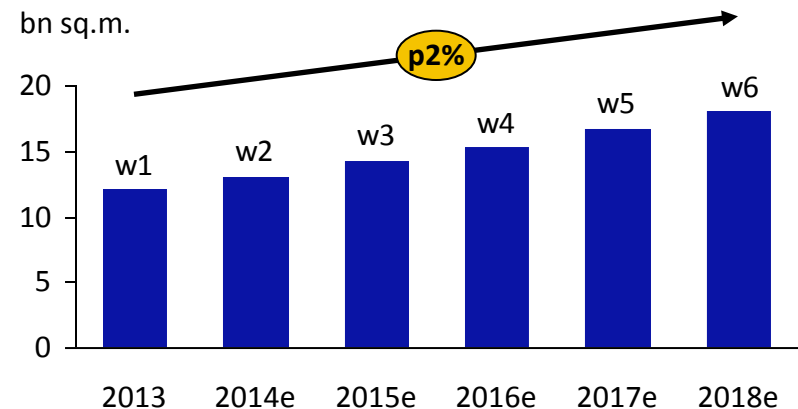


Market Size and Growth (Value)



Note: Figures are for the respective calendar years

Market Size and Growth (Volume)



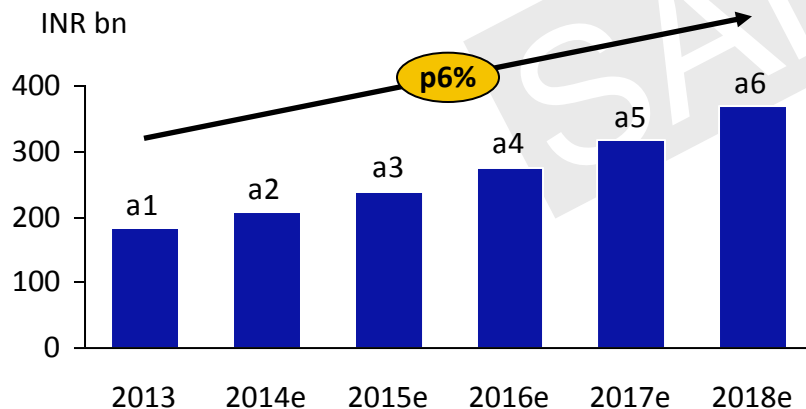
Note: Figures are for the respective calendar years

Domestic market is set to witness increased growth in coming years with increasing aesthetic sense of consumers

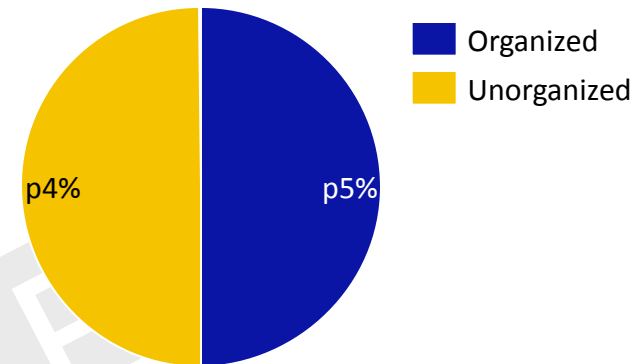
Indian Market – Overview

- Indian ceramic tiles market is valued at INR 'm1' and is part of the INR 'm2' tiles industry
- It ranks 'r1' globally and accounted for 'p1'% of the total global production in 2013
- 'p2'% of the total output originates from 'r1', with the city of 'r2' being the principal supplier
- Presently around 'n1' players in the organized segment account for 'p3'% of the market share in India

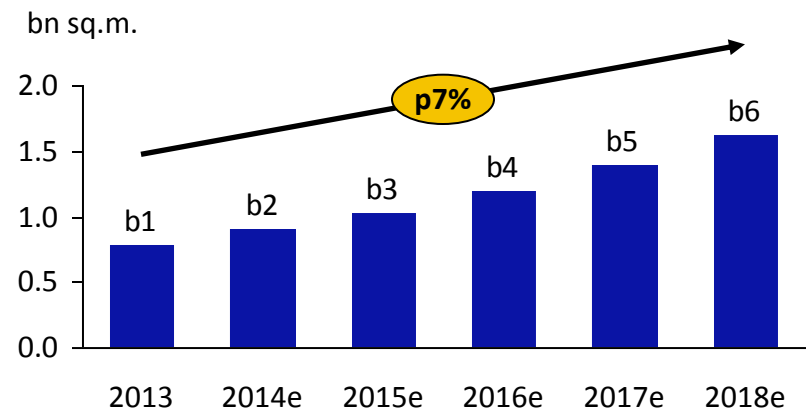
Market Size and Growth (Value)



Market Structure (2013)



Market Size and Growth (Volume)

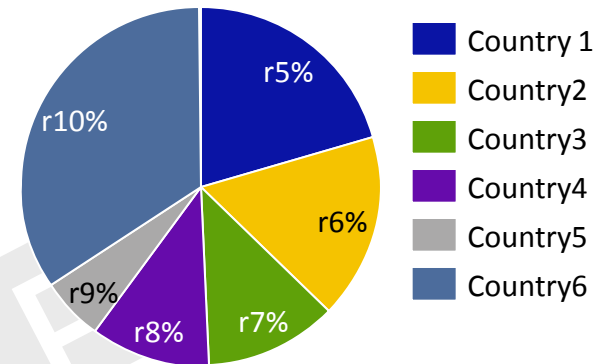


India has transformed...

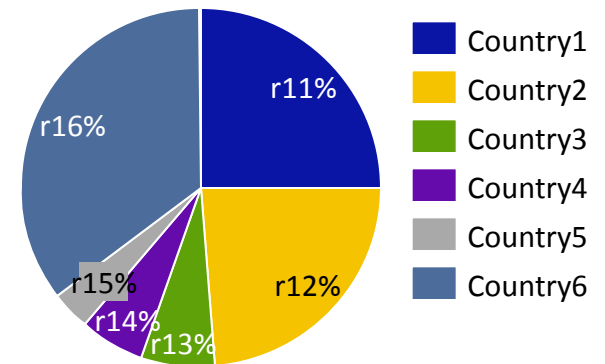
Exports – Overview

- Till 2011, India was a net importer of ceramic tiles
- In 2012, India clocked a production volume of 'q1' sq.m. of ceramic tiles against a domestic consumption of 'q2' sq.m., securing a place among countries with surplus production
- The production surplus has been rising steadily, as domestic consumption has been growing at 'r1'% against the growth in production of 'r2'%
- In 2014, India is expected to produce 'q3' sq.m., and consume 'q4' sq.m. of ceramic tiles, thereby having a surplus of 'r3'%
- By 'y1', India is expected to have a surplus of around 'r4'% of its production
- Since turning to a surplus country in 2012, ceramic tiles exports from India have been rising steadily in both value and volume terms
- Currently, the biggest markets for Indian tiles are 'c1' and 'c2'

Exports: Country-Wise Segmentation (2013)



Exports: Country-Wise Segmentation (2012)

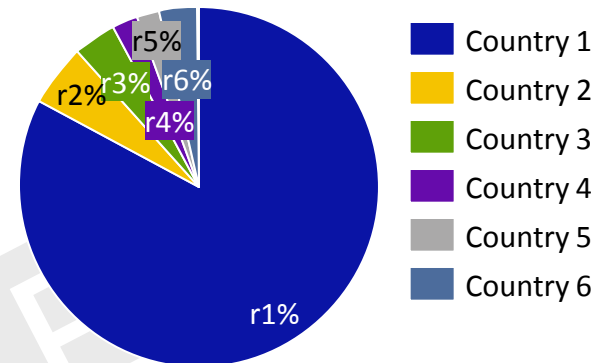


India has transformed...

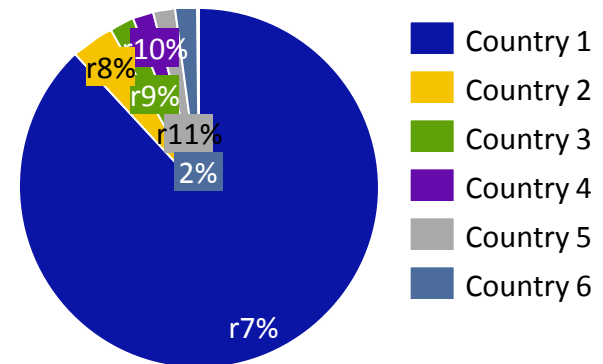
Imports – Overview

- Innovation in production technology has helped India emerge as the 'p1'th largest producer of ceramic tiles
- Since turning to a net surplus country in 2012, import of ceramic tiles to India has been steadily witnessing negative growth
- Local tiles industry is severely threatened by rise in input costs coupled with cheaper imports from China
- To protect the local industry and ease the threat, Government of India has intervened and now regulates the import of tiles into India
- As a result of government intervention, the import of tiles into India has significantly reduced in the past 2 years, although 'c1' is still the principal import partner





Imports: Country-Wise Segmentation (2013)






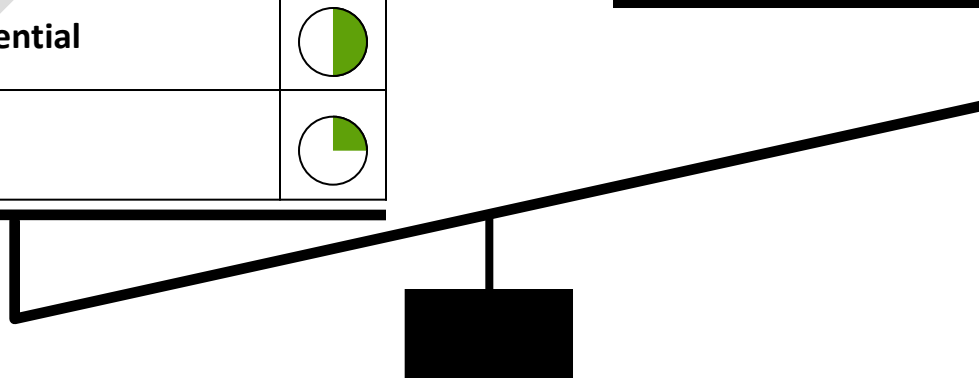
Imports: Country-Wise Segmentation (2012)



Drivers & Challenges – Summary

Drivers	
Boom in real estate sector	
Increase in disposable income	
Untapped market potential	
Replacement market	

Challenges	
Tough competition from unorganized players	
Import of cheap tiles from China	
Depreciation of Rupee and rise in energy costs	



Trends – Summary

Key Trends

Introduction of Nanotechnology

Environment-friendly flooring

Designer tiles

Introduction of 3D tiles

Shift towards vitrified tiles

Larger distribution networks

Strategic alliances

Shift from Chinese sourcing to local production

Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS) (1/2)

Brief Overview

Address : 4th Floor, PHD House, 4/2 Siri
Institutional Area, August Kranti
Marg,
New Delhi – 110016
Contact No : +91-11-26964238
Key People : Mr. A. K. Kajaria (Chairman)
Mr. P.N. Trivedi (Vice Chairman)

Objectives

Activities

Major concern (1/3)

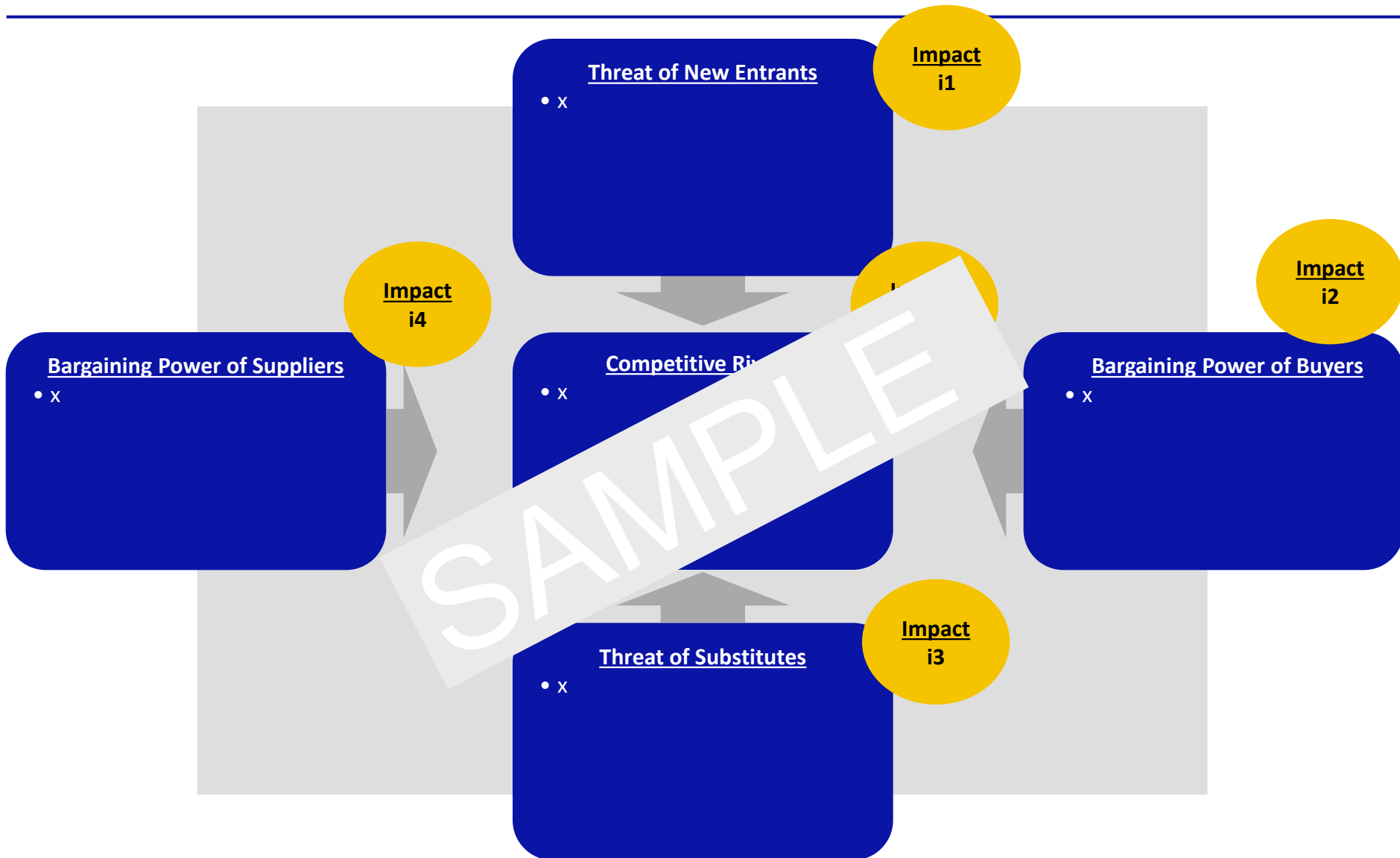
Demand for ban on Feldspar and Quartz from India (1/3)

- 'c1' has made demands to ban the export of two essential minerals Feldspar and Quartz
- These two minerals are the principal raw materials for manufacturing of ceramic tiles
- Moreover these are very rare minerals found in the sediments of the earth
- As per 'c1', total production of feldspar in India (including from unreported mines) reached 'q1' tons in 'y1', more than twice the official production figure for the year
- Moreover, based on official figures, 'r1'%- 'r2'% of the feldspar produced between 'y2' and 'y3' were exported out of India

- Depletion of these minerals cause import dependency of domestic ceramic industry which led to increase in price of ceramic tiles
- However this price rise has a negative impact on the survival of the domestic manufacturers and many of them were forced to shut-down

Raw material cost is 'r3'% of the total production cost

Market Competition – Porter's Five Forces Analysis



Competitive Benchmarking (1/5)

Public Trading Comparables

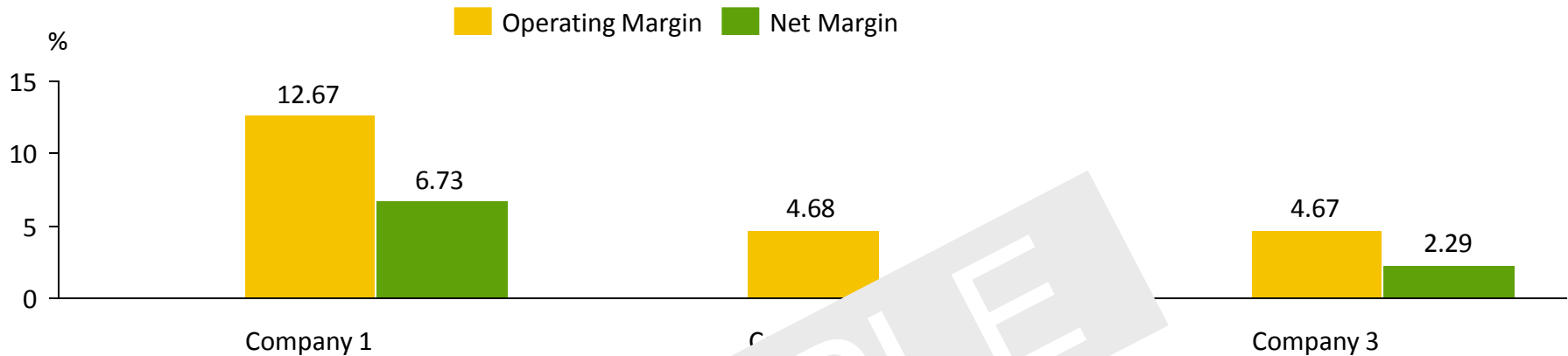
	Company 1	Company 2	Company 3	Company 4	Company 5
Market Capitalization (INR bn)					
Share Price (INR)					
EV/EBITDA (x)					
EV/Revenue (x)					
PE Ratio					

SAMPLE

Note: Top 5 Public companies based on the Market Capitalization; Market Capitalization, Share Price and PE ratio is as of 17/06/2014

Competitive Benchmarking (2/5)

Key Ratios of Top 3 Companies – Operational Basis (FY 2013) (1/3)



- Company 1 recorded operating margin of 12.67%, higher than both Company 2 and Company 3 which recorded operating margins of 4.68% and 4.67% respectively
- Company 1 recorded net margin of 6.73%, higher than both Company 2 and Company 3 which recorded net margins of 2.29% and 2.29% respectively

Public: Company 1 (1/5)

Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of Incorporation

Ticker Symbol

Stock Exchange

Products and Services

Category	Products/Services
Tiles	
Marble and Quartz	

Offices and Centres – India



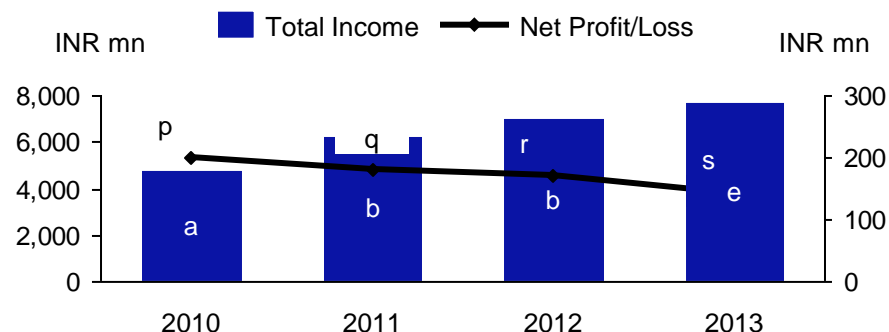
♦ Head Office

Key People

Name	Designation
	Chairman and MD
	MD and Director
	CFO
	Director

Public: Company 1 (2/5)

Financial Snapshot



Financial Summary

- The company incurred a net profit of INR 'm1' in FY 2013, as compared to net profit of INR 'm2' in FY 2012
- The company reported total income of INR 'm3' in FY 2013, registering an increase of 'r1%' over FY 2012
- The company earned an operating margin of 'r2%' in FY 2013, a decrease of 'r3' percentage points over FY 2012
- The company reported debt to equity ratio of 'p1' in FY 2013, a decrease of 'r4%' over FY 2012

Key Financial Performance Indicators

Indicators	Value (17/06/2014)
Market Capitalization (INR)	
Total Enterprise Value (INR)	
EPS (INR)	
PE Ratio (Absolute)	

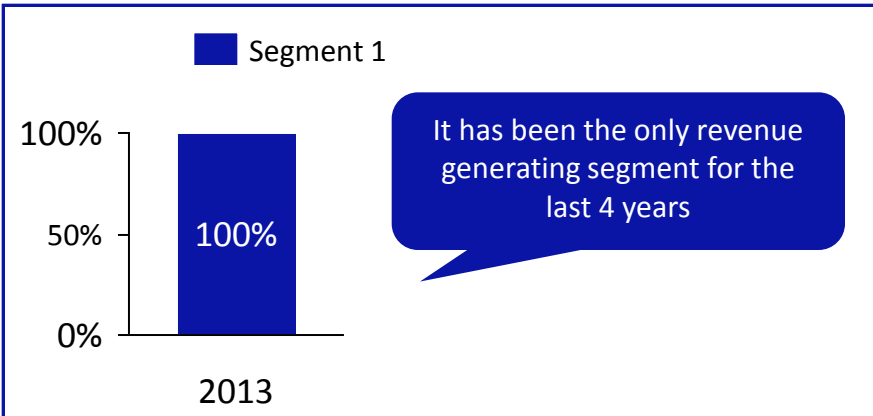
Key Ratios

Particulars	y-o-y change (2013-12)	2013	2012	2011	2010
Profitability Ratios					
Operating Margin	↓				
Net Margin	↓				
Profit Before Tax Margin	↓				
Return on Equity	↓				
Return on Capital Employed	↓				
Return on Working Capital	↓				
Return on Assets	↓				
Return on Fixed Assets	↓				
Cost Ratios					
Operating costs (% of Sales)	↓				
Administration costs (% of Sales)	↑				
Interest costs (% of Sales)	↑				
Liquidity Ratios					
Current Ratio	↓				
Cash Ratio	↓				
Leverage Ratios					
Debt to Equity Ratio	↑				
Debt to Capital Ratio	↑				
Interest Coverage Ratio	↓				
Efficiency Ratios					
Fixed Asset Turnover	↑				
Asset Turnover	↑				
Current Asset Turnover	↑				
Working Capital Turnover	↑				
Capital Employed Turnover	↑				

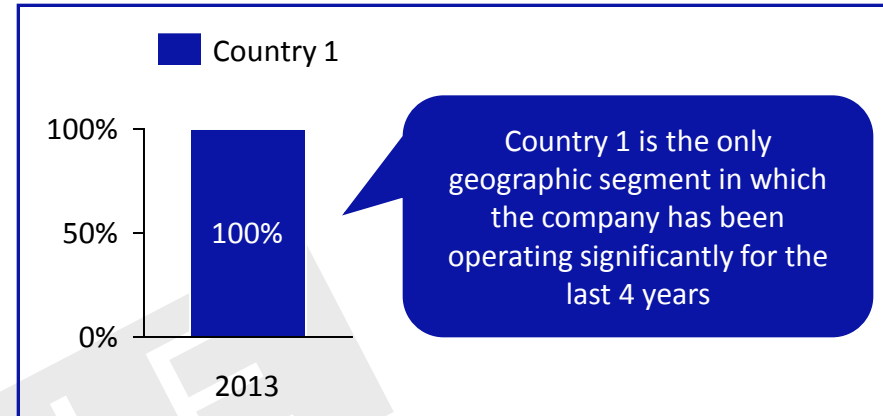
↑ Improved ↓ Decline

Public: Company 1 (3/5)

Key Business Segments



Key Geographic Segments



Business Highlights

Description	News
Overview	<ul style="list-style-type: none">• The company was incorporated as 'n1' and later converted into public limited company as 'n2'• The company was renamed as 'n3' in 't1'• Thereafter, it has changed its line of business from 'b1' to 'b2' and accordingly renamed as 'n4'• Company is a pioneer in the production of 'b3'
Joint venture	<ul style="list-style-type: none">• Italian ceramic tiles company 'n5' formed a 'r1': 'r2' joint venture with the company

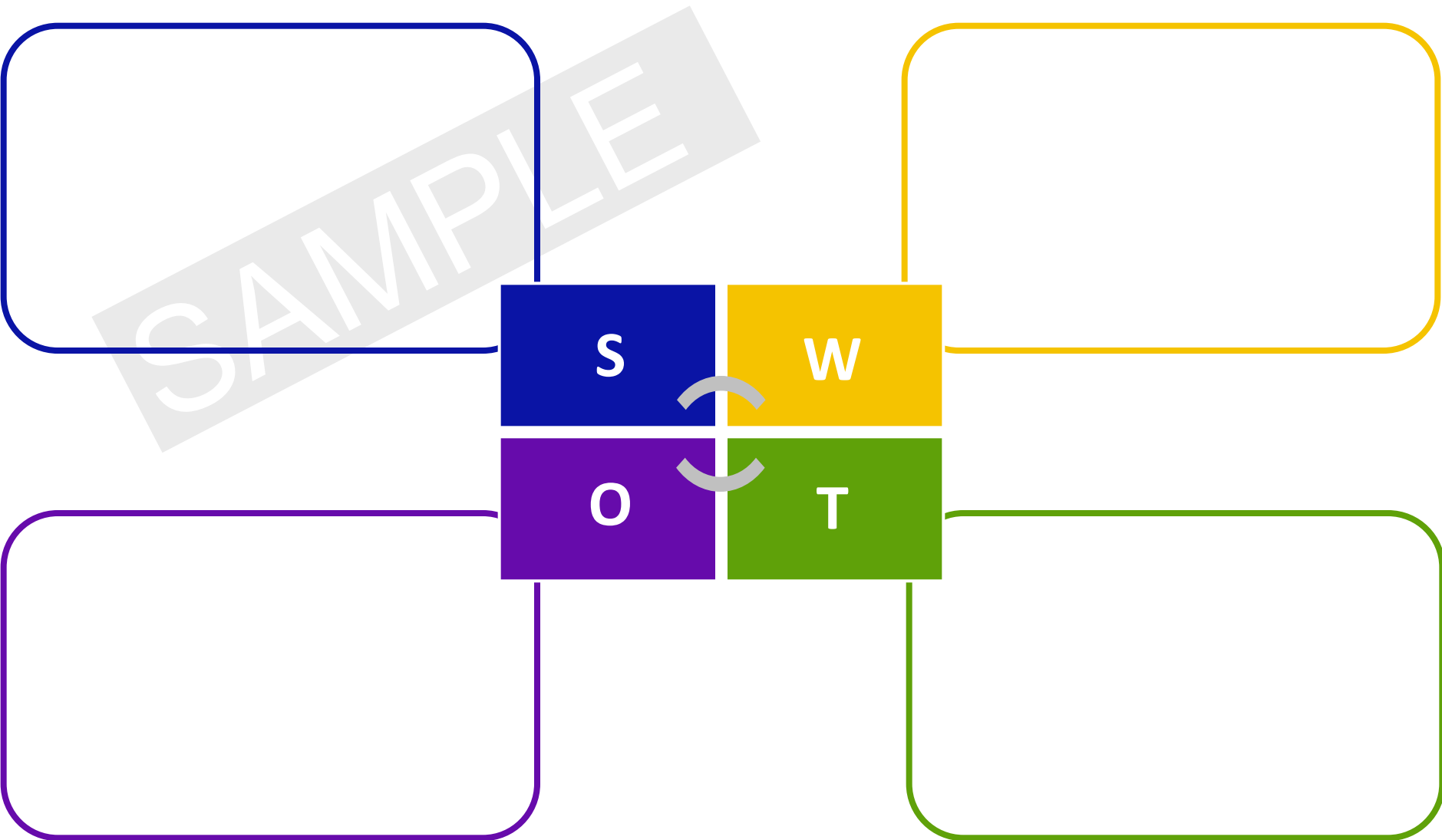
Note: Business segments and geographic segments are based on revenues

Public: Company 1 (4/5)

Certifications and Awards

Year	Certifications
2013	
2013	
2012	
2011	
2009	
Year	Awards
2012	
2012	
2010	
2010	
2007	
2006	
2005	
2005	

Public: Company 1 – SWOT Analysis (5/5)



Private: Company 2 (1/5)

Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of Incorporation

Products and Services

Category

Products/Services

Tiles

Offices and Centres – India



Key People

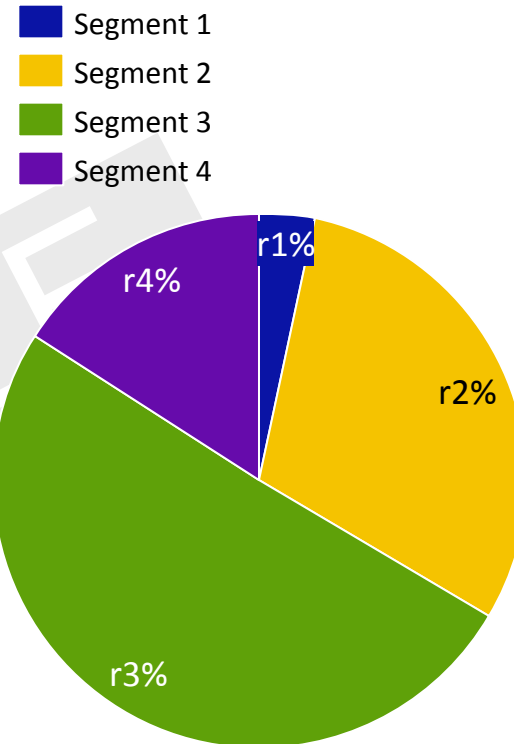
Name	Designation
	Managing Director
	Director
	Director
	Managing Director

Private: Company 2 (2/5)

Shareholders of the Company

Name	No. of Shares held

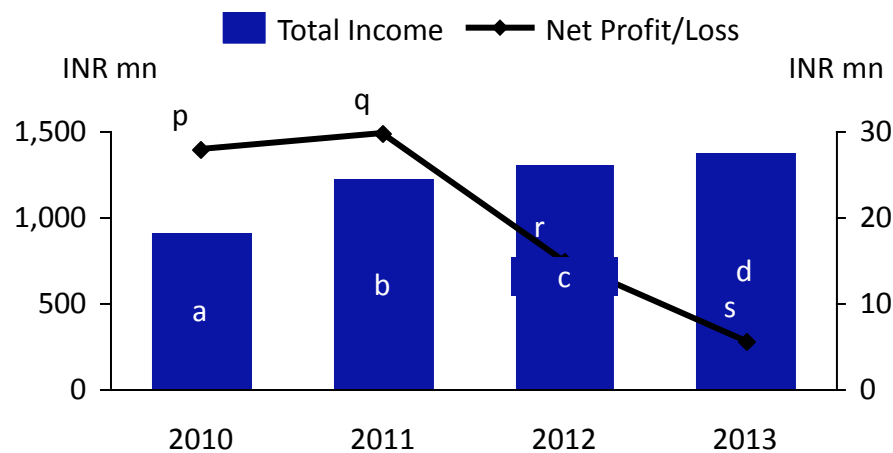
Ownership Structure



Note: AGM as of 29th Sep 2012

Private: Domestic Company – Company 2 (3/5)

Financial Snapshot



Financial Summary

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Key Ratios

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Capital Employed Turnover	↑				

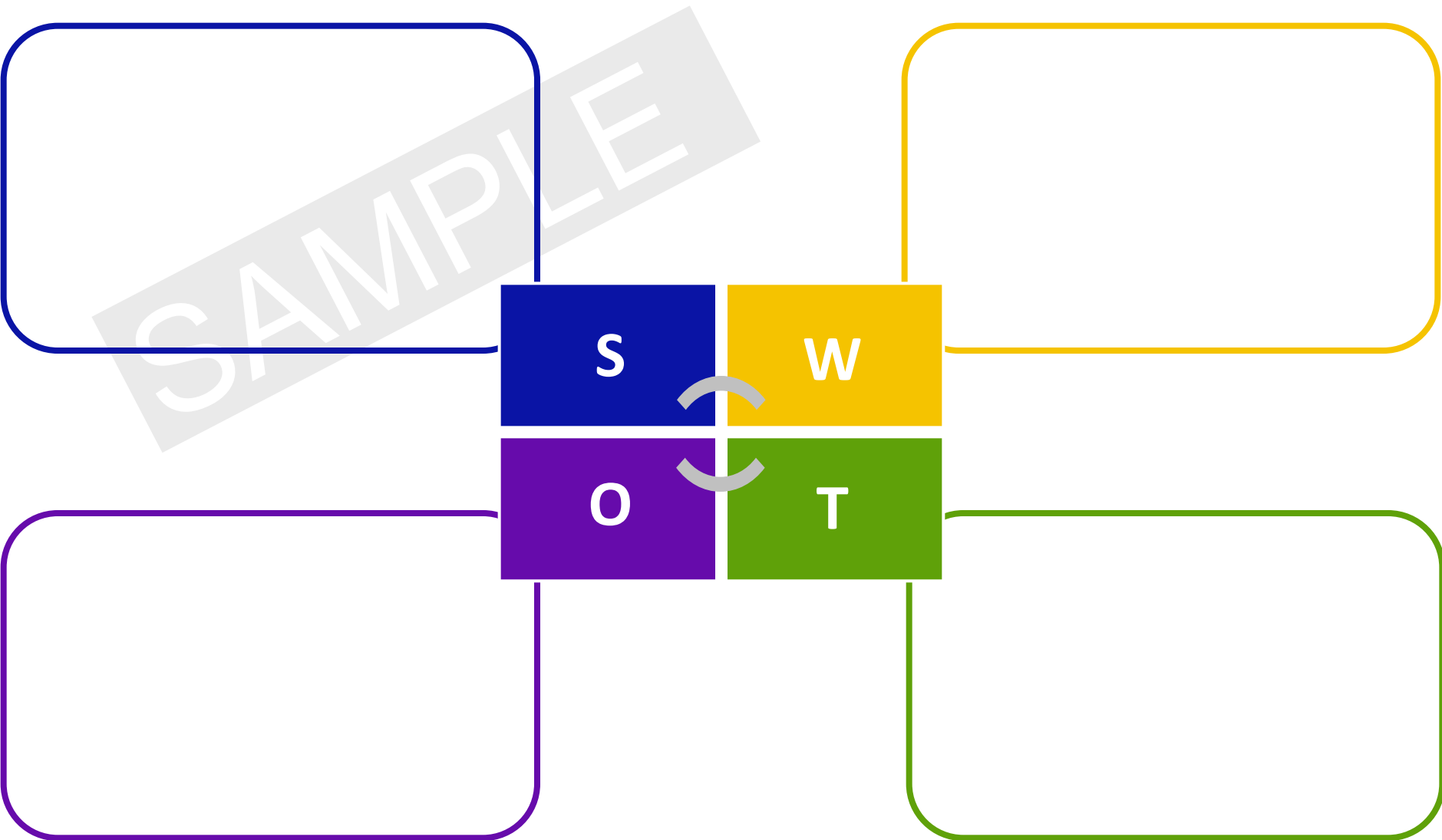
↑ Improved ↓ Decline

Private: Company 2 (4/5)

Business Highlights

Description	News
Overview	<ul style="list-style-type: none">• The company is one of the most renowned brands in 'i1' industry• It has a manufacturing plant 'd1' km from 'a1'• The modern imported plant has the c around 'q1' sq.m. of 'b1' per day
Notable Clients	
Certification	

Public: Company 2 – SWOT Analysis (5/5)



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