



LEXUS

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Company Overview

Business Highlights

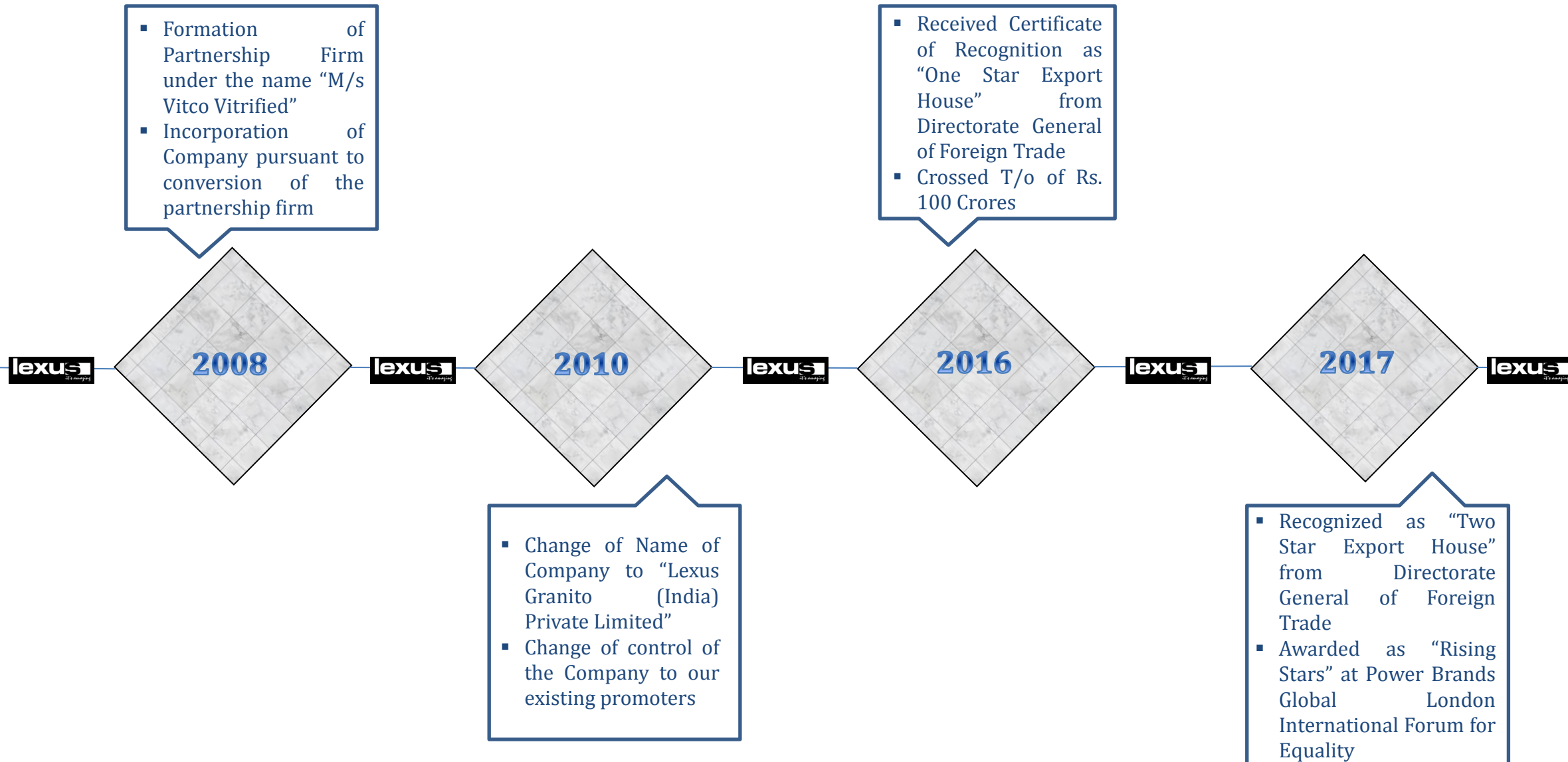


Highlights

- The Company is engaged in manufacturing, dealing and marketing of vitrified ceramic tiles and wall tiles catering domestic and international markets
- It has recently set up its own wall tiles manufacturing unit thereby integrating the operations
- Quality system of manufactured product is ISO 9001:2008 certified
- Recognized as Two Star Export House by the Directorate General of Foreign Trade
- Recently awarded by Rising Stars at Power Brands Global London International Forum for Equality
- Exporting to nearly 20 countries including Australia, Saudi Arabia, Mexico, Kuwait, Oman, U.S.A., U.K., etc.
- Revenue from export operations contributed 64% of total revenue
- The customers are mostly importers, distributors, dealers and project fabricators



Evolution of Lexus Granito



Our Core Management



Babulal Detroja

Babulal Detroja, aged 56 years is the Chairman and Whole Time Director of our Company. He has been designated as Whole Time Director w.e.f. May 04, 2017. He has nearly a decade of experience in the ceramic industry and has thorough knowledge of products of our Company. He looks after the strategic growth of our Company and looks after overall business operations.



Anilkumar Detroja

Anilkumar Detroja, aged 31 years is the Promoter and Managing Director of our Company. He has been designated as Whole Time Director w.e.f. May 04, 2017. He has an experience of more than seven years in this industry and has been key person in formulating and implementation of business strategy for growth & expansion and manages overall business operations. He also looks after financial affairs of the Company.



Hitesh Detroja

Hitesh Detroja, aged 29 years is the Promoter and Whole Time Director of our Company. He has an experience of more than seven years in the ceramic industry and is entrusted with the responsibility to look after the marketing and administration department of our Company. He also looks after the export operations of our Company. It is under guidance of Hitesh that our Company has grown over a short span of time which is evidenced by the total income crossing over Rs. 16,400.00 lakhs in FY 2016-17.



Nilesh Detroja

Nilesh Detroja, aged 33 years is the Promoter and Whole Time Director of our Company. He has been designated as Whole Time Director w.e.f. May 04, 2017. He has an experience of more than seven years in the ceramic industry and currently looks after the production and product research & development of our Company. He handles our designing department and keeps the team updated with the latest on-going trends.

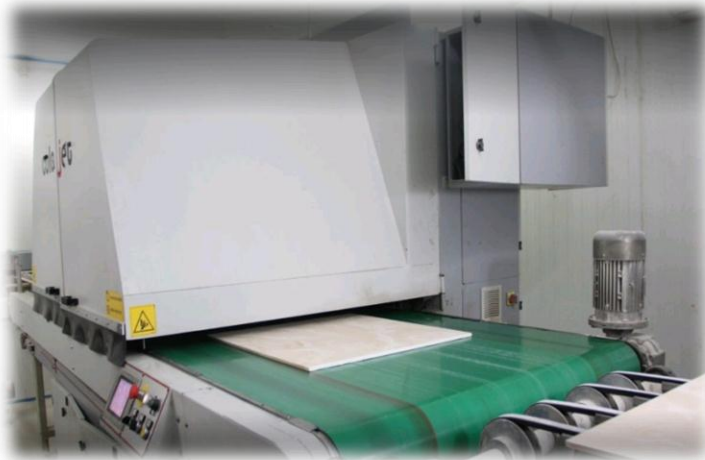


Business Overview

Our Manufacturing Facility



- The manufacturing facility is spread over more than 4 hectares
- It is well equipped with requisite plant and machineries and other facilities
- Have an in-house laboratory, enabling the company to develop new colours, besides facilitating conducting of tests and analysis of various products.
- Presently we have 160 employees at our manufacturing facility and registered office
- In-house Effluent Treatment Plant (ETP) which recycles water for self consumption.



Few Products in our portfolio



WALL TILES



Few Products in our portfolio



FLOOR TILES

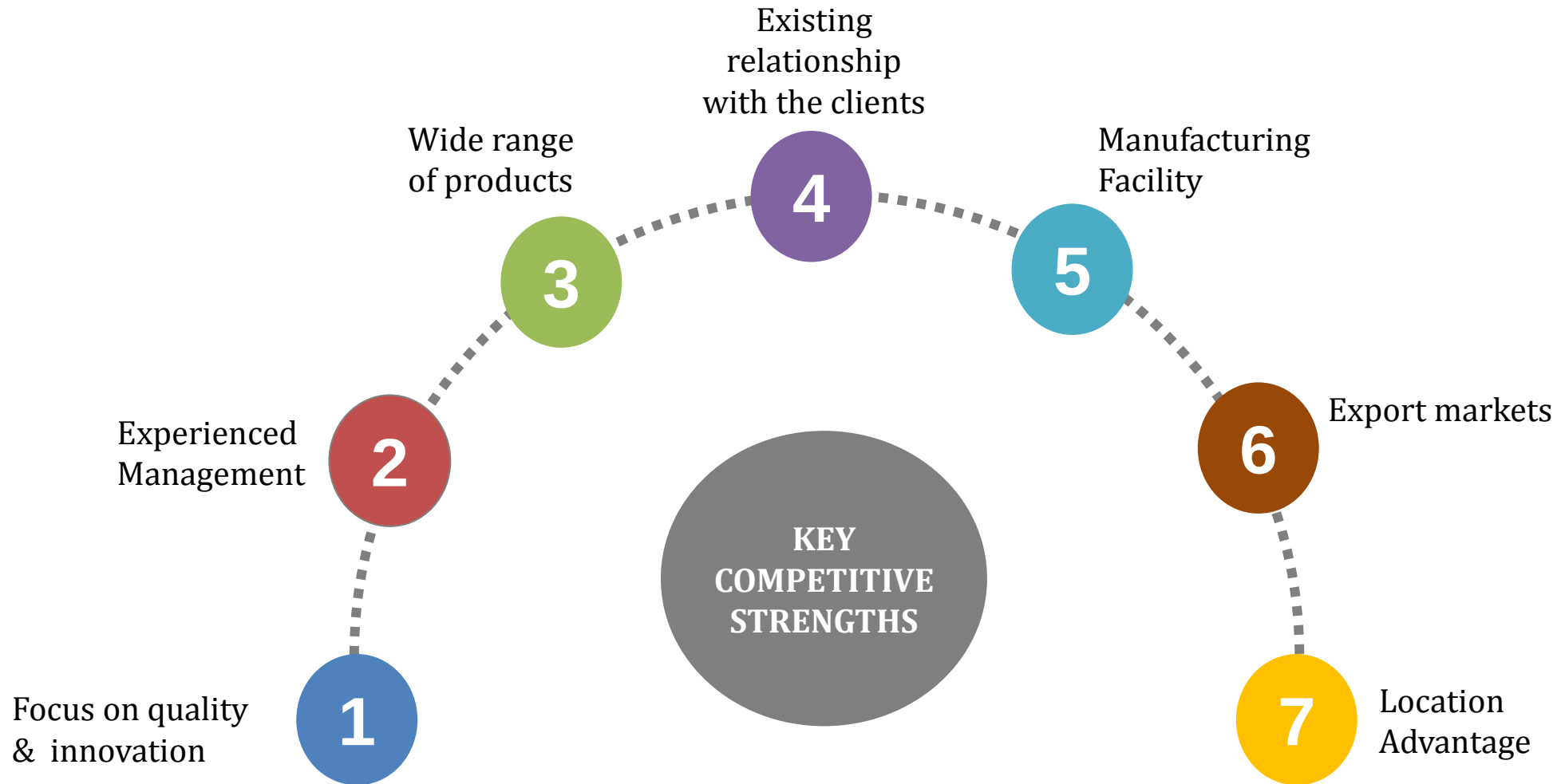


EXPORT SALES

The Company has forayed its Export Activities in following countries.



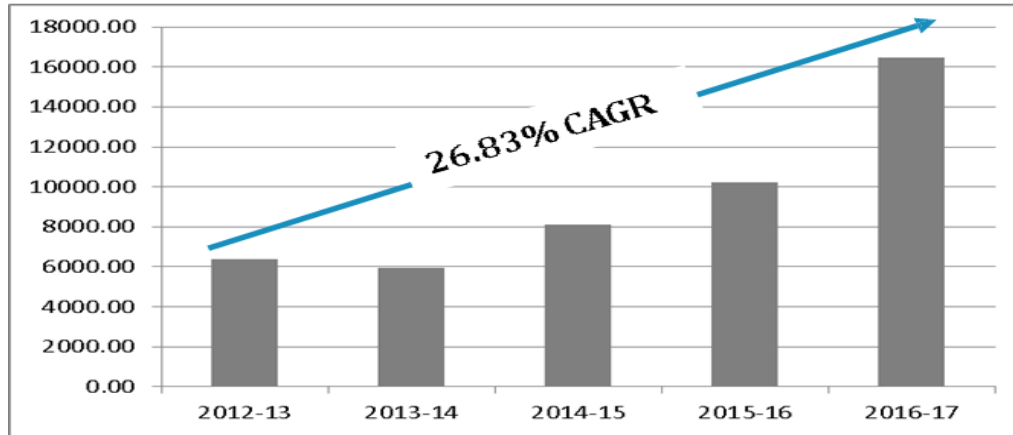
Our Competitive Strengths



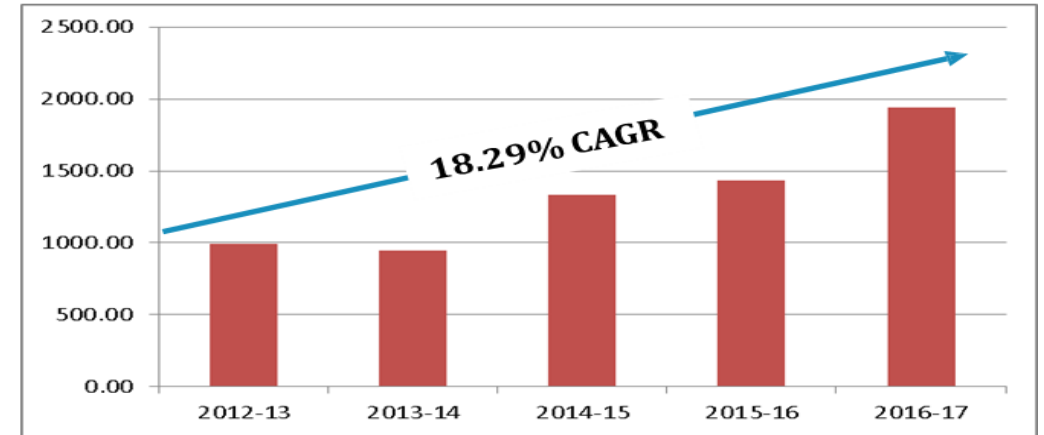
**Operational
& Financial
Performance**

Performance of Lexus Granito

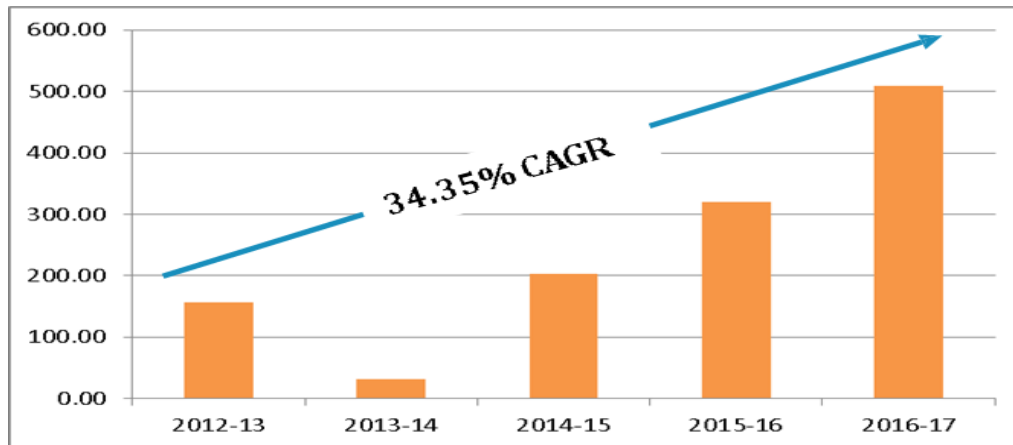
Total Income (Rs. In Lakhs)



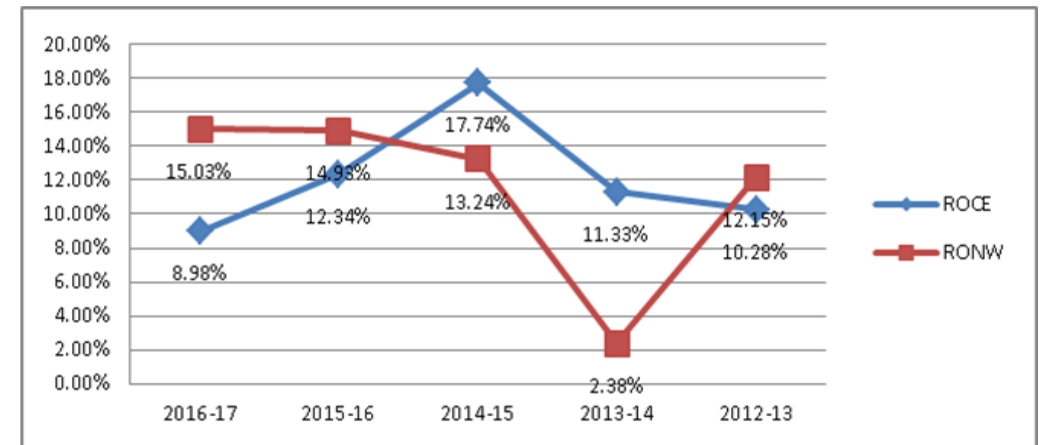
EBIDTA (Rs. In Lakhs)



PAT (Rs. In Lakhs)



Key Ratios



Balance Sheet

(Rs. in lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Shareholders Fund					
Share Capital	1,343.07	997.50	697.50	697.50	697.50
Reserves & Surplus	2,041.36	1,147.56	836.27	644.12	588.15
Total Net-worth	3,384.43	2,145.06	1,533.77	1,341.62	1,285.65
Long term borrowing	5,101.34	3,489.50	1,613.59	1,706.11	1,829.14
Deferred Tax Liabilities	236.31	217.18	52.17	0.00	0.00
Other Long Term Liabilities	21.83	21.83	2.39	1.71	53.77
Long term provisions	36.68	25.46	11.88	8.96	6.64
Short Term Borrowings	2,214.64	1,377.95	972.45	941.36	1,206.24
Trade Payables	4,239.90	1,618.63	1,045.48	1,322.59	1,920.73
Other Current Liabilities	965.35	777.36	660.03	699.62	625.29
Short Term Provisions	238.87	125.12	18.78	0.17	44.85
Total	16,439.35	9,798.09	5,910.54	6,022.14	6,972.31
Total Fixed Assets	7,637.78	5,235.82	2,701.51	3,166.22	3,524.71
Long Term Loans and Advances	58.77	259.86	10.21	0.13	0.13
Non Current Investments	235.85	0.55	0.15	0.15	0.15
Deferred Tax Assets (Net)	-	-	-	48.22	70.13
Other Non Current Asset	137.42	118.22	102.28	275.24	222.74
Total Current Assets	8,369.52	4,183.62	3,096.40	2,532.19	3,154.44
Total	16,439.35	9,798.09	5,910.54	6,022.14	6,972.31

Statement of Profit and Loss

(Rs in lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue	16,473.11	10,226.87	8,090.04	5,925.35	6,365.40
Total Expenses	16,047.66	9,741.66	7,786.60	5,871.44	6,350.03
EBITDA	1,943.36	1,433.89	1,335.54	943.64	992.49
Interest	535.00	380.37	427.40	397.94	428.98
Deprecation	982.90	568.31	604.70	491.79	548.14
PBT	783.43	485.23	303.44	53.90	15.36
PAT	508.82	320.20	203.04	31.99	156.17
PAT %	3.09%	3.13%	2.51%	0.54%	2.45%

Accounting Ratios

Particulars	2016-17
Profitability (%)	
EBITDA Margin	11.80%
PAT Margin	3.09%
ROCE	8.98%
RONW	15.03%
DEBT-EQ RATIO	2.16

Sales Break-Up

(Rs in lakhs)

Particulars	2016-17
Export Sales	10,977.11
Domestic Sales	6,043.55
Revenue from Operation(Gross)	17,020.66



Peer Comparison

Peer Comparison

Companies	Lexus Granito (India) Ltd	Murudeshwar Ceramics Ltd
Price Band/CMP	45	43.30
Basic EPS	2.32	0.56
Diluted EPS	2.32	0.50
PE Ratio	19.40	86.60
RONW %	8.56%	0.74%
NAV (Per Share)	25.20	75.51
Face Value	10.00	10.00
Total Income (In Crs)	164.73	106.14

A large orange diamond shape with a white border, centered on a white background. The diamond is slightly tilted. In the background, there are four light gray triangular shapes pointing towards the center, creating a star-like pattern.

Industry Analysis

Industry Overview

- During the last two decades, the Indian Ceramic Tile Industry (ICTI) has recorded a phenomenal growth in product profile, geographical spread and value-added products.
- Largely dominated by family-owned and managed units, the ICTI was the world's third largest manufacturer of ceramic tiles at 825 million square metres (MSM) in CY14 (refers to the period January 1 to December 31), after China and Brazil.
- India is also the third largest consumer of tiles in the world, accounting for about 6.25% of global ceramic tile consumption in CY14.
- Morbi (Gujarat) is India's largest ceramic tile-making cluster with over 600 units manufacturing glazed tiles, sanitaryware and vitrified tiles.
- Approximately 70% of India's total production of tiles is done by units located in this region. Morbi is also a top exporter of ceramic tiles to Africa and the Gulf Cooperation Council (GCC) region.

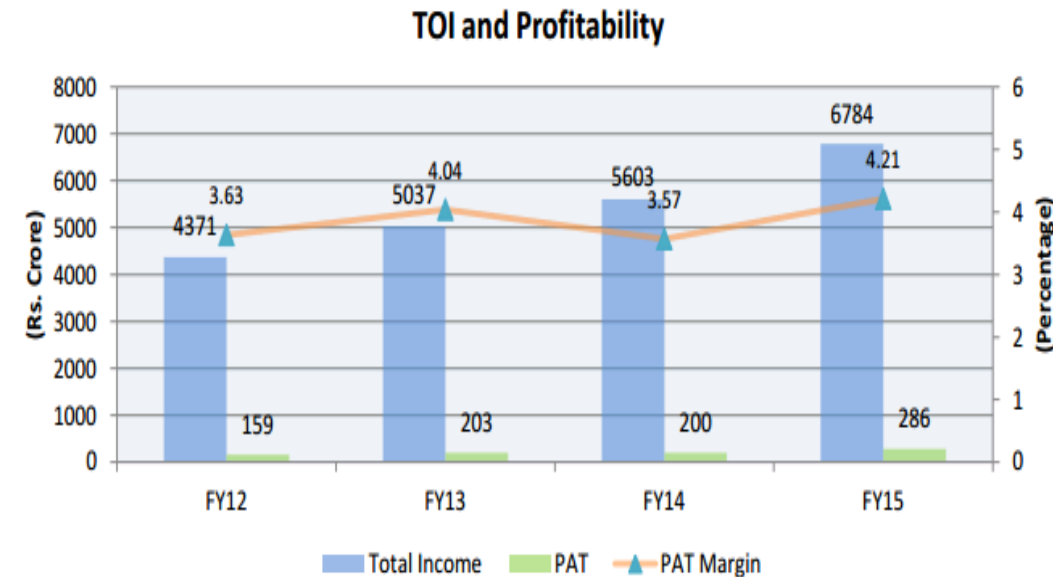
Table 1: Top 5 producers and consumers of ceramic tiles

Production						(In MSM)
Country	CY10	CY11	CY12	CY13	CY14	% world production
China	4,200	4,800	5,200	5,700	6,000	48.35
Brazil	754	844	866	871	903	7.28
India	550	617	691	750	825	6.65
Spain	366	392	404	420	425	3.42
Indonesia	287	320	360	390	420	3.38

Consumption						(In MSM)
Country	CY10	CY11	CY12	CY13	CY14	% world consumption
China	3,500	4,000	4,250	4,556	4,894	40.46
Brazil	700	775	803	837	853	7.05
India	557	625	681	718	756	6.25
Indonesia	277	312	340	360	407	3.37
Vietnam	330	360	254	251	310	2.56

Industry Overview

- The total operating income (TOI) of 12 leading players grew at a compounded annual growth rate (CAGR) of 16% during 4 years ended FY15.
- This growth was primarily driven by increase in sales volume and higher sales realisation. ICTI is a volume-driven industry and freight is the second most important cost component, after power and fuel cost.
- While institutional sales are a high volume generator, the operating margin is lower coupled with elongated credit period and high inventory turnover.
- However, retail sales are primarily channeled through dealer and distributor network which yields higher sales realisation and operating margin.
- Introduction of vitrified and porcelain tiles, focus on value-added products and investment in branding and advertisements has enabled the manufacturers to reach out to a larger customer base.
- Furthermore, most of the organised players were able to pass on the increase in cost (primarily power and fuel) to their customers on the back of their established brand and strong position in the retail market.
- PAT margin also improved from 3.63% during FY12 to 4.21% during FY15 on account of improvement in operating margin (PBIDT1 /TOI) and reduction in interest cost of majority of the manufacturers on y-o-y basis (Refer Chart 2 for operating performance of 12 leading manufacturers).

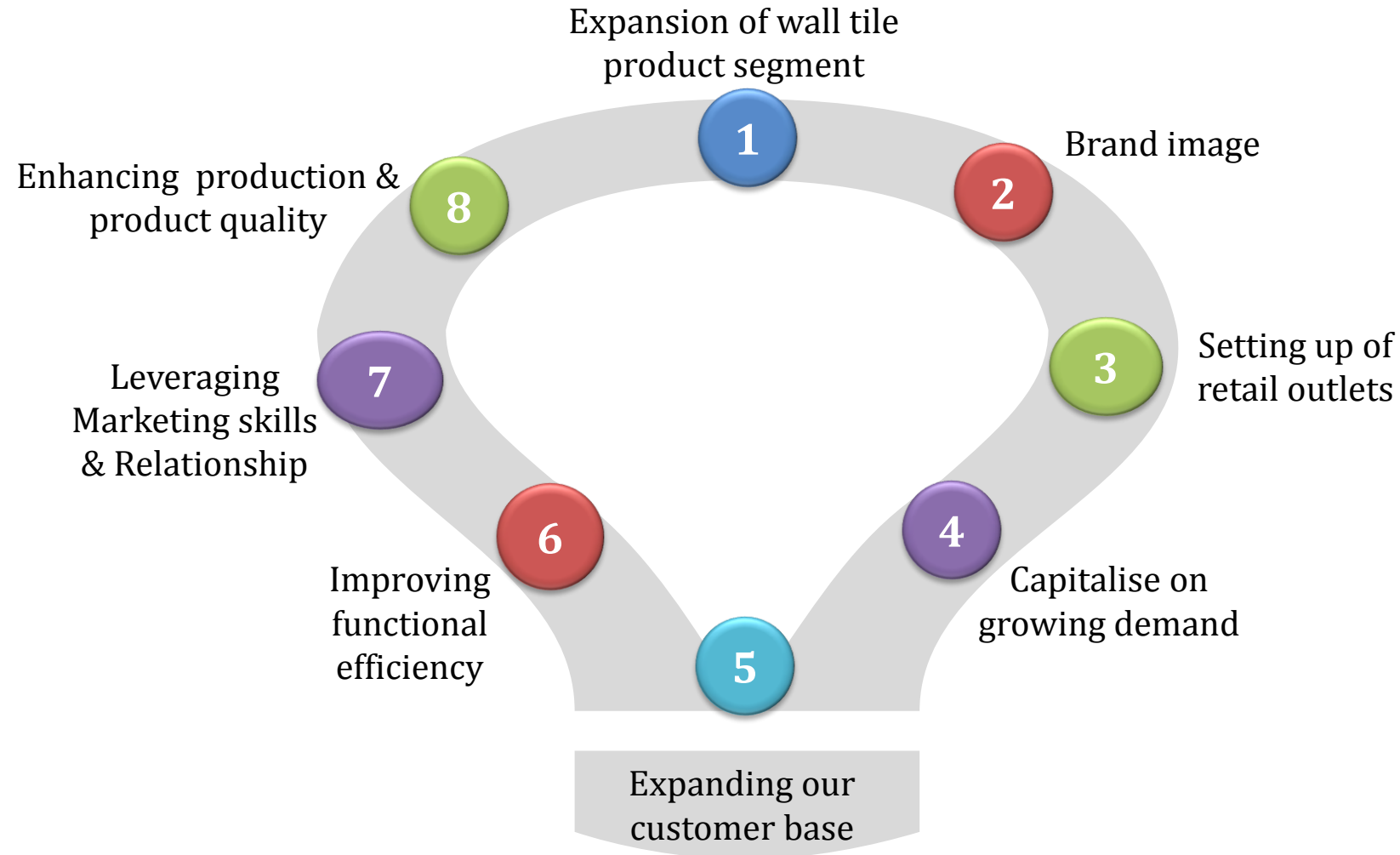


Highlights of Morbi Ceramic Cluster

- Morbi is one of the three big clusters of Ceramics across the world.
- The industrial area produces Wall tiles, Floor tiles, Vitrified tiles, Polished Glazed Vitrified Tiles, Twin Charged Tiles, Multi - Colour Charged Tiles in various formats starting from 20X40 cm to 120X180 cm in a wide range of designs and colours. It also produces sanitary ware, industrial ceramics and technical ceramic products.
- It consists of 610 units in total with investment of INR15 Cr. to INR150 Cr. In each unit. The cluster uses the latest technologies and equipment's imported from all over the world.
- It emerged as a zone for production of Ceramics in 1994. It has grown rapidly in the last 21 years with 30 units producing 5 millions square meters per annum in 1994 to 610 units producing approximately 1600 million square meter per annum now.
- It provides employment directly to 3.50 lac people in factories and 10100 others in auxiliary and related business & professions.
- 90% of the total production of Ceramic Products in India is catered to, by Morbi alone.
- In the last three years, exports have increased by 80%, 70% and 30% respectively.
- In the last FY, 2015-16, the exports were registered at 30% which is commendable in the times of global recession. In the last FY, 2015-16, the Industrial growth was noted at 20% with a remarkable investment of INR 5000 Cr.
- Morbi is the 2nd highest employment providing city after Surat in Gujarat State.
- It is also the 2nd highest excise duty payer after Surat in the state.
- Morbi has been entitled as '**TOWN OF EXPORT EXCELLENCE**' (TEE) by the Commerce Ministry 01001. There are 3 TEEs in Gujarat, viz. Surat (Diamonds), Ahmedabad (Textiles) and Morbi (Ceramics). Morbi M also one of those six TEES in India wherein the exports cross over INR 1000 Cr.

**Our
Strategic
Outlook &
Investor
Rationale**

Our Strategic Plan



Investment Rationale - Sector Boom

India is the third largest tiles market in the world. While the global tiles production grew at an annualized rate of 6.3% for the period 2006-2013, tiles production in India grew almost double at 12.0% during the same period.

Ceramic tiles that accounts for close to 60% of the total tiles demand in India is expected to grow at a CAGR of 8.7% for the period 2014-2019.

The number of ambitious programmes launched in the last two years by the Centre, like Smart Cities Mission, Swachh Bharat Abhiyaan, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Housing for All by 2022 would act as big push in demand for the ceramic industry

The government's decision in March 2016 to impose anti-dumping duty of USD 1.37 per square metre (SQM) on all vitrified tiles imported from China is also expected to provide level playing field to the domestic players

The implementation of Goods and Service Tax (GST) will also be a welcome change for the ceramic tile industry.



ISSUER COMPANY



Survey No. 800, Opp. Lakhdhirpur Village, Lakhdhirpur Road, N. H. 8A, Tal.
Morbi, Lakhdhirpur, Rajkot – 363642, Gujarat,

BOOK RUNNING LEAD MANAGER



406-408, Keshava Premises, Behind Family Court, Bandra Kurla
Complex, Bandra East, Mumbai – 400051, Maharashtra, India