



## Orient Bell Limited

Q3/9M'FY15 – Investor Update

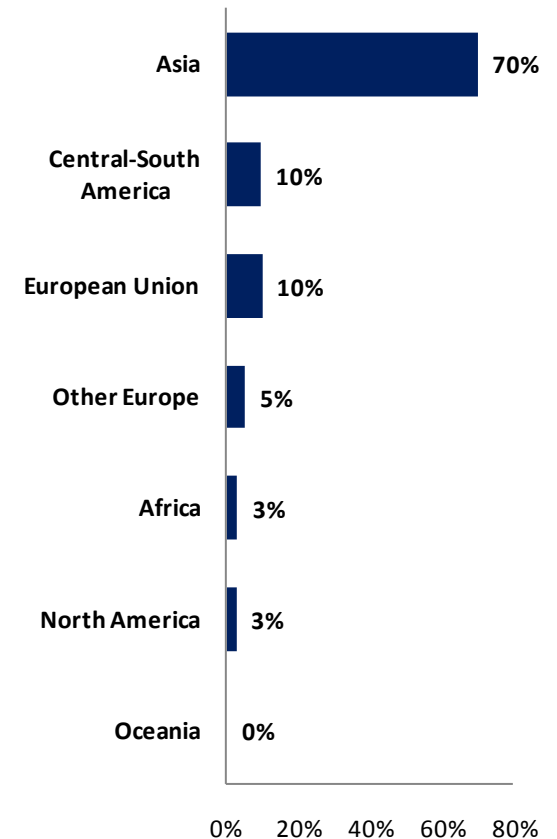


March, 2015

# Global Ceramic Tiles Industry Facts

- ❑ Global Ceramic Tile Industry production reached **11,913 million square metres** in 2013.
- ❑ **Worldwide consumption at 11,574 million square metres** in 2013 – a remarkable convergence between tile production and consumption
- ❑ Of the total world consumption in 2013, roughly **77% is domestic sales** and rest 23% is import-export
  - ❑ China accounted for **39.4%** followed by Brazil (7.2%) and **India (6.5%)**
- ❑ In 2013, top ten major manufacturing countries covered 83% of world production
- ❑ **Geographical shift** in tile production from the European base to the emerging economies of Asia, North Africa and Middle East
- ❑ **Asia (including Middle East) accounts for ~70%** of world's total ceramic tile production
- ❑ **China accounts for 47.8%** of the tile industry's global output of which ~90% is consumed domestically, followed by Brazil, India, Iran, Spain, Indonesia, Italy, Turkey, Vietnam, and Mexico amongst the top 10 tile producing nations
- ❑ **India is the 3<sup>rd</sup> largest producer** and consumer with consumption nearly matching production capacity.

World Manufacturing Areas of Tiles in 2013

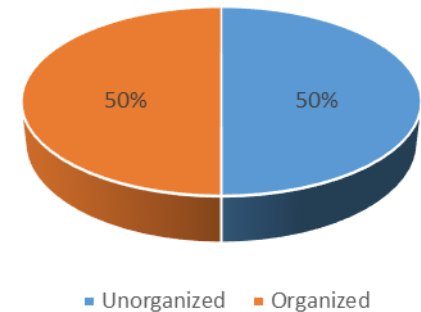


Source: [www.infotile.com/publications](http://www.infotile.com/publications)

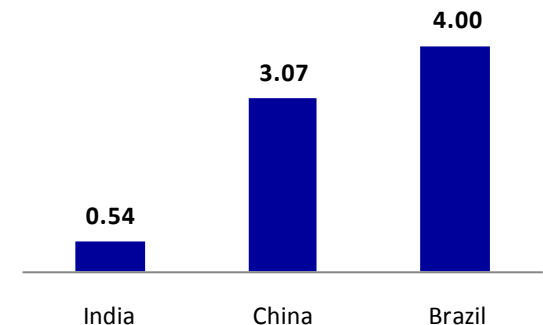
# Indian Ceramic Tiles Industry Facts

- ❑ Indian Ceramic Tile Industry **estimated to be over INR ~22,500 crores (FY14)**, growing at a healthy rate of ~15% annually
- ❑ At a **production capacity of 750 (FY14) million square metres**, India is the world's 3<sup>rd</sup> largest manufacturer and consumer of ceramic tiles
- ❑ More than **600 tile manufacturers** in India
- ❑ **Industry structure** majorly comprising of Organized Players (50%) and Unorganized (50%), which are increasingly becoming out-sourcing partner of top national players as industry graduating towards consumer & brand driven play.
- ❑ **Product segments:** As of FY 14, Ceramics accounted for 59% of volume followed by Polished Vitrified Tiles (36%), and Glazed Vitrified Tiles (5%) available in wide variety of designs, textures and surface effects
  - ❑ In value terms (FY14), Ceramic tiles accounted for INR 10,600 crores followed by Polished Vitrified INR 9,600 crores , and Glazed Vitrified Tiles INR 2,300 crores
- ❑ **India has a low per capita consumption of 0.54 sq. mt.** as compared to 3.07 sq. mt. in China and 4.00 sq. mt. in Brazil and thereby we expect continued momentum in sector growth.
- ❑ Replacement market in India growing rapidly

## Industry Segmentation



## Per Capita Consumption of Tiles



Source: As of 31<sup>st</sup> Mar'14; Ceramic World Review

## Key Macro Drivers for Ceramic Tiles in India

### GDP Growth

- According to recent Economic Survey, India's GDP poised to grow 8.5% in FY16, projected to clock double-digit level in the subsequent years

### Impact of Budget Provisions Feb 2015

- Enhanced focus on Infrastructure,
- Development of smart cities, industry corridors,
- Affordable housing,
- Implementation of GST, will accelerate organized sector FY 16 onwards
- Reduction of corporate tax rates to 25% over the next four years will benefit organized players in the industry

### Swachh Bharat Abhiyan

- Building of toilets under the 'Swachh Bharat Abhiyan' launched by Indian Govt. is gaining momentum with increased support from corporates, to boost demand of tiles in the coming years

### Drop in Crude Prices

- Recent decline in crude oil prices to result in lower fuel costs, benefit to be realized in 18-24 months on GAIL supplied RLNG a major component of fuel in ceramic tiles and immediate impact of LPG wherever used

### Reduction in Interest Rates

- Interest rate reduction likely to have positive sectoral impact

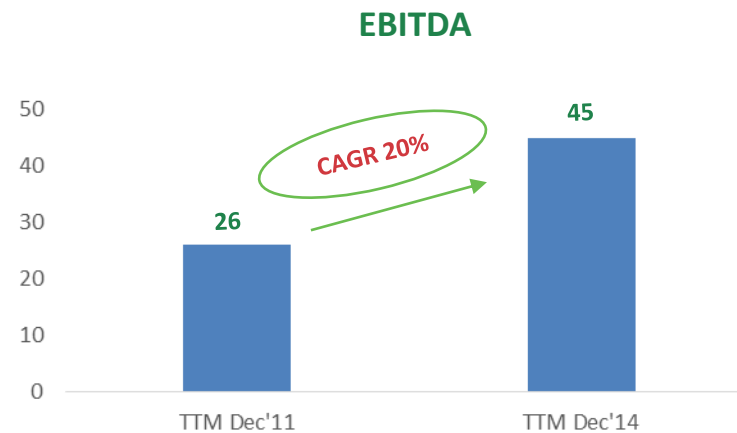
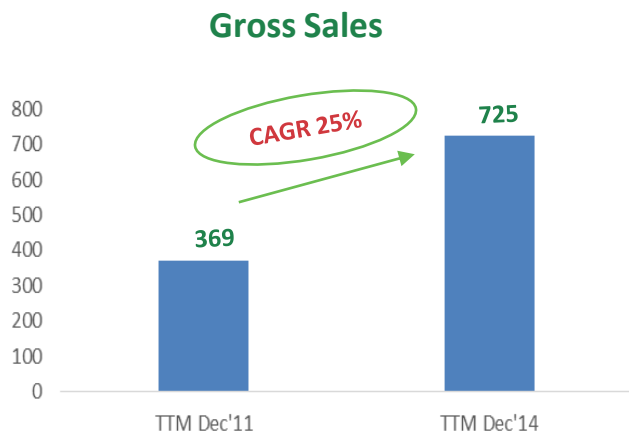
Source: Union Budget 2015-16, Economic Survey of India, Economic Times

- Successfully Integrated Bell Ceramics, to become a leading pan India player with **2<sup>nd</sup> largest in-house capacity of over 24.0 msm**;
- One of the few Indian companies with **plants in North, West and South India**
- **Capacity Utilization equated 92%** and premium quality production over 88% across all plants
- **Fully digital capability in all plants** with increasing share of digitally printed tiles
- Focus on SKU optimization (target of 900 by April, 2015) and effective inventory management
- **Commenced outsourcing for select range** in the last 18 months with 5.0 msm outsourced
- **OBL is a pan India player today with over 4,500 active dealers** with strong position in North, East and South, 120 Orient Bell Tile Boutiques (OBTBs) and 25 Depots
- Orient Bell is now the company brand going forward and all products sold under **“Orient Bell”** brand
- **Dealer level rebranding underway** transitioning from Orient and Bell to Orient Bell; completed rebranding in over 500 active outlets in FY15
- To complete **rebranding pan India by end of FY16**
- **Only company with 4 pending patents** and has the full range of tiles in ceramic and vitrified
- Significant institutional approvals and **approved across a wide spectrum of government departments with continued strength in the government and institutional segment.**

# OBL is one of the fastest growing tile companies in India

## Strong Growth during Dec FY11-Dec FY15

INR Crores



TTM: Trailing twelve months

- OBL has successfully acquired and integrated Bell Ceramic, the **largest acquisition by any Indian Tile company**
- The growth is a combination of *Organic and Inorganic Growth*
- OBL is now a pan India player amongst a handful of such players in the country.

## Own Manufacturing Capacities

*Q3 FY 15 - 5.4 msm  
produced equating 91%  
of capacity*

*9M FY 15 – 16.5 msm  
produced equating 92%  
of capacity*

## Operational Performance

*In Q3 FY15 - Sales  
volume increased by  
12% y/y*

*9M FY 15 - Sales  
volume increased by  
11% y/y*

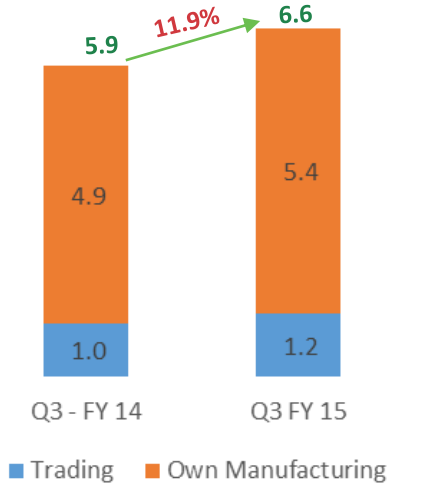
## Financial Performance

*Q3 FY 15 - Net Sales  
increased by 24% and  
PBT increased  
by 222%*

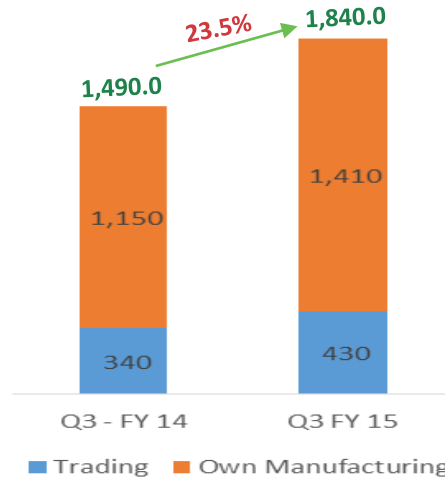
*9M FY 15 - Net Sales  
increased by 21% y/y  
and PBT increased 38%  
during the same period*

# Sales Performance

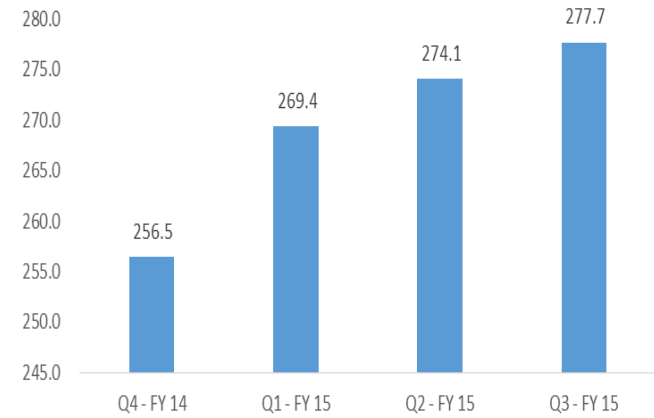
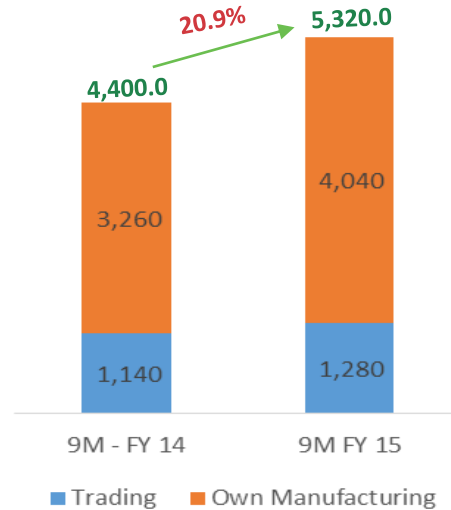
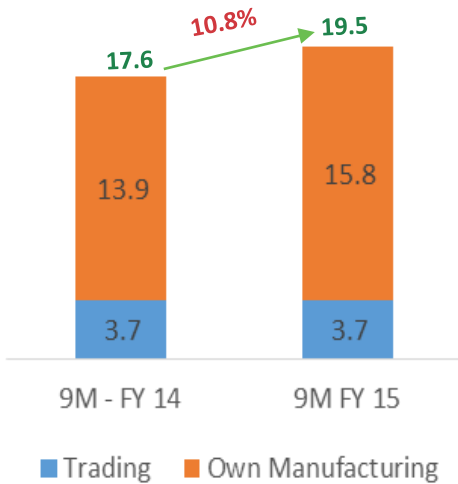
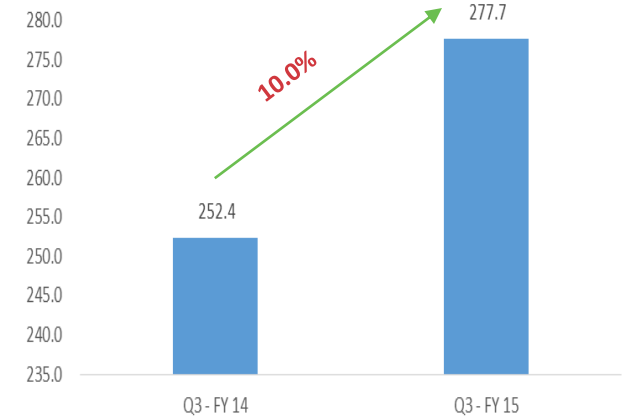
### Sales Volume (in Mn Sq Mtrs)



### Sales Value (INR Mn)



### ASP Growth Movement





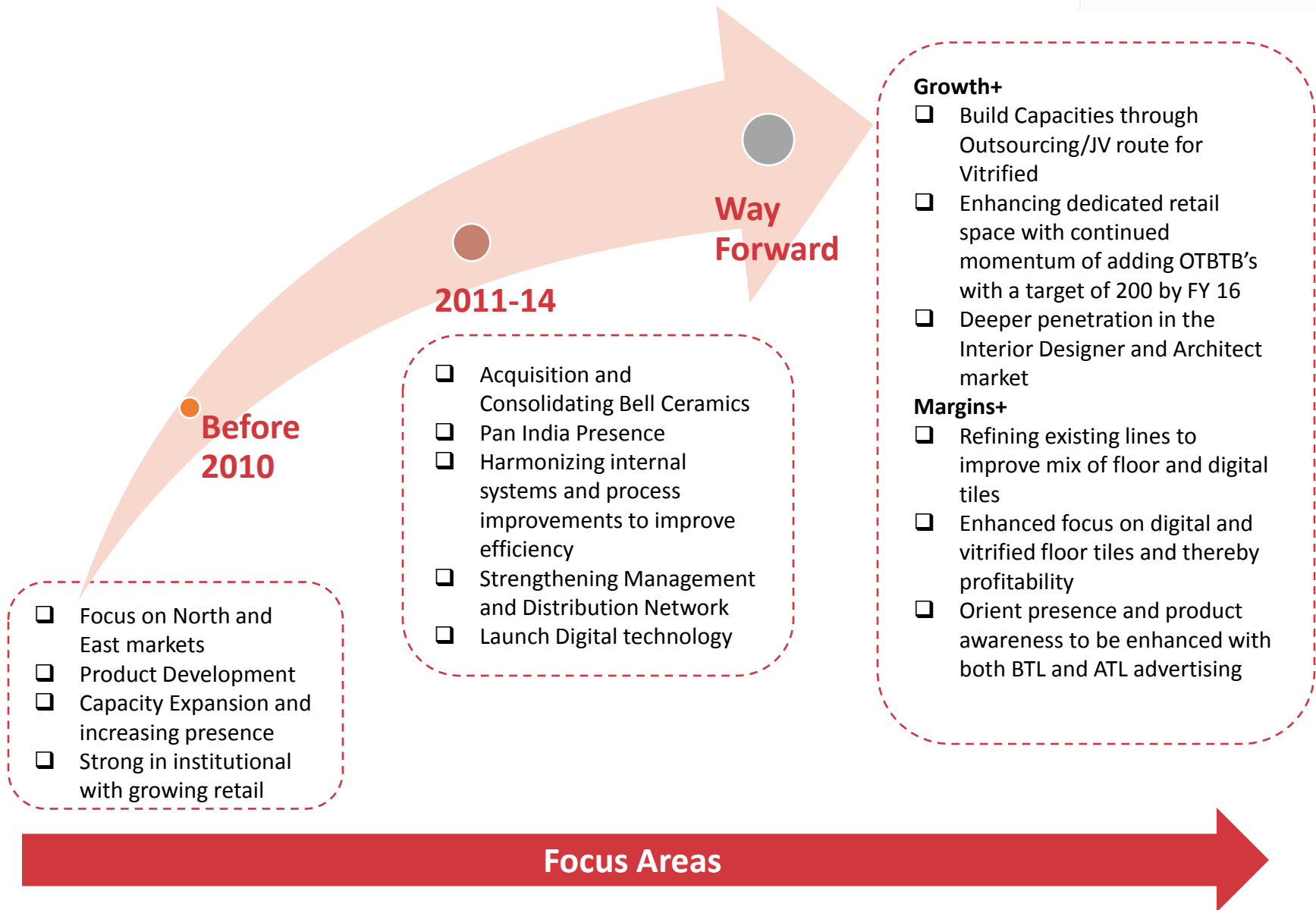
## Q3/9M'FY15 Profit & Loss

INR Mn

Period	Q3FY15	Q3FY14	Growth y-o-y	9MFY15	9MFY14	Growth y-o-y
Sales (Gross)	1,845	1,489	23.90%	5,319	4,403	20.80%
Sales (Net)	1,699	1,367	24.30%	4,903	4,058	20.80%
Net Income from Operations	1,701	1,367	24.20%	4,911	4,064	20.80%
EBITDA*	127	119	7.10%	344	374	-8.00%
Margin on Net Sales	7.50%	8.70%	(120 bps)	7.02%	9.22%	(220 bps)
PAT	13	3	339.80%	22	16	40.10%
Margin	0.74%	0.21%	53 bps	0.45%	0.39%	6 bps

\*EBITDA in current year was negatively impacted due to increase in fuel costs and optimization of inventory

# Strategy for Growth and Margin improvements



# Disclaimer

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**Investor Relations:**

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