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BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai — 400 001
Scrip Code: 531548

National Stock Exchange of India Ltd. (NSE)
Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
Mumbai — 400 051
Symbol: SOMANYCERA

Dear Sir/Madam,

Subject: Transcript of the Earnings call for Quarter and Financial Year ended 31st March, 2026 pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed the Transcript of the Earnings Conference Call held on Friday, 15th May, 2026 on the Financial Performance of the Company for the Quarter and Financial Year ended 31st March, 2026.

The above information may also be accessed on the website of the Company at www.somanyceramics.com.

This is for your information & records.

Thanking you,

Yours Faithfully,
For Somany Ceramics Limited

Anuj Kalia
Company Secretary & Compliance Officer
Membership. No.: A31850

Encl: as above



Somany Ceramics Limited
Q4 FY26 & FY26 Earnings Conference Call
May 15, 2026



MANAGEMENT: **MR. ABHISHEK SOMANY**
 MD & CEO – SOMANY CERAMICS LTD
 MR. SHRIVATSA SOMANY
 HEAD-BATHWARE – SOMANY CERAMICS LTD
 MR. SAILESH RAJ KEDAWAT
 CHIEF FINANCIAL OFFICER – SOMANY CERAMICS LTD

MODERATOR: **MR. NAVIN AGARWAL**
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Moderator: Ladies and gentlemen, good day, and welcome to Somany Ceramics Limited Q4 FY26 and FY26 Earnings Conference Call. 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 management's opening remarks. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Agarwal, Head, Institutional Equities at SKP Securities Limited. Thank you, and over to Mr. Agarwal.

Navin Agarwal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you on behalf of Somany Ceramics and SKP Securities to this financial results conference call. We have with us Mr. Abhishek Somany, MD and CEO; Mr. Shrivatsa Somany, Head, Bathware; and Mr. Sailesh Raj Kedawat, CFO. We'll have the opening remarks from Mr. Somany followed by the Q&A session. Thank you and over to you, Mr. Somany.

Abhishek Somany: Yes. Good afternoon -- sorry, good evening, ladies and gentlemen. I hope I'm audible because I could hear a little bit of disturbance at the organizers' end. So just to take you through the quarter and the year, and I'm sure there will be many questions later for the current scenario, specifically due to the ongoing geopolitical reasons.

So as far as the quarter is concerned, the domestic demand saw a gradual improvement during January and Feb on account of increased domestic demand reducing the pressure on -- from reducing the pressure from exports. So, there was a little bit of a recovery in January and Feb. Obviously, March was a very aberration month because of the various circumstances which played out geopolitically.

Overall, if you see the exports did increase from last year. It would have touched about INR18,000 crores, but -- for the industry, but it got stopped at 17 and something because -- INR17,000-and-something crores because of the March outage, where nothing really went or sailed in March.

Gas price, as you all know, has increased very significantly, which we can talk about that. I'm sure there'll be a lot of question-answers around that. As far as we are concerned, sales growth has been about 6% in Q4 and 5% for the entire year, slightly better than last year. EBITDA improved quite significantly, 3.2% in Q4 and about 1% in the entire year.

Capacity utilization was largely flat from approximately 80% to 79%. So that is largely flat. Of course, in the quarter, it improved to 82%, but otherwise, it's been largely flat. Max plant did -- there's good news there that we almost did a breakeven at Max plant.

Corresponding quarter last year, same quarter of Q4, the loss was about INR9 crores. So from that, we've been able to breakeven Max. So that's as far as capacity utilization is concerned for the year to at about 79%. Sales came in with 4.8% growth and 6% growth, like I mentioned -- 5% and 6% growth, like I mentioned. EBITDA for the year is 9.3% and for the quarter was 11.4%.

If you see the tiles volume, we have increased our GVT sales by 3%, and there's been a reduction in the ceramic and PVT by 3% correspondingly. Sanitaryware has done fairly well. We've grown by 8% for the entire year, and we have closed the figure at INR320 crores, up from INR296 crores. And this year, we've taken a very aggressive target, a very aggressive double-digit target.

Gas pricing overall, before the war broke out was pretty much constant. There was no major changes in the gas prices, INR1 here or INR2 basically based on the rupee-dollar conversion. And after that, obviously, it has gone up very significantly.

As far as our business is concerned, our brand spend has been about 2% for the year. We got rid of the superstar and therefore, it's slightly lower because of that reason. Working capital, we've done fairly well. It's marginally lower by 4 days to 9 days. We've had a very good debtor collection. We have -- that particular figure is at 40 days, down from 51 days and 38 on a stand-alone basis.

The net dealer addition has been very strong this year. We've added net new additions of 200 dealers across India, taking the total dealer showrooms to about 3,100. So that has increased in a very significant way.

Now for the guidance. Now the caveat is there's no further shocks geopolitically. But otherwise, our guidance is to improve EBITDA margin from here by at least 1.5% or more. Brand spend will also go up a little bit, although in percentage terms, we will maintain it as we have taken aggressive growth on our top line growth and the value volume growth. Input cost increase currently has been passed on to an extent, and we can talk about that in the Q&A.

This is as far as our highlights are concerned. I would leave a lot more time, which we normally wouldn't do, we would give you a complete synopsis of where we are and what we are. But I'm sure there will be a lot of Q&A for you for the current situation.

But overall, we are happy. This whole situation, the old saying that somebody's loss is somebody's gain. I think as far as the industry is concerned, the branded players, the organized players are to gain from this disruption, provided there's no further disruption in this regard.

So, we are to gain from this disruption because a lot of the capacity in Morbi shut down, and everybody is now buying from the same source of gas, unlike earlier times where they were buying LPG and propane and that too in cash and various other sources. So, this is, again, a positive for the industry.

And the other positive for the industry is that our pricing has been narrowed between the small scale unorganized players and the branded players. So overall, I hope this discipline continues. If it does, then there will be definitely better days for the tile industry.

So that's the highlights for -- from last year. And I would now leave the floor for Q&A.

Moderator:

The first question is from the line of Sneha Talreja from Nuvama Wealth Management.

Sneha Talreja: Congratulations on super strong balance sheet improvement. The first question is related to receivable days itself coming down and working capital coming under negative. How sustainable is this improvement? And where can we see the numbers in '27?

Abhishek Somany: So receivable days, once you get it down, then you start monitoring a lower number. So, we hope that receivable days remain around the same area. It may increase a day or 2, but we would want to manage it in the same area.

As far as working capital is concerned, a lot of our stock, which you may not see going down here, but a lot of the stock from our outsourced vendors have gone down substantially, which makes a lot of difference in the number of days, so that puts less pressure.

And even from our own plant point of view, a lot of the old stock, the over 180 days stock and et cetera, some other stock, which was not so saleable got sold during March. So that's again a big relief. And again, once the stock levels are at a particular level, we start monitoring and learn from mistakes.

So we should be able to control this. I don't know, from a sustainability point that so -- it's a question mark because currently, we're seeing that there's been a delayed response to price increases in April. So April was a better month for us, but nothing great from the point of view of such large price increases, people take time to absorb. Labor was also not there. So let's see.

The net-net is that the tile is a product which will not go -- will not be fungible with another flooring or wall material. So there will be a pent-up demand even if it's a delayed demand. So we're running plant at 100% capacity. In the interim, it may go up.

But finally, let's not forget that 1 month or 40 days of stocks have gone out of the Indian market. So that will come back. And like I said, this is not going to be replaced by a marble or a stone or a wood or anything else. So good days to come in future.

Sneha Talreja: Understood, sir. Secondly, while you, of course, mentioned the April month and how is it going at this point of time with price increases, what I wanted to understand was, can we break up Jan, Feb with March? Just want to see how is the demand panning out in Jan and Feb ex of crisis? You did mention some amount of improvement happening. Just wanted to understand how would have been the volume growth in Jan and Feb?

Abhishek Somany: Yes. So if you remember, even in the last call I had mentioned, which was in January, that December being a very, very heavy month and we pushed a lot of material in December, Jan normally would have taken a dip, but we grew at decent single digits in Jan and also in February.

So, from that point of view, we did see some uptick. For us, in March also, we didn't push too much material. Our first -- we wanted to move the material of the vendors first from our non-joint venture vendors because there was a chance of them increasing their prices in April, and that would be on us.

So therefore, our focus was to remove that stock. In March also, we did not really overtly dump material. So Jan, Feb decoupled from March, we saw decent growth considering December was a very heavy month.

Sneha Talreja: Understood. And lastly, on gas pricing, could we get your North, South and West pricing for Q4? And how is it at this point of time?

Abhishek Somany: Sneha, Q4 would not be of any significance because from 9th of March, it shot up. So like I mentioned that if it was not for the war, then the Q4 prices were pretty much standard to Q3 other than the rupee-dollar small movement, right? So there was no significant increase had it not been for March. So if you can clarify what do you want me to tell you? I mean, the current price or...

Sneha Talreja: The gas prices, yes, yes. I mean, both would be actually appreciated even if considering the March impact or just the per MSM pricing that you are getting -- I mean, per SCM prices that you have in North, South and West?

Abhishek Somany: For Q4?

Sneha Talreja: Yes, for Q4 as well as the current one?

Abhishek Somany: I mean, current is extremely volatile. That I'll come to that maybe a larger debate or larger discussion. But otherwise, if you see, if I give you -- you know what, let me give you an average. Q4 is largely flat has it not been for the March last 15 days. So let me give you the FY26 and FY25 prices because that would give you a better idea, right? If you...

Sneha Talreja: Sure.

Abhishek Somany: Q4, I'll go to Q4. Kassar was in the mid-40s range. And in Q4, it was INR48. Morbi was in the -- again, in the mid-40 range, it was INR46. In South, it was INR55 in Q4'FY25 It went down to INR50 in FY26. So if you see mid-40s and one was INR50, so largely common.

But if I see the whole year pricing, it was INR43 from FY25 for the North, it went up to INR45. For the West, it was INR48 and INR48. For the South, it was INR51 and INR51. So absolutely flat. This is, let me clarify, only gas pricing. This has nothing to do with our other fuels which we use such as...

Sneha Talreja: Biofuel.

Abhishek Somany: Yes, yes, biofuel, correct.

Sneha Talreja: And what portion of your fuel usage would be biofuel in case you can give us, we'll get to know the benefit also?

Abhishek Somany: It's the same as last year. Nothing has changed over 2 years. It's identical to what we were using. We've not moved any other plant to biofuel. I don't have the numbers off my cuff as to exactly how much is percentage of the biofuel versus gaseous fuel.

- Sneha Talreja:** Understood. And lastly, in case I can, I know I've taken time. In terms of Morbi, what are we currently using? And what would be the gas pricing currently only for Morbi versus, let's say, your North plant? Just want to understand that differential.
- Abhishek Somany:** Yes. So, the Morbi pricing is currently -- for May, the pricing is INR74 plus 6% ballpark. I think it's INR74.1 or INR74.2 something like that plus 6% is the pricing for Morbi. And we are using GSPC gas, and we have been using GSPC for the last so many years. We didn't move to propane or LPG any which ways.
- Sneha Talreja:** Okay. And North would be how much average in May?
- Abhishek Somany:** North would be about INR3, INR4 cheaper.
- Moderator:** Next question is from the line of Dhvaneet Savla from Savla Family Office.
- Dhvaneet Savla:** My first question is with regards to the current scenario, is there a particular like point wherein we think that it's probably not feasible for us to produce the tiles because our EBITDA margin is much higher than what would usually do? And secondly, considering the current scenario as the base, if it wasn't there, then how much kind of an upside we were looking at the '27 number?
- Abhishek Somany:** So, like I said, we didn't dump upside on the '27 number. '27 number, we should be able to get a decent single-digit growth in terms of volume. Value, obviously, prices have gone up. So very difficult to say how much the prices will stay and when the gas prices go down. Whenever it goes down, prices will go down.
- So difficult to give you a prediction on the value number, but otherwise volume will be in a single -- very decent single digits for the tile business. For the sanitaryware and adhesive business would be in very healthy double digits.
- Dhvaneet Savla:** Okay. And about the first thing that is there a point which have you done any study or analysis on, if there's a point wherein it doesn't work for us to function the factory because the cost of gas has gone up so high and we are not able to pass on the cost?
- Abhishek Somany:** Yes. So I think how you would -- what you're trying to understand is there is a tipping point to increase in price beyond the point where if you are not able to increase the price and pass it on, then we cannot run the plant. Is that what your question is?
- Dhvaneet Savla:** Yes, yes. That's my question.
- Abhishek Somany:** I think the last 2 years is that the gas -- the tile prices have gone down fairly significantly over the last 2 years by about 15% to 20%. So about INR3 to INR4 maybe -- actually INR5 to INR6, the prices went down in the last 2 years. So today, even after the price increase, we are pretty much at the historic price, which was there 2 years ago.
- So there's -- from that point of view, there has not been a very inflationary change as far as the builder is concerned or as far as the customer is concerned. He was taking advantage of this over

the last 2 years. So I think tile still being the most cheapest material for the flooring and wall, like I mentioned, there is no alternative to a tile.

So I doubt there would be that situation where it won't be viable to run the factory. Obviously, the caveat is that the doomsday war doesn't come up, like if oil jumps up to a \$200 or something like that, that I can't envisage. But at the current scenario, I don't see the factory shutting, even if it had to go up by 10%, 15%.

Dhvaneet Savla: Okay, okay. Just a small like additional question. Like you spoke about the bathware and the sanitaryware section. Is it fair to say that since we have certain volumes coming from that segment, we are getting a little bit more traction than probably a pure-play tile player would or we are actually better able to mitigate this crisis because we have some additional value-added thing, which is probably giving us a little bit more margin than a plain vanilla tile player would.

Abhishek Somany: Yes. So more sanitaryware and adhesives gives a better margin. And we are able to accelerate that growth because we are growing with the same dealership. So I don't have to make new relations. And only 25% of our current dealers are dealing in sanitaryware, our sanitaryware. So that's the scope, that's the headroom which we have to accelerate our sanitaryware business.

Dhvaneet Savla: And hence the double-digit growth expectation?

Abhishek Somany: Correct, correct.

Moderator: Next question is from the line of Shruti Mulchandani from Ikigai Asset Management.

Shruti Mulchandani: Congratulations for a good set of numbers. Sir, I just wanted to check that we have been hearing that Morbi has started to get some gas supply from 1st of May and it's been 15 days now. So I just wanted to check the status of how the plants are running. Is there some uptake in the factories operating out of Morbi? And what's the average capacity utilization of Morbi that has been? Or do you expect it to increase in Q1?

Abhishek Somany: Yes. So yes, you're absolutely right. From 1st of May, they've all got gas. There's enough gas being supplied to Morbi at INR74 plus tax, which I mentioned to Sneha. The situation currently in Morbi is that whoever has started up is facing a little bit of challenge with labor. There a major, major, major labor shortage in Morbi.

As a result of that, as we speak today, approximately 60%, 65% of Morbi is up and running. And I believe by the end of this month, it would -- the number would reach about 85%. So 85% of Morbi would start running to capacity. The balance 10% to 15%, I don't think will run ever.

My guess is they would shut down -- if they can't run now, where everybody has passed on prices, I doubt they will be able to run their plants because they're extremely inefficient. So every time somebody increases prices, an inefficient plant has to increase that much more, which is anyway not being absorbed by the market.

So if you see what is happening in Morbi, Morbi has increased prices by about 30%, 35%, which means that the organized players have increased prices about 16% or 17% because we were that much more expensive than Morbi. So in percentage terms, our increase is lesser versus theirs. So with that kind of a sharp increase, they are having trouble facing demand.

Demand is weak currently. Like I mentioned earlier in the call that people are waiting. General sentiments are down, plus the labor is not there for putting the tiles. Therefore, we believe that the demand will come in as a pent-up demand like we had after COVID.

It could come by this month end or in June, but it would come in because tile does not have any alternate plus there has been a 40-day gap, which is pretty much an entire year's growth has gone off the grid, which cannot be made up.

So I believe that Morbi, it will be a very testing time for them post July as to whether they will be able to hold their plants running with expensive gas and piling up stock. So if demand doesn't come back in June in a very, very significant way, Morbi will be in trouble.

In fact, as far as we are concerned also, maybe a couple of our plants we may have to shut down due to stock. But overall, we are currently running at 100% capacity as we speak.

Shruti Mulchandani: Okay, sir. Sir, like you said that you are operating 100% utilization. So is this across the plants like in the country? Or is this specific to Morbi?

Abhishek Somany: No. It's across the country. There are certain plants, which we had taken decisions to shut down in terms of our product mix. So there are a couple of kilns which are down, which we do not consider in our -- it's there as far as our capacity, but when we say 100, we're not considering that. So other than those non-value-added kilns, everything else is running across the country at 100%.

Shruti Mulchandani: Understood, sir. And sir, given that 30% of your capacity of 75 million square meter comes from outsourcing and like you just mentioned that Morbi is troubled and it can face some challenges if demand or the price hike consumption does not take place very well. So, will we expect some deterioration in your volume growth in the outsourcing part as well in FY27 and that can be covered up by your own and JV plants?

Abhishek Somany: Yes. So currently, there are a couple of plants which had gone down and we were not getting material, we are building our stocks there. But I don't think we would have that much of an issue because our plants are generally OEM plants and they are OEMing to other large manufacturers. So chances are that they would keep running unless demand has an issue with some other geopolitical issues.

But otherwise, these plants, which we were facing volume issues in April because there were 4 or 5 plants which we were buying our materials from and they had no material to give us, that will come back in May in terms of material availability. But yes, we're keeping a watch. I doubt there would be that situation for the plants, which are these OEM plants for large organized players.

- Moderator:** Next question is from the line of Keshav Garg from Counter Cyclical PMS.
- Keshav Garg:** So, sir, firstly, I wanted to congratulate you for great numbers and rock-solid balance sheet and a great job on working capital, too. So, sir, now going by your commentary, it seems that going forward, we are set for revenue growth in somewhere in the mid-20s because if we take roughly 15% price hike and add roughly high single-digit volume growth, then that's where we reach around mid-20s kind of revenue growth. So is that understanding correct?
- Abhishek Somany:** Yes. If the prices remain at current levels, then anywhere between 20% and 25% would be the revenue growth. Obviously, if the prices -- if the gas prices towards the end of the year had to crash back to original levels, I can't predict that. In that case, the prices will obviously drop. So if you factor that into consideration, then I don't know what it will be. But at steady state, you're absolutely right.
- Keshav Garg:** Sir, and margins should -- like you already mentioned, from 11.5%, we can probably go to low teens kind of margin or even mid-teens kind of margins?
- Abhishek Somany:** I'm talking about margin improvement from the 9.8% -- 9.3% base to improve it by 150 bps and more.
- Keshav Garg:** Okay. Understood, sir. And sir, lastly, sir, now the market leader has announced a share buyback of INR300 crores. And sir, our stock is also at 2015 levels, and our balance sheet is far more stronger. We are almost debt-free. So sir, don't you think it's an opportune time to do a share buyback?
- Abhishek Somany:** Unfortunately, we are consolidating some of our JV -- sorry, our wholly owned subs, and therefore, there is an embargo on -- from SEBI. We can't do a share buyback for the next 6, 8 months. But we'll see after that as to how the war progresses. But currently, we can't do it for that reason. And therefore, the promoters stepped in before the trading window shut to buy some stock.
- Moderator:** Next question is from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** It would be fair to assume in Q1 and going forward this year should be a good year for organized player? As you highlighted, Morbi is also shutting down the operation and possibly Morbi was shut in April. So possibly the organized players can gain market share.
- And sir, going by this thesis, ideally April should have been a good month, expecting because Morbi was shut, but your commentary has been April has been a bit on the slow side. By slow, you mean April, the volume has declined?
- Abhishek Somany:** So, April has been slow for 2, 3 reasons. A, we did not get quite a large portion of our material, which we normally would have got from Morbi because those plants were shut. Our volumes did not take up. So that was one reason which we had no handle over. Other than that, we had a price increase of approximately 15%, 17% and Morbi of 30%. So consumers take a while to absorb this kind of price increase.

Thirdly, we have dumped a lot of material as an industry, not Somany, but generally, as an industry, a lot of material got moved to the dealers and the dealers were also cautious. They didn't want to get stuck with higher value material in case the war had to stop and the prices had to go down. It was their fear. Obviously, an unfounded fear, but there's only so much you can explain to them. So they also doubled down on removing their stock.

So, all of these three reasons, April was kind of a -- for us, it was a little bit of growth, but it wasn't a flat month. But normally, April -- it was -- let's put it this way, it was like a normal April with a little bit of growth. So I don't know about my competition, but we had a little bit of growth. So very happy about that.

Keshav Lahoti:

Understood. Got it. And one last question from my side. It will be fair to assume whatever the gas price hike and other price hike we might be seeing because of this inflationary situation, entire hike, entire cost inflation is passed on. So nothing will hit our margins. That is a fair assumption?

And secondly, when you take a 10%, 15% price hike, possibly if you, let's say, the 15% price hike is taken to pass on the entire cost inflation, in a way, the margin gets diluted in a percentage, maybe not on per sheet basis. How should we read?

Abhishek Somany:

I mean, we have taken almost an entire price increase. I mean, there is obviously something which you absorb as far as projects are concerned. But if you discount the projects, which is approximately a 17%, 18% business for us, where we have been able to pass on about 85% of the cost. But in the retail, we've been able to pass on 100% of the cost.

Moderator:

Next question is from the line of Nilesh Sharma from Anantnath Skycon Private Limited.

Nilesh Sharma:

Congratulations for great set -- my question is that you have achieved...

Moderator:

Nilesh, sorry to interrupt you, but your audio is breaking in between. Can you please come in a better reception area and speak from the handset?

Nilesh Sharma:

Yes, yes. Okay?

Moderator:

Sir, can you try asking your question?

Nilesh Sharma:

Yes, yes. So my question is that at Somany Max plant, where we achieved the breakeven, so is it sustainable? Or is it one-off tailwind or Morbi disruption that supported us?

Abhishek Somany:

No. In fact, in Somany Max, we have achieved breakeven. And if you see our inventory going up, a reasonable amount is also due to Somany Max, because we produced more and we've put more material in Somany Max where we put the new press. So Somany Max is clearly sustainable.

Last year, the entire loss of Somany Max was down by INR6 crores from -- it was INR27 crores last to last year, and it went down to INR21 crores. And we believe what we had said in the beginning of the year that this loss will be under INR10 crores or maybe a breakeven. We have

yet to see that. But substantial improvement in Somany Max, and next year -- if not next year, next year, it will be in positive.

Nilesh Sharma: Okay. And sir, utilization level will be required for Somany Max to deliver EBITDA margin?

Abhishek Somany: We put in an investment of INR30 crores to make the utilization level better in Somany Max by putting the press. Absolutely right, sir.

Nilesh Sharma: Sorry, sir, I didn't get you.

Abhishek Somany: So, utilization level, to improve it, we had put in that press to make sure that we utilize Somany Max to the fullest. So that's going as per plan.

Moderator: Next question is from the line of Anubhav Goel from Cosma Ventures.

Anubhav Goel: Congratulations on the margins and the Max plant breakeven this quarter. So you said 85% of Morbi should come back by the end of this month. So this means 85% of those 550 units, which used to run on propane should be back on gas by the end of this month?

Abhishek Somany: Yes.

Anubhav Goel: Okay, sir. And sir, most of these units who must have made a switch from propane to gas, so our pricing in Morbi will be the same versus them at this INR74 plus 6%? Or we would be slightly lower?

Abhishek Somany: Yes, yes. The source is exactly the same. Everybody is getting from a single source, which is GSPC, and price movement upwards or downwards would be common to everybody.

Anubhav Goel: Okay. Got it. So our price is the same. Okay, sir. Okay. And sir, for North plant, can you give some color on what is the pricing currently, like you mentioned this for Morbi?

Abhishek Somany: The North plant is a couple of rupees cheaper, it's about INR4, INR5 cheaper because we have different formulas in the North plant versus GSPC, but it's largely the same. I mean, that INR77, INR78 in the -- what is it, INR74 plus 4% -- 6% -- INR78 is the price for Morbi and about INR73, INR74 price is for the North plant.

Moderator: Next question is from the line of Varun Julasaria from 360 ONE Capital.

Varun Julasaria: Sir, I just wanted to understand for this quarter, we did a 2% volume growth, whereas our competitors, they have done a double-digit volume growth, even some smaller competitors have also done higher volume growth. Even our realization has not grown to their extent. So just wanted to understand like what happened, like in our case, like why we could not achieve that kind of growth?

Abhishek Somany: We focused a lot of volume growth towards our non-JV partners. There was a lot of inventory lying there. I didn't want them to price me at a higher price. So we focused there. Our inventory, we kept for sale in April because prices were further going to go up in April, and this was

material which was made at older pricing. As far as realization is concerned, I think your figures are wrong. We have improved our realization by INR6 over last year.

Varun Julasaria: No, sir, I'm just -- so if you see even Q-on-Q, like compared to competitors, we have grown around 0.2% whereas they have grown around 1.8%, right? That's where I'm coming.

Abhishek Somany: You mean, the EBITDA margin?

Varun Julasaria: Sorry?

Abhishek Somany: You mean, the EBITDA margin?

Varun Julasaria: No, no, I'm realization per MSM.

Abhishek Somany: Realization, overall, it matters as to what kind of stocks you sold, what kind of product mix you sold. So obviously, the fact that I've sold more of my non-JVs and my outsourced material, that's obviously cheaper material. But overall, if you see, in the year, I have increased my realization by INR6 and my stock is down by about 2.5 million square meters, which is down by about 15 days over the year.

So it was a strategic move to sell the non-JV material first because they would have immediately priced it in April and asked me for a higher price for a material which they produced at a cheaper rate.

Varun Julasaria: Okay. And sir, on the margin guidance, you mentioned around 10.8% for the next year, right? That's what you are targeting?

Abhishek Somany: Yes, or better.

Moderator: Next question is from the line of Anu Parakh from Anand Rathi.

Anu Parakh: I just wanted a clarification as to how much price hike have we taken in tiles, sanitaryware and faucets in Q4 FY26 and Q1 FY27.

Abhishek Somany: So in tiles, since March, when this whole crisis started to now, the average price increase is around 16% to 17% as far as tile is concerned. As far as sanitaryware is concerned and bathware is concerned, put together, it's approximately 8%. We had taken a price increase in bathware in February when the brass prices had moved up very significantly. That particular price increase in February was about 18%. But currently, in the month of April, a blended price increase between bathware and sanitaryware is 8%.

Anu Parakh: Okay. And also last year, the outsourced sales volume was 27.6 million square meters. So can you please help us understand as to what would be the guidance for FY28 in terms of the outsourced volume?

Abhishek Somany: I'm sorry, I couldn't hear you very well. Can you speak -- ask once again?

- Anu Parakh:** Yes. So, the outsourced sales volume last year was 27.6 million square meters. So what would be the guidance for FY28?
- Abhishek Somany:** No, I'm not understanding. Our total sales volume was 72 million square meters last year.
- Anu Parakh:** Outsourced. Outsourced sales volume.
- Abhishek Somany:** What's that?
- Anu Parakh:** Outsourced.
- Moderator:** Sorry to interrupt. Anu, can you speak through the handset, if you don't mind?
- Abhishek Somany:** I cannot understand which sales...
- Anu Parakh:** Am I audible?
- Abhishek Somany:** Yes.
- Anu Parakh:** Am I audible? Yes. So the outsourced, that is the traded sales volume.
- Abhishek Somany:** Okay, outsourced sales. I don't have it at the back of my hand as to what, but as a percentage, our outsourced sales is 30%, but mind you, Acer and Amora are both now outsourced, which is actually used to be a JV. So, it's counted in outsourced. So -- but anyway, with that, the outsourced sales is about 35%, 36%. But one must discount Amora and vintage -- sorry, Amora and Acer, which were no longer JVs, but entire produce has been bought by us.
- Anu Parakh:** Okay. So, will it not get impacted because of the gas supply disruption in FY28?
- Abhishek Somany:** No. So all of those plants have started running. Effective May, all the plants have started running. In April, I did get affect -- my volume got affected in April because I didn't get materials in Morbi. But just to clarify, effective May 1, all plants have started, specifically our plants where we were taking joint ventures by 15th, 16th of May as we speak, most of them have come online.
- The problem is not the gas right now. The problem for the next 10, 12 days is more about the labor. April, they were shut because they did not have the gas. May, they are slowly coming up to full capacity because of labor. So by June, it would be 100% up and running. So May also, partly, we did not get material, but June onwards, we'll have 100% material.
- Moderator:** Next question is from the line of Divyam from Asian Market Securities.
- Karan:** Karan from Asian Markets. Am I audible?
- Abhishek Somany:** Yes.
- Karan:** Yes. Sir, quickly on capex and debt repayment plans for '27?

- Abhishek Somany:** Yes. So, our capex is largely going to be on routine capex and also some balancing -- I think there is a lot of disturbance.
- Moderator:** Sir, sorry to interrupt. Karan, can you please mute your line from your side?
- Karan:** Yes.
- Abhishek Somany:** So, it would be balancing equipment. We are doing some balancing equipment to -- in the vintage plant, also to make it more value-added. So, we reduce the losses there. In fact, we come into profit over there.
- So basically, it's going to be small investments, nothing of significance. So everything will be contained in the INR70 crores, INR80 crores of routine capex and balancing equipment to make our assets more value-added or more -- towards more capacity utilization.
- So, everything for us, as of now, it seems to go in absolutely the right direction where the JVs which were pulling me down should only keep giving me more profits and boost the bottom line and the top line.
- Karan:** Right. And sir, apart from gas inflation, what kind of inflation can we see for packaging, logistics, transportation, employee cost for this year?
- Abhishek Somany:** So the New Labour Code, you've seen, we've taken a onetime INR5 crores adjustment, plus we've also had a New Labour increase in Haryana, which we have -- it's -- which we -- again, we have been able to pass on as of now. Other than that, any further increase, all the products, all the input costs, which were related to natural gas has gone up. That is approximately INR1.5 -- INR1.25 to INR1.50 per square feet of input costs.
- Any other input costs, which is related to transportation is yet to be seen because petrol diesel just went up today. I'm only pretty certain that if things don't improve, this will go up even further, but that impact has still not come. So, I will not be able to quantify that impact.
- So currently, the gas impact is approximately INR5.5 to INR6 and the other input cost is between INR1, INR1.5. So total increase of approximately INR7 a square foot is what we see. So depending on the plant, depending on the value addition, anywhere between INR6.5 to INR7 is the price increase in current scenario. All the price increase...
- Karan:** So, this 15%, 16% price hike which we've taken covers for the entire INR7 kind of cost escalation, right?
- Abhishek Somany:** Yes, entirely. But in projects, it's slightly lower, about 15% of our business is projects. And there, we've been able to pass on about 90% of the cost.
- Moderator:** Next follow-up question is from the line of Anubhav Goel from Cosma Ventures.
- Anubhav Goel:** Sir, just wanted the current pricing for our South unit?

- Abhishek Somany:** What pricing? Gas pricing?
- Anubhav Goel:** Yes, sir.
- Abhishek Somany:** Gas pricing current is INR78 a standard cubic meter, but we have from next month contracted a long-term contract, so that will go down very significantly. That price is yet to get, but it would be at least INR17, INR18 difference. So significantly go down.
- Anubhav Goel:** Got it, sir. And sir, margins for this year, we can expect from 9.3% FY26 to about 10.5%, 11%, correct?
- Abhishek Somany:** Yes, 150 bps plus.
- Moderator:** As there are no further questions, I'll now hand the conference over to Mr. Somany for closing remarks.
- Abhishek Somany:** Thank you so much, everyone, for your time for coming for our investor presentation. I think it is quite a boon this whole scenario, which has played out for the tile industry, especially for the organized sector. We are very, very confident these are an aberration, the war has been an aberration. But other than that, taking some advantage from that.
- But more so strategically, I think we've played our card right of putting some investments in our Max plant and also now in the vintage plant, plus putting some investment in our bathware and bath sanitaryware plant to augment that towards more value addition and better capacity utilization.
- I have always maintained and maintaining even now that capacity utilization is the biggest winner, and hopefully, we will be much better off as far as capacity utilization is concerned this year. And with some discipline in the market in terms of pricing, I think there is some amount of consolidation, which is going to happen in the industry, which at least 10% to 15% of Morbi not starting forever. So, this is very good.
- Any new plants coming in will be very difficult because with the current rupee-dollar and the current uncertainty, new plants coming in, unless otherwise, it's already on route, new plants will not come for the next 18 to 24 months. So, I hope this -- all this has a benefit towards the organized sector. So, until next quarter, I would take your leave, and wish you a very happy summer holidays. Thank you.
- Moderator:** Thank you very much. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.