

May 07, 2026

The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

BSE Limited
P.J. Towers
Dalal Street
Mumbai - 400 001

Dear Sir,

Re.: Transcript of Conference Call

In continuation of our letter dated April 30, 2026, informing about the uploading of the audio recording of the Conference Call held on April 30, 2026, we enclose herewith transcript of the said Conference Call, in compliance of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The above said transcript has been uploaded at the Company's website www.kajariaceramics.com

Kindly take the above on your record.

Thanking you,

For Kajaria Ceramics Limited

Vinit Kumar
General Counsel & Company Secretary

Encl.: As above

Kajaria Ceramics Limited

Corporate Office: J1/B1 (Extn.), Mohan Co - op Industrial Estate, Mathura Road, New Delhi - 110044, Ph.: +91-11-26946409 | Fax: +91-11- 26946407
Regd Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon-122001, Haryana, Ph.: +91-0124-4081281
CIN No.: L26924HR1985PLC056150, E-mail: info@kajariaceramics.com | Web.: www.kajariaceramics.com

Kajaria

“Kajaria Ceramics Limited Q4 FY26 Earnings Conference Call”

April 30, 2026

Kajaria

Aventus[^]



MANAGEMENT: **MR. ASHOK KAJARIA – CHAIRMAN – KAJARIA CERAMICS LIMITED**
MR. CHETAN KAJARIA – VICE CHAIRMAN – KAJARIA CERAMICS LIMITED
MR. RISHI KAJARIA – MANAGING DIRECTOR – KAJARIA CERAMICS LIMITED
MR. KARTIK KAJARIA – HEAD, ADHESIVE DIVISION – KAJARIA CERAMICS LIMITED
MR. SANJEEV AGARWAL – CHIEF FINANCIAL OFFICER – KAJARIA CERAMICS LIMITED
MR. PARVEEN GUPTA – VICE PRESIDENT FINANCE – KAJARIA CERAMICS LIMITED

MODERATOR: **MR. GIRISH CHOUDHARY – SPARK INSTITUTIONAL EQUITIES PRIVATE LIMITED**

Moderator: Operator Ladies and gentlemen, good day and welcome to the Kajaria Ceramics Q4 FY '26 Earnings Conference Call hosted by Spark Institutional Equities Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Girish Choudhary from Spark Institutional Equities Private Limited. Thank you and over to you, sir.

Girish Choudhary: Thanks, Yousuf. Good evening, everyone. Thanks for joining. We have with us the senior management team of Kajaria Ceramics, including Mr. Ashok Kajaria, Chairman; Mr. Chetan Kajaria, Vice Chairman; Mr. Rishi Kajaria, Managing Director; Mr. Karthik Kajaria, Head, Adhesive Division; Mr. Sanjeev Agarwal, CFO; and Mr. Parveen Gupta, VP Finance.

I would request Mr. Kajaria to start with the initial remarks, post which we will have a Q&A session. Over to you, Ashokji.

Ashok Kajaria: Thank you, Girish. Good evening, everyone. It gives me great pleasure to welcome you to the quarter 4 F '26 earnings conference call of Kajaria Ceramics Limited. And as already said, joining me on this conference call is the senior management team of Kajaria Ceramics.

I'm pleased to inform that this quarter we achieved a volume growth of 11%. This is the result of several efforts made towards unification of sales. During the first 9 months, this unification meant realignment of inventory across channels, manpower alignment and as a result, resulted into flattish growth. After which, we experienced good momentum in demand since January '26, which was a result of efforts made by us in the first 9 months. The production has fallen by 7% during the quarter due to shutdown of our Morbi plants in March, which have started from 16th of this month.

In quarter 4 '26, our consolidated revenue increased by 12% to INR1,373 crores compared to the corresponding quarter last year. EBITDA margin for quarter 4 stood at 19.19%. Margin improvement is result of cost optimization and some improvement in sales realization over quarter 3 along with all-round efficiencies in production, sales and supply chain management. I would also like to mention here that there has been a huge distraction at Morbi players in terms of cost, labour and cash flow. As a result, Kajaria and other players who have multi locational plants will have a great advantage as we go forward and their volumes will increase for the year '26-'27.

For us, the journey has just begun, and we remain optimistic about the current year's performance and beyond. Let me share with you some data for the quarter segment-wise financial performance. Tiles segment grew by 11% year-to-year at INR1,212 crores in quarter 4 F '26 compared to INR1,088 crores in quarter 4 F '25.

Bathware segment registered a 6% growth in revenue reaching INR117 crores in quarter 4 compared to INR111 crores in quarter 4 '25. Revenues from the adhesive group were INR44

crores in quarter 4 '26 as compared to INR21 crores in quarter 4 '25. EBITDA improved in quarter 4 F '26 to 19.19% as compared to 10.01% in quarter 4 '25.

PBT: the profits before share of profit from JV, exceptional items and tax for the quarter grew to INR228 crores in quarter 4 '26 as compared to INR85 crores in quarter 4 '25. PAT for the quarter grew to INR136 crores in quarter 4 '26 as compared to INR43 crores in quarter 4 '25 due to higher volumes and improved realizations. As of 31st of March 2026, the working capital cycle improved by 14 days to 51 days as compared to 65 days on 31st of December '25 mainly due to decrease in inventory and receivables. And we'll continue to focus on reduction of our working capital cycle as we move forward.

Sanjeev Agarwal: This is Sanjeev Agarwal, CFO. I would just like to say that in our presentation in Slide number 9, the inventory figure has been interchanged to debtors inadvertently. We have uploaded the revised presentation to the stock exchange and to our website also. So please read inventory figure as debtors and debtor figure as inventory.

Ashok Kajaria: With this, I take this opportunity of thanking you all for joining us today. Over to moderator for Q&A, please. Thank you.

Moderator: First question is from the line of Keshav Lahoti from HDFC Securities.

Keshav Lahoti: Congratulations on strong set of numbers. Sir, I wanted to get a sense on Q4 growth. One is because of unification. And secondly, we believe because of this Iran thing that Morbi has taken a shutdown. Possible to bifurcate how much volume could be coming because of the Morbi shutdown? And secondly, how are the things looking on Q1 side?

Chetan Kajaria: So this volume growth is not because of only the Morbi shutdown. In January and February also, we had a volume growth. It was consistently throughout quarter 4 in Jan, Feb and March. And what was the second question, please?

Keshav Lahoti: So how are the things looking in Q1? Q1 should be stronger than Q4?

Chetan Kajaria: The momentum has started now and looking good '26-'27 going forward. So we can't break it down quarter-wise, but the good momentum has started now I would say.

Sanjeev Agarwal: In general, Q1 historically is low in the industry and Kajaria. So Q4 cannot be compared with Q1. But the whole year is going to be much better.

Keshav Lahoti: I got it. I was asking more on year-on-year April on April basis of the momentum, whatever the double-digit volume growth that might be continuing in April also, possibly might be at an accelerated pace organization. And my sir, first question was that I understand it's because of both unification and Morbi. So I was just trying to ask possible to bifurcate this growth. Just let's say for example what has been your growth in, let's say, Jan and Feb, the first 2 months when we are not seeing the Morbi disruption?

Sanjeev Agarwal: Right now Vice Chairman said that this is not -- the growth is not just because of Morbi because we have started getting the growth from the month of January itself.

- Chetan Kajaria:** Jan and February, volume growth were 8% 9% and then it continued in Feb and March also.
- Keshav Lahoti:** Got it. That is helpful. Sir, what sort of price hike you have taken in the market because of inflation in gas prices? And how are the gas prices now and in last quarter Q4?
- Chetan Kajaria:** Can you repeat the question, please?
- Keshav Lahoti:** So my question is what sort of price hike you have taken because of increasing gas prices? What were the gas prices region-wise in Q4 and currently?
- Chetan Kajaria:** So we have taken a price increase of roughly 12% to 13% in our North plants and Morbi has been slightly higher around 16% to 17% because the gas price has gone up much higher there. That's been the region-wise price increase and South is also in the similar lines.
- Ashok Kajaria:** And more or less we have covered the cost of increase of gas with some added margin, but more or less covered the costs which have gone up.
- Keshav Lahoti:** Sir, region-wise gas prices for Q4 and current year, how it stands?
- Ashok Kajaria:** See, there is a varied combination. See, what has happened in the month of March, all the plants in Morbi were shut down so almost there's no calculation as far as Morbi is concerned. Now we have started the Morbi plants on 16th of April. As far as the gas prices in North are concerned, the Government of India made a restriction that you will get for the first 2 days 80% and 65% and it's a varied price as you might be aware. So the exact number is difficult to say, but calculated wise, the prices have gone up quite a bit.
- Sanjeev Agarwal:** And we have different type of gases in our non-Morbi plants.
- Moderator:** Next question is from the line of Sneha from Nuvama.
- Sneha Talreja:** Congratulations on a great set of numbers. Just continuing with the last participant's question. You generally used to give a breakup of North, South and West average gas prices. Could you give that to us for Q4?
- Sanjeev Agarwal:** So North is roughly INR55.54 per SCM for quarter 4. South was INR49.6 and West was INR46.57.
- Sneha Talreja:** And could we have current prices too if possible? What is adhesives working out to be?
- Sanjeev Agarwal:** April, the price in North is roughly INR62.5. South is around INR81 and West is INR79.
- Ashok Kajaria:** Gas prices not the complete -- gas prices.
- Sneha Talreja:** Understood. So you're saying that you also have biofuel because of which the average fuel prices must be on the lower side. Is my understanding correct?
- Sanjeev Agarwal:** Correct. Yes. So average fuel price would be lower than the gas price.

- Sneha Talreja:** Understood. This is where we would have some advantage versus Morbi and what would be the current mix of biofuel, 20%, 25%, if I'm not wrong?
- Rishi Kajaria:** Around 15%.
- Ashok Kajaria:** No, North plant is about 30%,
- Sneha Talreja:** Understood. And secondly, sir, an extension to this, given there is a steep increase in gas prices and the way we have taken price increases to manage the margins. Any end user demand impact that we are seeing on ground not just because of the tiles price increases, I think we are seeing it across the construction space that we've seen sharp increases, let's say, in wood, in HRC, I think across the board. Are you seeing any amount of hit taking place in the construction sector?
- Chetan Kajaria:** Not really. I think the demand is there and tile is a very small segment in the entire real estate project. So just for that price increase, they will not stop their construction. So we are looking at a good demand for the year.
- Sneha Talreja:** Any guidance that you want to give?
- Ashok Kajaria:** See, guidance, as you are aware, I have always given, right? It didn't work out. So after I give my guidance, you people say you have not done this. So my request will be going forward not to give any guidance, and we perform and prove to you people that we are doing a good job as a team.
- Sneha Talreja:** Perfect, sir. Got that. On the volume front, anything on the margin front that margin could stabilize here?
- Ashok Kajaria:** Margin, we are confident that with the current scenario, we should be maintaining between 18% to 19%.
- Moderator:** Next question is from the line of Praveen Sahay from PL Capital.
- Praveen Sahay:** Many congratulations on good set of numbers. My first question is related to the fuel. As you had given that the fuel prices have increased in all the 3 locations. But if I look at your fuel expenses as a percentage of sales has been down. So is that the impact has not reflected in the Q4 or the price hike, which you had highlighted already taken, that's the impact as well?
- Chetan Kajaria:** So we took a price hike in early March. So that is reflected in the...
- Sanjeev Agarwal:** Your question was fuel prices down in the Q4.?
- Praveen Sahay:** Yes, fuel prices as a percentage of sales has been down.
- Sanjeev Agarwal:** That is because of the lower production, we produced less 7%. We sold more and we are comparing the percentage on sales. So sale is higher and production is less. Sale is higher by 10%, 11%, 12% and production is down by 7%. So as a percentage, the fuel price have gone down. In fact actually the price per square meter has gone up. Absolute number.

- Praveen Sahay:** Correct, sir. Second thing on the price hike. As you said that early March, you had taken the price hike. So in the coming quarters or this quarter Q1, we will see the entire benefit of a 12% to 15% of increase in the prices in our realization?
- Rishi Kajaria:** We should see definitely some increase in the price realization.
- Sanjeev Agarwal:** We cannot quantify any number because it's a very dynamic situation. So we have taken the price increase. We might have to give some discount.
- Rishi Kajaria:** Absolutely. We might be a little more flexible in terms of our pricing.
- Sanjeev Agarwal:** But one thing is there, the prices will be much higher than what we see earlier.
- Praveen Sahay:** Right, right. And last question, sir, because Morbi yet to fully resume or come with a force. So such benefit what we had received in the Q4 in terms of the volume growth, we can see in the coming -- like this quarter and the coming quarter till the Morbi is not coming back with the fully production?
- Chetan Kajaria:** From 1st of May now, Morbi is also starting their production. GSPC is giving gas to whoever wants to take it in Morbi. So that quarter 4 scenario is not there anymore. Now gas is available to anyone who can take it and produce and sell. That is the current scenario going forward from May 1 onwards.
- Ashok Kajaria:** You see 2 things are happening. Let me explain to you. 2 things are happening. For the first time in the last 5 years, the gas prices are going up like this. The gas prices, which was INR47 or INR48 landed; as of today is INR84. 50 landed for the Morbi players, which includes the tax, which includes value equalization, point number one. Point number two, for the extra price, you have to give a vendor into GSPC. Third point, when it comes to pricing, you have to sell at these prices. As we are all aware, Morbi has always reduced the prices, reduced the prices.
- First time, they have to take a 35% to 40% hike. A product like 4 feet by 2 feet which was selling at INR20 a square feet has to be sold at anywhere between INR27 to INR28 because that is the impact of gas. So how can they sell cheaper. Now they are not sure whether they can sell at these prices. So as of today, nobody knows how many plants will run, how many plants will be able to run properly. The plants which will run properly are one, who has created a brand in Morbi. There are few players, I would say, 10, 12 players who have created a brand for themselves, yes.
- And secondly, who are outsourcing for organized players or some other players who have better demand, yes, I will produce and they will buy. Besides that, there is a lot of questions. A lot of questions will be answered on Monday 4 because first, second, third is a holiday; people are expecting to start. But Monday, you will know how many players have started the plant. So that would be my answer to that.
- Moderator:** Next question is from the line of Sonali Salgaonkar from Jefferies India.

Sonali Salgaonkar: Congratulations on a good set of numbers. Sir, my first question is the production, I was just trying to align the numbers. The production is down by about 7%. The sales is up by 12%. Is it fair to assume and interpret that there was a lot of finished goods inventory lying with you earlier, which was ready, which you sold off in March? And going forward, with that inventory liquidation behind us, our sales would be more in line with our production. Is that the right way to look at it?

Rishi Kajaria: So you're right. First, the inventory has gone down because of the shutdown of Morbi. Our inventory has gone down. Secondly, going forward, currently, all our plants are running at full production. So with a combination of our own plants running at full production and our stocks, we'll be able to service all the sales orders and outsourcing as well. Outsourcing is still a little problem because as we just said that at Morbi a lot of plants are still shut down. But we have enough stocks and our plants are running at full capacity to service the market to do our numbers.

Sonali Salgaonkar: Just as a follow-up. What is the current capacity utilization of our plant? If you could please bifurcate that as the outsourcing in Morbi and in the other regions and how much percent of our supply is coming from Morbi?

Ashok Kajaria: Sonali ji, our production will be, as Rishi said just now, from 16th of April, all the plants are running at full capacity. But today as Kajaria, we are outsourcing to the extent of almost 27%, 28% of the materials from Morbi. Now there is a question mark as to how much we get in the month of April and April was of course tough, but how much we get in May. Things could get normal as we go forward. But right now that's a question mark because many plants, as I just said few minutes before, are not running because they are not running for a simple reason.

The gas they got -- started getting gas is only from 16th of April and then again from 1st of May for the people who have not started the plants yet. So as we go forward, we'll know, but our plants are running full.

And as rightly said by Rishi, our stocks have come down by almost 1.5 million square meters in the month of March itself because the Morbi plants were shut down and we sold more. So that's how we have -- stocks have come down and we also realized better cash flow because of tightening of the norms.

Sonali Salgaonkar: Got it, sir. Very clear. And just one last question from my end. Exports definitely, Gulf accounts for about 25% of the overall...

Rishi Kajaria: Your line is not clear, Sonali-ji.

Sonali Salgaonkar: Sorry, is this better now, sir? Apologies -- is this better? Sir, on the exports, we understand Kajaria doesn't export, but Morbi used to export about 25% of its sales in Gulf. So with that getting impacted, do you foresee more competition once the Morbi starts producing from the 1st of May? And also, we understand that they have taken price hikes, but with us taking about 15% price hike, do you think that the competition could be more from Morbi in the domestic market?

Ashok Kajaria: I think you didn't hear, Sonali-ji, I said 2 things. One, they have taken a price hike of 35% to 40% for a simple reason. That's the impact of gas only. I'm not talking about other inputs like packing and all that, but just the impact of gas is roughly about 35% to 40%, number one. Number two, as the plants were closed, the pressure of export doesn't even arise because in the month of April, the exports has hardly been INR400 crores to INR500 crores.

Why? I give you 2 reasons. One, the plants didn't run. Secondly, lot of exports to Gulf are affected. Give you a small example. Before the war on 28th of Feb that the freight was \$300 for UAE. Today, the freight for UAE is almost \$4,000. So how can we export and how will the buyer will get. So these are tenders which are remaining.

Sonali Salgaonkar: Sorry, my question was that once Morbi starts producing from 1st of May and I agree with you that the exports are definitely impacted, would that increase the competitive intensity in the domestic market? That was my question.

Ashok Kajaria: That is what I said earlier. Out of 500, 600 plants, which people say in the investing community, which I agree, not more than 150 -- as of today, there are only about 70, 80, 90 plants which are running. And as I said earlier few minutes back that on 4th of May, you will know that how many plants are running. Our estimate is not more than 150 to 160 plants ultimately will run from 1st of May. If they run, there is a big shortage as it is in the domestic market. And why will they export and have this headache, they will rather feed the domestic market because domestic market is imported.

Coming to competition, there is already a big vacuum. If you go to Morbi today, you will find many plants don't even have a single box, everything has been sold and that's a scenario which has been told to us by people, we have no material because what the dealers did during the month of March who were buying from Morbi.

They told them, yes, I give you money of the past, I give you money at the present. Give me whatever you have on the old prices. So they have cleared their stocks in totality. So it's a very, very positive scenario for the so-called organized players who have multi-locational plants going forward for the whole of '26-'27.

Moderator: Next question is from the line of Rahul Agarwal from IKIGAI Asset.

Rahul Agarwal: Congratulations for a very good number. Firstly, on the bathware side, this INR50 crores buyout of the key investor, is it for the entire 15% stake or is it lower?

Sanjeev Agarwal: It's for the entire 15% stake. See, they invested \$10 million 8 years back. So we bought the entire stake for INR50 crores by mutual discussion and negotiation.

Rahul Agarwal: Got it, Sanjeev-ji. The second question on the cost side. You obviously mentioned that 18%, 19% EBITDA margin is achievable next year. But when I look at this year, there have been lot of cost-saving efforts which you have made. This staff cost of INR530 crores for fiscal '26, the number looks like stabilized at INR130 crores per quarter. How should we look at this cost going forward for the other expenditure and staff cost?

- Sanjeev Agarwal:** Sorry, what was your question? Staff cost?
- Rahul Agarwal:** Sir, I'll just repeat myself. My question was that this year, it was a restructuring year for Kajaria. You've done a lot of effort on the cost side. For fiscal '26, the staff cost is now stabilized at INR530 crores, which is INR130 crores a quarter and other operating expenditure has also come down substantially to INR480 crores, right? If this is the base for fourth quarter run rate, how should we look at fiscal '27 on expenditure side?
- Sanjeev Agarwal:** In the similar grounds. We are not looking at...
- Ashok Kajaria:** See, similar. You see, you have not calculated one thing. For the year '25-'26, overall volume, we grew at 3%. We are talking about a much positive growth going forward as we have seen in the quarter 4 at 11%. We are saying that it will be much better growth as we do it because we are not giving any numbers, as I said, but we'll do much, much better as we go forward, number one.
- Number two, some cost increase will be there of course because when you start a new year, some cost increase will be there. It will be very marginal, and it will be much more nullified by the volume growth, which will happen and the price increase, which has taken place from 1st of April because actual price -- second price increase only came from 1st of April.
- Sanjeev Agarwal:** See, in absolute number, there could be some increase mainly in case of labour and all. But in terms of, as Chairman sir has said, as a percentage of sales, it will be lower. Administrative cost as a percentage of sales will go down.
- Rahul Agarwal:** Very clear, sir. And last question, sir, When I look at the production, my sense is for Kajaria in-house production is about 60 million, 65 million square meters. And please correct me if I'm wrong.
- Rishi Kajaria:** It is 84 million square meters -- 87.
- Rahul Agarwal:** Yes. So I was actually breaking it down into 3 parts; own capacities, joint venture and outsourcing. I was looking at own capacity and joint venture is about 89 MSM -- 87 million. The question I'm asking is the fourth quarter when I look at production, it looks like the JV production obviously has declined purely because of some gas supply issues in Morbi.
- Ashok Kajaria:** It happened in the month of March. Don't forget that happened only in the month of March. January, February, Morbi has been also normal.
- Rahul Agarwal:** Yes, sir. So just from 16th of April, when you're saying that gas is available for all of our plants, should I assume it is also for our outsourcing partners and joint venture plants put together?
- Rishi Kajaria:** Absolutely, yes, correct. outsourcing still. Joint venture partners, yes. Outsourcing partners is a question mark.
- Chetan Kajaria:** Because we are not completely outsourcing 100% from each of the outsourcing partners. They are buying some percentage of our sales. So if they can't run the plant fully on their own, then

they will not produce just for us a small percentage of the sales. So that's the question mark. As we go forward, we will get to know more about it as the events unfold.

Rahul Agarwal: Got it, sir. Because that is almost 30 million square meters we have sold from outsourcing partners last year. So that will all get compensated from your in-house production from JVs and own plants. Is that correct?

Sanjeev Agarwal: It is not that the whole outsourcing will stop. The outsourcing will reduce that too in the initial months. If the Morbi has already started and from 1st of May, more plant will open, they will have to sell. So they will have to sell to Kajaria first. So it is a 1 or 2 months disturbance in the supply. It is not a permanent disturbance because when we are ready, when we are giving assurance, as Chairman sir, has said, if the plants are running who have the brand and who have confirmed order. There can be a situation that we are outsourcing from Morbi's plants. So we will outsource, let's say, from going forward.

Ashok Kajaria: See, last year we sold 118 million, produced at about 87, 86 million. And we outsourced about 32 million square meters of tiles. As Sanjeev was just saying, suppose A doesn't run. We will divert B. The question is very simple; material availability is not a problem for Kajaria. If Kajaria has to outsource, this year we have to outsource almost 40 million plus, right?

So we'll outsource from A, if not A, B, C. As plants move on, this problem is limited to probably for the month of April and May. As things normalize, people will come forward to our this thing and say, you take from us, we are running the plant, why don't you buy from us? So outsourcing will not be a problem in terms of square meters initially.

Rishi Kajaria: Initially it's a problem. Going forward, it will not be a problem.

Sanjeev Agarwal: Because we'll be realigning our suppliers as usual.

Moderator: Next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: A couple of questions. Sir, first is if you could please help clarify, sir, Morbi will need an increase of 35%. I think you said INR20 and then INR27. But sir, you also said initially that 16% to 17% price increase in West and ours will be in similar lines. So I just wanted to understand the timelines for both the numbers?

Ashok Kajaria: You see what you have not understood. Morbi per se was selling a product, let's say, for INR20 a square feet, that's a 4 feet by 2 feet price, right? Today, as far as they are concerned, their costs have gone up by 35% because of increased price of gas. So their prices have gone up from INR20 to INR27 or INR28 depending on the customer.

As far as Kajaria is concerned, I was already selling at a higher price. So my price increase is only 15%, 16%, which covers the cost of that. So that is what the scenario is. If somebody supplies you from Morbi, he was earlier supplying you at INR20. Today they supply you at a minimum price of INR27, INR28, maybe INR29 also square feet. So their cost escalation is 35% to 45%.

- Sanjeev Agarwal:** There are 2 things. One is the Morbi price is cheaper and our prices, the branded player prices are higher. So the same cost will be less -- same amount of increase will be higher percentage for Morbi and less percentage for Kajaria, number one. And going forward, the difference will minimize. Number two, our gas prices have gone up much higher than the non-Morbi.
- Ashok Kajaria:** From Morbi, whatever we outsource. He's talking about that. Our prices were already higher when we are selling. So the difference will minimize. As Rishi said earlier, we are increasing 16%. They are increasing by 35%, 40%. So that difference will minimize -- our price cost will not go up so much compared because I'm already more expensive.
- Ritesh Shah:** Correct. Sir, just another clarification. Sir, Morbi INR47 currently somewhere at INR84. And in our case, you indicated Q4 was INR46.57 and April you said was INR79. So how should we look at this INR79 and INR84 like INR79, you also indicated it was gas?
- Ashok Kajaria:** Plants are not INR79, I will explain you the furlough then you workout yourself. In North, we are getting gas from GAIL India Limited, and we are getting 3 types of gas. That's RLNG, then the Henry Hub and the JCC. Government of India has already described a formula that you will get for the entire gas pipeline because of this war.
- Now what they have done as per government guideline, whatever you have lifted in the last 6 months, you will get -- they started out with 80% at normal prices, 20% at spot prices. Got reduced to 65%, then to 55%. Again, raised to 65% and again to 80%. As of today, we are getting a North plant gas 80% at normal prices, 20% at spot price.
- As far as South Asia is concerned, we are getting in the same formula. For Srikalahastii, last month we paid half price because we had no contract of spot price. From 1st of May, we get in a normal price. So that's the scenario.
- Is it clear now or you would like to --
- Ritesh Shah:** Yes. Probably I'll call Sanjeev-ji after the call. Sir, my second question was how much is the inventory that we have in million square meters? Is it closer to 1,820?
- Ashok Kajaria:** Inventory would be like 11 million square meters total.
- Ritesh Shah:** 11 million square meters. Okay. And sir, how much would be the inventory at the JV partner level or outsourcing partners? I'm just trying to understand that we have significant advantage not only because of size and location, but also the inventory that we have at our hand, which could also be low-cost inventory?
- Ashok Kajaria:** But there is no low-cost inventory because the prices have already gone up from March, April, so there cannot be a low-cost inventory. Inventory is a normal because what is being produced is being sold. So what Rishi said earlier, we have inventory. Whatever inventory is there, it is okay because our plants are running at full capacity. There is a problem in what we were outsourcing. In outsourcing, last year we outsourced to the extent of 22 million square meters.

This year, we'll be outsourcing to the extent of 40 million square meters. As things normalize, we'll get material from outsourcing. And as I said, if A doesn't start, B will start, C will start, they will come to us and say you buy from us, simple. It is not that we or somebody else has an inventory of 1 month or 2 months. In Morbi for your information, they have cleaned up the whole land. There is no material. They have sold everything.

Ritesh Shah: Correct. And sir, lastly, any specific reason for the buyback decision at this point in time? How should we read into it?

Sanjeev Agarwal: That's more to me -- the buyback decision is more to give the market the confidence that we are very confident of good numbers going forward. We feel that we're going to do well and it's a better allocation of cash. If the buyback was not tax efficient. So from this time, it has become more efficient. So this is a better way of returning money to the shareholders. So one, we were having enough cash on the balance sheet, which is much more sufficient than our CapEx and other things. Two, it is tax efficient to the shareholders. Three, it will improve our ROE also.

Moderator: Next question is from the line of Utkarsh Nopany from Anand Rathi.

Utkarsh Nopany: Sir, my first question is regarding the tiles production. So if we see it has gone down by 7.5% in March quarter, but you have mentioned that all of our plants are currently operating at full capacity. So just wanted to confirm from you that whether our tiles production volume is not likely to get impacted in Q1 as we have seen in Q4?

Rishi Kajaria: So the tile production was down by 7% in March quarter. But because March -- shut in Morbi plants. Now as I said, from 16th April, all our plants are running at full capacity even the Morbi plants.

Utkarsh Nopany: Okay. So like on a Y-o-Y basis, we can see some bit of a decline in our production in the current June quarter. Is it correct, sir? Because we have started the plant from 16th of April?

Rishi Kajaria: Correct. Correct.

Utkarsh Nopany: Okay. And sir, second thing, sir, like you have mentioned that many plants in Morbi are still shut. So whether our understanding is correct that outsourced sales volume for us might get impacted in the current June quarter, but it will go back to the normal level as things normalizes in Morbi?

Rishi Kajaria: You're absolutely correct. Absolutely correct.

Utkarsh Nopany: Okay. And sir, third thing, sir, like just wanted your sense like our tiles sales volume has grown at only, say, 6% CAGR over the, say, last 7-year period. So what would be your guidance on the volume growth, say, over the next 3 to 5 years for Kajaria?

Sanjeev Agarwal: I think our Chairman has already said about this and we will not see over and above.

Utkarsh Nopany: Sir, I did not get you, sir, like when you have said. Can you please repeat once again?

Ashok Kajaria: I already shared our guidance in earlier years, It didn't work out for various reasons because we have no control over the outside atmosphere. We have a control over what we are doing, but we don't have the control over the outside atmosphere. So keeping in line, we have decided not to give any volume guidance, number one. Number two, we will perform as we move along in a positive manner. That's all at this stage.

Utkarsh Nopany: Okay. And sir, lastly, like on the fuel side, sir, you have mentioned that our gas procurement cost in North is around, say, INR62 versus, say, around INR80 for West and South. So just wanted to know what is the reason that our gas procurement cost is so low in North compared to the South and the West region?

Ashok Kajaria: I think you didn't hear one of the earlier speakers asked this question, I answered. Again, I repeat for the benefit of everybody. Government of India has set a certain formula. They have made GAIL as a nodal agency on 9th of March that you will coordinate for the entire gas pipeline because of this war.

Now what they have done as per government guideline, whatever you have lifted in the last 6 months, you will get -- they started out with 80% at normal prices, 20% at spot prices. Got reduced to 65%, then to 55%. Again, raised to 65% and again to 80%. As of this morning, we are getting a North plant gas 80% at normal prices, 20% at spot price.

As far as South Asia is concerned, we are getting in the same formula because the CGD company there is going by this. In Kalasi, we are getting gas from syngas, and we had no such agreement for the month of April. So we had to pay spot prices. We have just entered into an agreement 2 days back and we will get at normal prices in Syngas from 1st of May. So that's the scenario. Morbi scenario, you are already aware, so I don't have to talk about it. So it's a very fluctuating thing.

If I tell you, no, I am getting at these prices because every day the norms are changing by Government of India and accordingly by GAIL. So whatever it is, we shared the formula. If required, Sanjeev can later work out and tell you the gas prices.

Utkarsh Nopany: Okay. And sir, if you can just throw some light how is the supply of propane at the moment in Morbi in comparison to, say, January and February?

Ashok Kajaria: See. There's not enough -- ideally propane is not allowed for the industry. Government of India has issued a circular on 5th of March that propane will not be supplied to industry. It will only be used for domestic LPG production. No industry is getting propane for your information.

Moderator: Next question is from the line of Saurabh Jain from HSBC.

Saurabh Jain: Congratulations for a great set of numbers. I just wanted to continue from the previous question on propane. So while we understand that in the recent times, the propane is not allowed. But when the expectations are that Morbi is going to get back the production line? What is your sense? Is it going to be like a permanent shift to natural gas and propane not being allowed to Morbi even for the long term? Is that a supply shift that you are assuming or when things normalize, then they might get back and shift back to propane?

- Chetan Kajaria:** See, how can we say that right now about propane? Also, the propane price is INR160, and it depends on the war situation. So right now, household cooking and fertilizers are more the priority sector for the government to give propane to. So it's a very fluid sector which we cannot comment upon because the price was very high of propane.
- Saurabh Jain:** No, I wanted to get a sense because you are there closer to the industry. What is the inner circles indicating? Like government is serious about making a permanent shift to natural gas or things can go back to propane in the long-term point of view is what I'm asking.
- Ashok Kajaria:** See, neither for you nor for us to decide. It all depends on the war situation, what is happening. Government's first priority is to give LPG to domestic, number one, which you are also aware, we are also aware. Second priority is to give to fertilizer because that's an area they can't afford to this thing. I'll just give you a small information. The fertilizer prices -- there is a shortage of fertilizers in India, and the fertilizer is being sold at 100% premium.
- And the import of fertilizer, which is coming is at double the price of Indian production. So that is why the priority of the government is to make sure. Third priority, as you know earlier, was power. Industry was coming later. They are not giving any gas to the power industry. They say no, I can't give you gas. Industry has been put on a priority number 3. And when I'm saying industry means all industry.
- Saurabh Jain:** Sure. My second question is on the biofuel thing that you mentioned. Is it possible to share what could be the comparable biofuel cost for you on a per SCM basis?
- Ashok Kajaria:** Biofuel cost varies, but I can share you. The northern plant, the biofuel cost is about INR20 per SCM comparatively. And in South, they're using coal; in Morbi, they're using coal because in what you call this, why you say in our area -- you cannot use coal. So that is why we had an option to use biogas, biogas is allowed.
- Saurabh Jain:** But it looks like a very good arbitrage now getting biofuel compared to...
- Ashok Kajaria:** See, let me tell you a little bit about the ceramic tile plant. Tile plant consists of 2 major facilities; one is called a spray dryer; one is called a kiln. Kiln can only be run on gas, natural gas or propane or LPG, which is gas. As far as spray dryer is concerned, it can be run on biofuel, it can be run on coal, it can be run on gas. So we can only use biofuel in spray dryer. And that is why when we gave you this information that 30% of the fuel today is biofuel, which is used in the spray dryer in northern part of India.
- Saurabh Jain:** Okay. So you alluded to the fact that it cannot be taken more than 30% as overall fuel mix.
- Ashok Kajaria:** You cannot use -- correct. You can use it as fuel.
- Saurabh Jain:** Yes, sure. I appreciate it and just was trying to confirm it. Secondly, a lot of other players would also be trying to secure this biofuel because it will come at a lower cost and also the crop has also recently happened for mustard. Are you seeing any challenges in terms of procuring this material for producing the biofuel?

- Ashok Kajaria:** The only 2 plants in North are Somany and Orient, they are already using it. And as far as mustard is concerned, there is no challenge. The maximum production of mustard is in the state of Rajasthan and plenty of mustard is available.
- Saurabh Jain:** Got it. Second question, can you also give us some sense on how the growth trends are looking like in the month of April?
- Ashok Kajaria:** As we shared earlier, we cannot give you month-to-month, First, our CFO already said that April, June quarter is normally weak. So please try to understand 2 things. One, the Morbi plants are not producing at full capacity. Rishi just said that from 16th of April, all Kajaria plants are running at full capacity.
- Whatever we use in production for 15 days in Morbi plants has to be taken into account. Morbi outsourced plants are not running in full capacity. They will run as and when they are comfortable. Chetan also said that right now, say, from certain plant, we are buying only 20% of the capacity. He cannot run 80% unless he has a source to sell. So that scenario will always be there.
- We cannot tell you what is happening in quarter 1 and on a daily basis. It will -- what we have said, we are looking at a very positive growth and not only we at Kajaria, I also said in my opening remarks, organized players like Kajaria, Somany and Johnson who have plants all over the country will get benefited by this process because there is too much damage in Morbi. Please understand that and get all the information, you will have lot of information when you go out there that there is a lot of damage. What will happen, what won't happen, nobody knows at this stage.
- Moderator:** Next question is from the line of Arun Baid from ICICI Securities.
- Arun Baid:** Congratulations on a good set of numbers. Sir, just how much was the ad spend this year in FY '26, sir?
- Sanjeev Agarwal:** It was around I think INR90 crores to INR100 crores in the whole last year. We did it less as compared to the previous year because we did very hard negotiation. And some -- this year, we are going to do much, much higher ad spend. Our new TVC has come. So we are just in the process of making plan on many, many channels or regional channels and others. So this year, the ad spend may be 40% to 50% may be higher than what we spent in the..
- Ashok Kajaria:** We made a much more aggressive ad spend this year.
- Arun Baid:** Okay. And second thing is, sir, the salary hikes, which last year was not given to employees, as you had mentioned. This year, have we taken any decision there?
- Ashok Kajaria:** Some action will be taken, but we have yet to take a call. But some action will definitely be taken in a positive manner because we are all part of the industry. We understand, they also understand that you as Kajaria are making money. So we have to take a balanced call as we go along.

- Arun Baid:** Okay. And sir, third thing is in last year Q1 call, Q1 FY '26, you had mentioned that once we reach a run rate of INR250 crores a quarter on the EBITDA front, that INR1,000 crores visibility, the salaries will be reinstated for the promoters. Sir, anything there you can help us with?
- Rishi Kajaria:** So we have decided not to take the salary this year as well.
- Arun Baid:** Okay. So sir, it's postponed till next year basically what will be the numbers for this year, right?
- Sanjeev Agarwal:** He did not say it's postponed for the next year. He said we will not take this year.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for the closing comments.
- Ashok Kajaria:** Thanks a lot. I think very good questions came out. And on behalf of all of us. But also, I would like to add 1 or 2 statements. I think great effort has been done by Chetan and Rishi as a team after unification. I think they have done lot of work in the last financial year along supported by Kartik in adhesive. I must say that it's been a tremendous effort by these 3 people in taking the company to these heights and I'm very positive that going forward, the results will be even better. A lot of good questions came, and we are trying to do our best to reply them in the right.
- Rishi Kajaria:** And also just to apprise you guys, we have kept a lot of good senior people in the company. A new CHRO has joined. A Chief Marketing Officer joined for the entire branding of the company. A new Chief Digital Officer has joined to take over the technology part of the company.
- Even for Kerovit, Kerovit as a brand has been struggling for a while, but there also we've got a couple of very senior people. A Chief Business Officer to look after the sales and an adviser who is handing the factory, both veterans of the industry. We've also got a senior purchase guy. So we've kept a lot of good people. And I think that is the reason which we are so confident that going forward because ultimately, the team has to work. We are very confident that going forward, we'll achieve what we want to achieve.
- Sanjeev Agarwal:** A good strong leadership team is in place now going forward. Thank you.
- Ashok Kajaria:** Thank you.
- Moderator:** Thank you, sir. On behalf of Spark Institutional Equities Private Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.