

May 8, 2025

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

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

Dear Sir,

Re.: Transcript of Conference Call

In continuation of our letter dated May 6, 2025, informing about the uploading of the audio recording of the Conference Call held on May 6, 2025, 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

R.C. Rawat
COO (A&T) & Company Secretary

Encl.: As above

Kajaria Ceramics Limited

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**“Kajaria Ceramics Limited Q4 FY '25 Earnings
Conference Call”**

May 06, 2025



**MANAGEMENT: MR. ASHOK KAJARIA – CHAIRMAN AND MANAGING
DIRECTOR
MR. CHETAN KAJARIA – JOINT MANAGING DIRECTOR
MR. RISHI KAJARIA – JOINT MANAGING DIRECTOR
MR. KARTIK KAJARIA – HEAD, ADHESIVES
MR. SANJEEV AGARWAL – CHIEF FINANCIAL OFFICER
MR. PARVEEN GUPTA – DEPUTY VICE PRESIDENT,
FINANCE**

**MODERATOR: MR. PRANAV MEHTA – EQUIRUS SECURITIES PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Conference Call of Kajaria Ceramics Limited, hosted by Equirus Securities Private Limited.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranav Mehta from Equirus Securities Private Limited. Thank you and over to you, sir.

Pranav Mehta: Thanks, Pooja. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you to this post result conference call with the management of Kajaria Ceramics.

From the promoter side, we have Mr. Ashok Kajaria – Chairman and Managing Director; Mr. Chetan Kajaria – Joint Managing Director; Mr. Rishi Kajaria – Joint Managing Director; and Mr. Kartik Kajaria.

From the finance team we have Mr. Sanjeev Agarwal – CFO; and Mr. Parveen Gupta – DVP Finance.

I will straight away hand over the call to Ashok sir for his opening remarks, post which we will open up the floor for question and answers. Over to you, Ashok sir.

Ashok Kajaria: Thank you, Pranav. Good evening, everyone. It gives me great pleasure to welcome you to the Q4 F'25 earnings conference call of Kajaria Ceramics Limited. Joining me on this conference call is the Senior Management Team of Kajaria Ceramics.

Our consolidated revenue for the quarter stood at Rs. 1,227 crores, including Plywood, indicating a 1% year-to-year decrease compared to the corresponding period last year due to low tile volume growth and decline in Plywood sale. In Q4 F'25 we witnessed a very soft demand in the domestic as well as export market. We grew our tile volume by 2% in Q4 F'25. In the full Financial Year we have attained a 6% volume growth, reaching 115 million square meters.

The EBITDA margin for Q4 25 stood at 10%. The reasons for the decline in margin are another muted quarter of the Bathware division, some loss in UK operations and provision of doubtful debts in the Plywood division, as we have decided to close this division.

We had set up Plywood division in 2017, hoping that due to implementation of GST there will be a shift from unorganized products to branded one. But this thesis did not work, hence we have decided to close this division.

Our Nepal project, which commissioned in September '24, has operated at 50% utilization in Q4 '25. India's tile exports have experienced a 20% fall in value in Financial Year '25 to Rs.

16,000 crores versus Rs. 20,000 crores last year. This was largely attributed to increased freight rates due to the Red Sea crisis and other ongoing geopolitical disturbances.

The industry scenario is a bit challenging. We have initiated certain measures to optimize our sales and marketing resources. We have started this with four states and shall take it further as we go along. Due to competitive reasons, we shall not discuss this in detail till the successful execution of the sale. We are also exploring certain other measures, including cost of optimization, strengthening the brand, enhancing the reach and repositioning our value proposition to the end customers. We hope that these measures should make us more competitive and grow much better than industry, and result in improving margins going forward.

Now for this quarter's segment-wise financial performance. Tile segment remained flattish at Rs. 1,088 crores compared to Rs. 1,092 crores in Q4 F'24. The Bathware segment registered 8% year-to-year growth in revenue reaching Rs. 111 crores compared to Rs. 102 crores in Q4 '24. The Plywood revenue decreased to Rs. 5 crores as compared to Rs. 33 crores in Q4 '24. Revenue from adhesives grew to Rs. 23 crores in Q4 as compared to Rs. 14 crores in Q4 '24.

PAT for the quarter degrew by 58% Rs. 43 crores in Q4 '25 as compared to Rs. 102 crores in Q4 '24. As of 31st March, '25, the working capital days decreased by 7 days to 51 days compared to 31st of March '24. The lower number of days in March '25 is due to reduction in Plywood business.

With this, I take this opportunity of thanking you for joining us today. Over to moderator for Q&A.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Agarwal from Ikigai Assets. Please go ahead.
- Rahul Agarwal:** Hi, sir. Good evening. Thank you for the opportunity. And good to see the balance sheet discipline in a very tough environment, so congratulations on that. Sir, two questions I had. Firstly to start with, on industry growth versus what Kajaria has done, for full year Kajaria grew 6% on volumes. I just wanted to know how did the industry pan out overall on domestic side and your outlook on domestic and export sales for the next year. That's the first question.
- Ashok Kajaria:** Rahul, industry should have grown by about 2%, 3% in the Financial Year which ended in March '25 domestically. And as I said, exports have degrown by 20% in Financial Year '25.
- Rahul Agarwal:** What do you think about next year in terms of outlook, any comments, qualitative also will help?
- Ashok Kajaria:** You see two things; the market is still muted. But at Kajaria with all these things what we are planning, we should do much better than the industry.
- Rahul Agarwal:** And do you see a revival in exports next year?

- Ashok Kajaria:** Exports should definitely go up. With the things easing out worldwide and also the freight rates are the lowest today, so with this export should start picking up. And I think I personally feel that export should touch Rs. 20,000 crores again this year.
- Rahul Agarwal:** Got it, sir. And sir, the second question was on fuel price, both gas and propane, I think what are the trends you are seeing currently? Because I think the cheaper crude should help going forward, so any outlook on fuel pricing bit?
- Ashok Kajaria:** See, currently we are paying about Rs. 38 cumulative for all the plants. Right now gas is at par with propane. Like in our South plant just now one of the plants at Kalahasti gas has become slightly cheaper than propane, so they have shifted to gas. So in the North plant we are only using gas, as you know. In Morbi the flexibility is there whether to use propane or gas, depending on the prices prevailing in that particular month.
- Rahul Agarwal:** Would you say that we will have a cheaper fuel price going forward, like next year versus this year?
- Ashok Kajaria:** It's too early to say. It's too early to say. Because prices are related to Brent, as you know Brent is slightly lower right now, but it's difficult to make a commitment for next year. It will all depend on how things shape up as far as fuel and gas is concerned.
- Rahul Agarwal:** Got it, sir. Alright, sit, that's all from my side. I will get back in the queue. All the best.
- Moderator:** Thank you. The next question is from the line of Sonali Salgaonkar from Jefferies Group. Please go ahead.
- Sonali Salgaonkar:** Sir, thank you for this opportunity. Sir my first question is a little broad based, so how do you see the real estate cycle panning right now? And even in the past two to three years when the real estate cycle was sort of steady, on the tile industry, and this is more of an industry level question, I know we have grown faster than the industry. Why are we still seeing, as an industrial, a single-digit volume growth in tiles?
- Ashok Kajaria:** See, as far as Kajaria is concerned, as I said, we are now unifying our entire operations over a period of next six months to nine months. And with this, I think things should be much better as far as we are concerned, and we should do better than the industry.
- Chetan Kajaria:** So in the real estate market, as we said earlier also, our turn is we are T + 2. So I think now this year I think things should be much better. If the industry grows, in real-estate if there's a boom in the market, if things are all good, I think we should definitely get a good share of the market.
- Sonali Salgaonkar:** Understood. But right now the real-estate cycle is broadly steady, right?
- Chetan Kajaria:** The market is stable. So yes, as the demand increases in the market we should get a good share of it.

- Sonali Salgaonkar:** Understood. Sir my second question is in terms of any pricing actions you have taken in Q4, or you are planning to take in Q1, specifically given the challenging environment?
- Chetan Kajaria:** Your voice was not clear, can you repeat your question?
- Ashok Kajaria:** Sonali, can you repeat?
- Sonali Salgaonkar:** Yes, sir. Apologies for that. Is there any pricing action that you have taken in Q4? Or do you feel free to take in Q1 considering that the market is a bit challenging right now, as in any price cuts in Bathware or tiles?
- Ashok Kajaria:** No. So pricing we have not touched till now, but now we are increasing our pricing. We are increasing our pricing little bit to see how it goes.
- Sonali Salgaonkar:** Okay. And that would be?
- Ashok Kajaria:** Sorry.
- Sonali Salgaonkar:** Quantum of price increase.
- Ashok Kajaria:** Very, very less.
- Sonali Salgaonkar:** Understood. And this will be across Bathware and tiles?
- Chetan Kajaria:** No, it is not across all the division, it is a select type of product. And we will take it as we move forward.
- Sonali Salgaonkar:** Understood, sir. And just one last question, any guidance for FY '26? Because this is the fourth quarter, so just to understand any volume or margin guidance you would like to give at this point in time for FY '26?
- Ashok Kajaria:** Sonali, at this stage we are not giving any guidance. It is the best possible scenario in the current environment, so I think you have to wait for the quarter or so before we come out with some numbers and then we will talk about it, if you permit us.
- Sonali Salgaonkar:** Of course, sir. No problem at all. Thank you. And all the best to the team.
- Ashok Kajaria:** Thank you. Thank you.
- Moderator:** Thank you. The next question is from the line of Sejal Gupta from SC Securities. Please go ahead.
- Sejal Gupta:** Yes. Good evening, everyone. So my question is, sir you have been guiding and forecasting an X growth for your company which you have not been able to achieve. So when the management guides something to the investors, we really rely on that. And when obviously you are not being

able to achieve those numbers brings a lot of disappointment. I just wanted to understand what is the reason of this forecast failure at your end.

Ashok Kajaria: No, you are absolutely correct. We have been guiding for the last three years we have not been able to perform, I agree, on behalf of the management. And as I said just now to Sonali that this year we are not guiding and will perform. See,

Sanjeev Agarwal: Mr. Sejal, one thing is there, the promoter is always optimistic. So by giving guidance, he is always bullish. And it happens or not, it is not in our hands some time, or in this time this has been, we will agree that for three, four years what we have been guiding we have not been able to do. So that is why we are refraining ourselves from giving any guidance. Rather, we will perform and then say anything. Because some of the things we forget that some things sometimes are not in our hands. We try our best. we will do our best, we will do the right thing. Whatever things in past we have done anything not correct, we are correcting everything. So you will see a much better picture.

Sejal Gupta: Okay, I just hope that in this year we should perform well because it has been quite some time that we need to see some good performance coming out of the company. My second question is, we have a plant in Nepal, could you just make me understand what is the reason of opening up for plant in Nepal? And what kind of profit and loss are we making in that plant?

Chetan Kajaria: So Sejal, in Nepal we put a 5 million square meter capacity plant which makes ceramics and GVT. The total market size is roughly Rs. 2,500 crores. And the basic thought process behind it was, there is a huge customs duty from India to Nepal which is 50% to 55%, by putting a domestic facility we have become more competitive, and we want to gain more market share in the Nepal market. So, we operate at 49% capacity in Q4 with an EBITDA margin of 12.5% currently. And going forward, the volumes out there should improve.

Sejal Gupta: As of now, are we making any loss in that plant or is it a profitable plant at 50%, 55% capacity?

Sanjeev Agarwal: Mr. Sejal, as of now the numbers are not very important, because this is just two months operation. So we will be able to give right picture, let's say, after the first half or so, then we will know. Because what had happened that when we put up a plant in Nepal, then the situation was different. Now the situation is a bit tough, that is why we have not been able to utilize our plant at full capacity.

Ashok Kajaria: That's fine. But Sejal, just for your information, we are not losing money, we are making money. And we will continue to improve as we go.

Sejal Gupta: Because as I understand, so this is my thought process, where any management goes outside India, that means that either the demand in the country is slowing down or you think that you have already fulfilled the demand in the country and then you go out of the country to set up the plants, because you see your plant in London, you have already started in London, that is also bleeding.

- Rishi Kajaria:** Nepal is like India. And looking at the demand, we have a local partner there and we just started the operation six months back, this year we should be much better.
- Sejal Gupta:** Yes, because I am seeing, your Plywood business which you have obviously taken a call to shut down, and your London, this UK business is not doing well. So why not concentrate on India business rather than going outside India. In case you are bleeding, I do not know, if in case, do you plan to wind up this business at some point of time or you want to continue with Nepal now?
- Sanjeev Agarwal:** This is not relevant at this point of time because we are not bleeding. And Mr. Sejal, I will request you to please allow the other participants to ask the questions, please.
- Sejal Gupta:** Fine. Thank you. Thank you so much for your answers.
- Moderator:** Thank you, Sejal. The next question is from the line of Sneha Talreja from Nuvama. Please go ahead.
- Sneha Talreja:** Good evening, team. And thanks a lot for the opportunity. Just a couple of questions from my end. Just extended to one of the previous participant's question in terms of the real estate cycle, I would rather want to know where exactly was the weakness, was it across Tier-1, Tier-2, Tier-3 markets or was it related to project and retail segment? In case we can get some color on that along with liquidity situation now on ground.
- Ashok Kajaria:** See, the whole industry did not grow at all. Industry literally grew at about 2%, 3%. We still did better than the industry. Going forward we hope that the industry grows and we will perform much better than them.
- Sneha Talreja:** Yes, this is the industry level question only that the demand you are saying was across the Tier-1, Tier-2, Tier-3 and even in projects in the retail market, I mean, that's the color that I wanted.
- Ashok Kajaria:** Correct, correct. Overall, the demand was weak overall across India.
- Sneha Talreja:** Okay. And now we are expecting improvement, any specific areas of Tier-1, Tier-2 projects, retail, any specification that you would want to add here?
- Ashok Kajaria:** So going forward, see, India is going to grow, and we expect the demand to increase, be better from all sides, all fronts, whether it's Tier-1, Tier-2, Tier-3 or whether projects. Projects are also doing now, started a lot of projects are happening, so hopefully things should get better. If things get better, we will also do a much better job.
- Sneha Talreja:** Understood. Last quarter you had also mentioned that there was a certain amount of pressure on realization because the project share had increased. As on FY '25, what does our share look like for project versus retail?

- Ashok Kajaria:** Yes, the project share is approximately 30%, and it is more or less maintained like that. So there's not much difference as far as that is concerned. Share of projects is 30%, and retail is 70% to the dealer network.
- Sneha Talreja:** Understood, sir. Thanks for that, sir. Lastly on the margin front, we have mentioned a couple of one-offs, could we quantify that what were the losses in UK operations or what were the provisions that we have taken for the Plywood division that could help us just understand the normalized level of margin sitting in this quarter?
- Sanjeev Agarwal:** We have clearly mentioned the Plywood we have taken Rs. 14.5 crores one-off, that is for some compensation we paid to our JV partner for which we agreed to enter into JV. And then later when we decided not to go further in this ply business, we paid some compensation to them and Rs. 6 crores is also to a vendor. So in ply we have taken around Rs. 14.5 crores one-off. And in London, we have taken around Rs. 7 crores loan write-off this year. Apart from the loss, we have already been reporting in the earlier quarters. So this is additional in this quarter.
- Sneha Talreja:** Understood. And Bathware, where are we in terms of margins here?
- Sanjeev Agarwal:** There is no one-off in Bathware.
- Sneha Talreja:** Understood. And then one last one, if at all I may, you have also mentioned you will relook at the cost structure. While I understand the staff aspect, I am not getting into that, but what are the other measures the company is taking in terms of cost cutting? And what's the eventual target EBITDA margin if at all we are looking at something.
- Sanjeev Agarwal:** It is not one area, all the areas we will be looking. We will be looking all the area, we will not spare any area. So we know the cost is very important and we are cognizant of the fact that unless we reduce the cost it will reduce our competitiveness in the market. So we will focus on cost this year.
- Sneha Talreja:** Understood, sir. But any target margins here?
- Ashok Kajaria:** No, we cannot quantify it.
- Sneha Talreja:** Understood. Thanks a lot for the team and all the best.
- Moderator:** Thank you. We will take our next question from the line of Rishikesh Bhagat from Kotak Mutual Funds. Please go ahead.
- Rishikesh Bhagat:** Hi. Good evening. So on Plywood, fair to assume that most of this impairment in the quarter is done, now there's nothing pending so in the subsequent quarter it will --
- Sanjeev Agarwal:** Sorry, Rishikesh, 98% we have done, so only Rs. 2 crores, Rs. 3 crores will come in the first half, that will be the salary of the people who are remaining with the company. So apart from

that, we have taken everything in this financial year. So you are not going to see any surprise in the next quarter or year as far as price is concerned, except Rs. 2 crores, Rs. 3 crores expenses, or maybe some under provision or over provision of debt, small.

Rishikesh Bhagat: And just earlier participant's question on Bathware, I know you spoke there's no one-off, but broadly what will be the PBT margin or EBITDA margin, because I believe incrementally there was thought that this drag because of new plant will gradually reduce as utilization improves.

Ashok Kajaria: So this year, because the margin was 8% in '23-'24, this year we could do 4% because of the late implementation of the new plant. So the expenses have gone up and the sale was less, so this year the first-year margin was low and we hope the margin will improve next year better.

Rishikesh Bhagat: Okay. And just lastly, whatever you spoke about provision regarding this Plywood, those are taken above EBITDA, right, this is over and above the impairment, that's how we should look at it?

Sanjeev Agarwal: If you see our investor release, it's very clear, we imply everything is in business loss except Rs. 14.5 crores.

Rishikesh Bhagat: Okay, Rs. 14.5 crores. Okay, thanks. Thanks.

Moderator: Thank you. We will take our next question from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Hi, thank you for the opportunity. So we can see your JV has turned in profitable, we can see some Rs. 17 million profitability, is it due to Nepal JV?

Ashok Kajaria: Sorry?

Keshav Lahoti: You right now loss, but this time it is Rs. 70 million profit for this quarter, is it due to Nepal JV?

Ashok Kajaria: No, no, no, nothing to do with the Nepal JV, Nepal number is very, very small.

Keshav Lahoti: So what is that Rs. 70 million pertaining to for this quarter?

Ashok Kajaria: 70 million means Rs. 1.7 crores?

Keshav Lahoti: Rs. 7 crores.

Ashok Kajaria: Sorry?

Keshav Lahoti: Rs. 7 crore or Rs. 70 million. In consolidated we can see Rs. 7 crores profit from JV.

Sanjeev Agarwal: That I think there was some entry reversal of some earlier period this year. So this profit belongs not to this quarter for some anti-reversal by the auditor in this quarter.

- Keshav Lahoti:** Understood. Got it. And Nepal, you know mentioned that Nepal is operating at 50% utilization. So it would be fair to assume that the sales would also be 50% or sales would be lower?
- Sanjeev Agarwal:** So sales is about 50% and gradually it will grow from here. And as I said earlier that we are not making losses in Nepal. We are still profitable, but the profit is very, very marginal. And as the volume increases, the profits will also increase.
- Keshav Lahoti:** Got it. By profit you mean profit after tax, not EBITDA, right?
- Sanjeev Agarwal:** See, it is meaningless to talk about profit, as I said. We have just started the operation. So any figure, whether it is profit or loss, even if I say I have made a profit, but that's not loss or whatever. So I will request you to wait for some time. Let us perform for six months, that will be the real number we will be able to give you what we have achieved in Nepal.
- Keshav Lahoti:** Understood, got it. But just last clarification I need, by profit you mean operating profit right now you are talking, right?
- Sanjeev Agarwal:** There is operating profit in Nepal, yes.
- Keshav Lahoti:** Understood. That is helpful. Thank you.
- Moderator:** Thank you. The next question is from the line of Praveen Sahai from Prabhudas Lilladher Capital. Please go ahead.
- Praveen Sahai:** Yes. Thank you for the opportunity. So my first question is related to the capacity. And if I look at your production number, with the capacity you are at some 97% of utilization. So if any growth will come the way forward, how are you looking at the volume number to shape up, especially from the own manufacturing and the subsidiaries?
- Rishi Kajaria:** So, our own manufacturing and subsidiaries are operating at almost 97%, 98%. But plenty of material is available in Morbi. So as we go along, whatever material we require, we can always outsource from there. So that is not an issue.
- Praveen Sahai:** And related to that, sir, one just a clarification, because last year the growth number if I look at is of around 6%, but the production number is quite higher comparatively. And quarter-on-quarter from the last four quarters we are continuously seeing your production number is quite a higher as compared of the sales numbers. So why actually this production number is on the higher side, inventory building or so?
- Chetan Kajaria:** No, there's no inventory building. We have in fact reduced our inventory.
- Praveen Sahai:** Okay. The second thing, sir, see if I look at your production number versus sales number, there is quite a difference, so that's why I asked this question. I will clarify offline. Next question sir

is related to the fuel pricing, fuel you had given Rs. 38 North pricing, how about the Morbi pricing, South pricing, and overall?

Ashok Kajaria: Average price is Rs. 38 for Kajaria.

Praveen Sahai: Okay. And any bifurcation which you used to give like South, West and North?

Ashok Kajaria: I can give you straight away. North is Rs. 38, Rs. 39 is South and West is Rs. 37, average is Rs. 38.

Praveen Sahai: Okay. Thank you, sir. That's it from my side.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Yes. Hi, sir. Thanks for the opportunity. Sir, I have a couple of questions, one is, earlier we had indicated that we were creating specific teams for government projects. And last year we had done around 10% of the volumes, the number indicated for this year was around 12% to 13%. So, just wanted to get a gist where we are on that number and how do we see this number going forward?

Ashok Kajaria: Last year the number was close to about 4%, out of Rs. 100 million we sold the government projects was about 4% roughly, and this year we are targeting for about 8% to 10%. I think roughly we have done about 6% as far as government projects are concerned.

Ritesh Shah: Sure, that's useful.

Ashok Kajaria: See, last year the team was only for North. Now we have penetrated to East, West and South, so give an additional 2% more. As we go along, we will focus on that and try to reach to a level of 8% to 10%.

Ritesh Shah: Sure, sir. The second question is, I understand we have launched a few brands in the retail network. I was just trying to understand what is the thought process including I think specifically Kajaria Gres Universe, is it a different type of showroom targeting the economy segment that we are looking at? How should we understand that?

Chetan Kajaria: So earlier we had showrooms called Prima Plus in the ceramics vertical, which we just rebranded to Gres Universe. That's the only change. Nothing else has changed.

Ashok Kajaria: Only the nomenclature has changed, everything has remained the same.

Ritesh Shah: Okay. So we have Prima Plus, we have Galaxy, and we have Word, nothing else has changed, right?

Chetan Kajaria: Correct. Currently Galaxy includes all the divisions, ceramic, PVT and GVT. Star includes two divisions out of three.

- Sanjeev Agarwal:** So Ritesh, we are in the process of rebranding our entire strategy, so going forward, in six months we will see a lot of changes. We are rebranding a lot of things to make it much easier for the customer.
- Ritesh Shah:** Okay. But will the SKU placement in each of the category be also very different to what we had in the past?
- Chetan Kajaria:** Yes, it will be.
- Ashok Kajaria:** We are consolidating our SKUs as well to make it easier for the customer.
- Ritesh Shah:** Okay. Would it be possible to give some broader thoughts over here?
- Chetan Kajaria:** This is too early. We are working on it. Let us do it. And then as we all said that give us three to four months, you will see much more changes as we go along. It's too early to comment. The process of work has already started.
- Ritesh Shah:** Perfect. Sir, would you like to comment on the channel inventory, demand isn't great, but how is the channel inventory and how do you look at the competitive intensity in the marketplace?
- Ashok Kajaria:** Channel inventory over a period of time has come down for a simple reason, because of GST the transit time has reduced. I think normally a dealer now keeps stocks of about 30 to 45 days because of the range. Otherwise the transit period has reduced drastically after GST. So I think more or less that remains the same because of the large range of products this is the inventory level at various dealers, 20 to 45 days.
- Chetan Kajaria:** Also because of multi-location factories it has helped. Now, since the factories are everywhere, that has really reduced the inventory at the dealer level.
- Ritesh Shah:** Right. And on the pricing discounting among the larger players in the industry, how should one read into that?
- Ashok Kajaria:** Sorry, come again.
- Ritesh Shah:** Basically I wanted to understand on the competitive intensity in the marketplace, given the demand is weak, how is Kajaria approaching the marketplace? How do you see our peer set is approaching, so how should one read into the market?
- Ashok Kajaria:** First, demand is not weak, it's normal. Demand is not weak. If demand is weak then we won't have sold what we sold. So demand is not weak, demand is normal. We are looking for a scenario, as we said earlier, the real estate projects some demand has started emerging, but demand is normal. And as far as the competitive intensity is concerned, the organized players have no such things that they are undercutting the prices. It is basically the competition in Morbi versus the organized players.

- Ritesh Shah:** Right. Sir, if I just refine the question a little. If one looks at a few brands out of Morbi, obviously they have a low base, but they have grown at a significantly higher pace versus what we have reported. So how should we understand this and how would we look to tackle this going forward?
- Ashok Kajaria:** First of all, there are two brands which have emerged, one is Simpolo, one is Varmora. By and large they are doing a good job because they are operating from Morbi, as we all know. The moment they diversify to rest of India, there will be lot of other things, lot of other expenses will go up, lot of branding has to be done. But basically right now two major brands have emerged which we value and which we understand. And at the same time, the moment they get out of Morbi it is a different scenario. Right now we are everywhere, Kajaria, Somany, we are located all over. But the moment they get out, a lot of other expenses happen as you know. So we will see that performance when they get out.
- Moderator:** Thank you, sir. Sir, we request you to rejoin the queue for follow-up questions. The next question is from the line of Nitin Shakhder from Green Capital Family Office. Please go ahead.
- Nitin Shakhder:** Hi, good afternoon to the management. This is Nitin Shakhder from the Green Capital Single Family Office. My question pertains to Kajaria International DMCC. While I understand that UAE has a robust real estate demand, any learnings as to what really went wrong in UK and how well the company's taking it a step further and getting aggressive in the UAE real estate markets? It's not an analyst question, but more from an investor point of view.
- Rishi Kajaria:** No, it's a good question. So Kajaria DMCC invested earlier in Dubai and then in UK. So we honestly got tempted by the good retail prices in the UK market, that is why we entered into a JV with a local partner there. And while during the operations we realized the costs are very high of running it. So looking at the management bandwidth and looking at the domestic growth in domestic future demand in India, we said it is better that we give that showroom to the local partner only, getting our equity back and let them run it. And we will continue to export. See, export will always be 1%, 1.5% of our business. Our growing focus is domestic, domestic and domestic. That's where our brand is very, very strong and that's where we make the margins. So Dubai is still okay, UK we did not have a very good experience. So, rather than prolonging it, we still continue to export there but we have continued to discontinue our retail venture.
- Rishi Kajaria:** Correct. So I am assuming that Dubai will be continuous long term investments considering it's a very robust real estate market.
- Rishi Kajaria:** Dubai is not a very big investment, it's a very small investment. And it is breaking even because of the showroom we are at least getting some orders from the Gulf market.
- Nitin Shakhder:** Okay. And my second question is, Ashok ji has clarified before that there is an offset on the Plywood business and some operations are shutting down, and Bathware also muted. Now I just wanted to understand as an investor, Quarter 4 seems like a cleanup where the books are cleaned up and then go back on the trajectory of growth. Is that understanding clear and we should not expect any further larger offsets apart from the barring Rs. 2 crores Rs. 3 crores minor offsets?

- Ashok Kajaria:** Absolutely correct. Absolutely correct. As Sanjeev has already said, and as far as flight is concerned, we have written off everything. There will be an impairment of about Rs. 2 crores, Rs. 2.5 crores, Rs. 3 crores because of the manpower, which is there, which will go by end of May. But other than that everything has been taken care of.
- Nitin Shakhder:** Okay. Okay. Thank you, Ashok ji. Thank you, Chetan. Thank you, Rishi.
- Chetan Kajaria:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Amar Maurya from Lucky Investments. Please go ahead.
- Amar Maurya:** Sir, thanks a lot for the opportunity. Firstly sir, what would be our revenue mix between Tier-1, Tier-2 and Tier-3?
- Ashok Kajaria:** See, we have earlier said there is also Tier-4; Tier-1, Tier-2, Tier-3, Tier-4. Roughly Tier-1 is about 15% to 18%, Tier-2 is about 30%, Tier-3 is again about 30%, and the balance will be from Tier-4 roughly, plus/minus 2%, 3% here and there could be there.
- Amar Maurya:** Okay. So sir, like in terms of the competitive intensity, majorly we would have seen the pressure in which part of this segment?
- Ashok Kajaria:** See, pressure is everywhere. See, the problem is everywhere, but basically the dealer, in our trade, I would like to repeat that word, what is visible sells. In our trade the one who makes a beautiful showroom, and the entrepreneur is branded, he is successful, whether he is in Tier-1, Tier-2, tier 3 or Tier-4. Now the earlier concept is not there, because earlier dealer used to be a retailer cum a wholesaler. Now after GST the wholesaler concept is more or less out. It's either he is a retailer or supplying to projects. So keeping that in mind, wherever good showrooms have been created, a good display is there and a good promoter is behind that showroom, he is successful.
- Amar Maurya:** Okay. And sir, I mean, we are of the view that the competition from Morbi has terrified and that is the reason majority of the organized players are basically having a volume decline or volume slowdown. So how far do you believe this story?
- Ashok Kajaria:** No, first you have to understand that overall industry has grown by 2% to 3%, which I have already said in my earlier remarks. The domestic market has grown by 2% to 3%. So when you say 2% to 3%, as we all know 75% production of the country is in Morbi, that means they have grown. The organized players have grown by 6% or 5% or 10% or 8%, I do not know, Kajaria has grown by 6% volume. So even then, and we have taken some volume from somewhere from somebody.

- Amar Maurya:** Okay. Okay. And sir, now normally in the real estate cycle, let's say, normally we would have seen a significant pre-sale in all listed real estate companies. So normally, I mean, in which year this real estate cycle come to actual revenue for us, in third year, fourth year?
- Ashok Kajaria:** T + 3. This is the year where it should pick up. Three years have completed since the real estate cycle started, as you all have been telling, this is the year where things should start looking around better as you go along.
- Amar Maurya:** Okay. Perfect, sir. Perfect. Thank you, sir.
- Ashok Kajaria:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nitesh Dutt. Please go ahead, Nitesh.
- Nitesh Dutt:** Hi, thank you for this opportunity. Sir my question is on real estate cycle which a couple of participants and you have touched upon earlier. So, I believe there were a lot of launches around FY '22 and '23 which, as you just mentioned, should get reflected in an up cycle for tiles companies and other building material players in FY '26 and maybe FY '25. So that is largely on the Tier-1 side where you highlighted that 15%, 18% of your sales come from. Do you also believe that things are picking up in Tier-2 and to an extent in Tier-3 as well? And if yes, are there already some signals, etc., that you are seeing on the ground, or any hard data on projects etc. that you are tracking?
- Chetan Kajaria:** So for Tier-2 and Tier-3 we are strengthening our distribution network. We are trying to make our dealers more exclusive. So right now we have 1,850 dealers, out of that 440 dealers, about 430, 450 should be exclusive who sell only Kajaria. So our strategy going forward is more and more people to come in the fold of selling only exclusively Kajaria tiles. So with this, we will definitely see a surge in sales.
- Nitesh Dutt:** Got it. But the demand, like Tier-1 we are expecting the demand to revive a lot at an industry level, right, because of all of these new launch completions that was started in FY '22 and FY '23.
- Chetan Kajaria:** We expect the demand to be there all India, we cannot settle with only Tier-1. Tier-1, Tier-2, Tier-3, entire India the projects are happening everywhere so that results will come from everywhere, all parts of India.
- Ashok Kajaria:** And Tier-1 is comparatively less, more action is happening in Tier-2 and Tier-3.
- Nitesh Dutt:** Got it. Any thoughts on what kind of industry growth should one expect for next couple of years, FY '26, maybe '27?

- Chetan Kajaria:** It's difficult to say, difficult to predict. But as we are committing that whatever the industry growth is, Kajaria will be better than the industry. We can guarantee that. How the industry will grow, it's very difficult to predict.
- Ashok Kajaria:** Sure. Thank you. I will get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Agarwal from Ikigai Assets. Please go ahead.
- Rahul Agarwal:** Yes. Hi. Thank you for the follow-up. Sanjeev ji, you just wanted to clarify one thing, you said the Rs. 14.5 crores of provision and about Rs. 7 crores of UK, that's Rs. 21.5 crores. This is included in the other expenses line item in the consol accounts. Is this correct?
- Sanjeev Agarwal:** No, no, no, they are not included. So Rs. 14.5 crores has been shown as a separate item, as an exceptional item.
- Ashok Kajaria:** Okay. But when I look at consol accounts, there is no exceptional which is reported in the financials. I am looking at consolidated accounts.
- Sanjeev Agarwal:** Just a second.
- Rahul Agarwal:** Yes, sure.
- Sanjeev Agarwal:** I will clarify to you offline.
- Rahul Agarwal:** No problem, sir. And just one more clarification, on Bathware you said full year EBITDA was 4%. So when you say Bathware loss, it was EBITDA loss in 4Q only, is that what you referred to?
- Rishi Kajaria:** This loss was basically because of the new plant. The new plant which commissioned late, that made losses.
- Rahul Agarwal:** Okay, only for the new plant, not on a consol Bathware basis, right?
- Rishi Kajaria:** How much is consol Bathware, what is the number? The top line was about Rs. 400 crores.
- Sanjeev Agarwal:** The top line was around Rs. 390 crores, and EBDITA was Rs. 15 crores.
- Rahul Agarwal:** Alright, got it. Alright. That helps. Alright, sir. I will connect later. Thank you so much.
- Moderator:** Thank you. We will take our next question from the line of Udit Gajiwala from Yes Securities. Please go ahead.
- Udit Gajiwala:** Yes. Hi, sir. Just a couple of questions. One on the pricing front, how do you see this year panning out in terms of your overall pricing for broad adhesives and tiles specific?

- Ashok Kajaria:** So as we go along, we will see. And as the market improves, we keep on trying to increase prices and improve the realization. But it will be a strategic and a very strange affair as we go along. It's difficult to tell you any numbers right now. But as the market demand improves and wherever we can get a better realization, we will start increasing prices.
- Udit Gajiwala:** Understood, sir. And sir lastly, what will be the CAPEX that you incur for the coming fiscal? That's it from my side.
- Ashok Kajaria:** That will be around Rs. 150 crores to Rs. 200 crores for this year.
- Udit Gajiwala:** The regular CAPEX?
- Ashok Kajaria:** For this year it will be Rs. 250 crores.
- Udit Gajiwala:** Okay, Rs. 250 crores. Got it, sir. Thank you, sir. All the best.
- Sanjeev Agarwal:** Just I wanted to clarify one point which before you Rahul has asked about the ply thing. Actually what had happened was that because of some accounting standard the auditors have shown ply operation as a discontinued operation. So that is why the exceptional item is being merged with the loss in that account, in the auditor's account. If you see the notes on account, it is shown in the notes of account, there is note on account which shows that there is Rs. 14.5 crore exceptional item. So this is for Rahul.
- Moderator:** Okay. Thank you, sir. We will take our next question from the line of Utkarsh Nopany from BOB Capital Markets. Please go ahead.
- Utkarsh Nopany:** Yes. Hey, good evening, sir. Sir, my first question is on your CAPEX plan. So, like we have a pretty strong balance sheet with a good cash balance and our existing tile plant is operating at full capacity also, then why we have deferred our investment proposal of coming up with a large slab GVT tile plant in Morbi, can you please throw some lie?
- Chetan Kajaria:** So basically there is enough capacity in Morbi. And if we want to we can always outsource that in the future instead of putting our own Rs. 200 crores CAPEX and putting up a fresh plant out there.
- Utkarsh Nopany:** Sir, even for the large slab GVT tile plant you are of the view that there is an excess capacity in the market so we are not intending to come up with a new plant?
- Chetan Kajaria:** See, we already have two lines of container plus, we are the only company which has a plant in North and South of India for container plus which makes big slabs. So we already have the capacity. And as right now the demand has been muted. So we do not want to invest that kind of money and just wait for industry to improve. As the market improves, we right now have enough capacity available in Morbi which we can outsource from. In later in future, if we need

to do, we will do it. We will again come to the Board. But right now we did not want to do it, so that's why we said we want to scrap this project.

- Ashok Kajaria:** Scrap this proposal for the time being, withdraw the proposal for the time being.
- Utkarsh Nopany:** The second question is on your tile margin in the March quarter. So even if we adjust the Rs. 7 crores write-off related to the UK operation, then also our tiles EBIT margin has come down to multi-year low level. So can you please explain the reason for sharp margin pressure in the tile segment on a Q-on-Q basis?
- Sanjeev Agarwal:** So there has been various reason, like some write-off we have taken for London and ply, apart from that we have also taken some bad debt provision. So we hope that next year onwards the margin will be much superior.
- Ashok Kajaria:** No, sir. What I am asking is that your Plywood losses you have shown it as part of discontinued operation. Now, if we adjust the Rs. 7 crores write-off related to UK also, then also your margin has come down on a Q-on-Q basis, so what is the reason for that?
- Sanjeev Agarwal:** The whole ply operation, we have shown the ply losses of Rs. 49 crores. It is not Rs. 49 crores you will add back, you will add back only Rs. 33 crores, because Rs. 14.5 crores was the exceptional item which has been shown as a note in the alternate accounts. So if you exclude, if you add the Rs. 49 crores, obviously the margin will come higher.
- Ashok Kajaria:** Sir, I am talking about the tile segment margin, which doesn't include the Plywood segment.
- Sanjeev Agarwal:** We do not have the tile segment margin. But yes, to answer your question, it will improve definitely going ahead. We have done a lot of corrective measures which you do not want to talk about right now. We want to do our job, but yes, the margins will significantly improve, will improve.
- Ashok Kajaria:** And lastly, on the tiles export front, so like whether our understanding is correct that the Trump tariff issue is likely to weaken the global tiles demand, which in turn may further impact our tiles export from India. So can you please throw some light over there, whether our understanding is correct or not?
- Ashok Kajaria:** We are thinking differently.
- Ashok Kajaria:** See, as far as if the Trump thing is concerned, right now India is levied at 10% and then he had put 26%. With all the efforts going on, it will not be more than 10%. And you will be happy to know, this is for all of you that there was an anti-dumping investigation against India in US, and the duty has come out as zero. So imports of tiles to America, whatever has happened last year will be 50% more this year because of the withdrawal of the anti-dumping duty.

- Ashok Kajaria:** India was the largest exporter of tiles to US, so the market demand will continue. So exports will not come down.
- Chetan Kajaria:** Even last year, in spite of anti-dumping threats, the exports were X. This year it will be X + 50% because there is no anti-dumping now.
- Utkarsh Nopany:** Okay. Thanks a lot, sir.
- Moderator:** Thank you. The next question is from the line of Ashwath Rajan from Arihant Capital. Please go ahead.
- Ashwath Rajan:** Yes. Hi, sir. Thank you for the opportunity. My question would be on the broader scale, since we have seen this over supply in this industry for a while right now, what do you foresee in this, do we see this supply to be diverted back into the export markets? What is your opinion on the same?
- Ashok Kajaria:** I have already said that this year the export should cost Rs. 20,000 crores for two reasons. One, the stability in the world markets; and two, the freight rates are the lowest. The freight tier last year to the European markets was close to about \$4,000, which has now come down to \$1,600, making India again very, very competitive. So that Rs. 16,000 crores should go beyond Rs. 20,000 crores, as a result, part of the materials which were diverted to the domestic market will not be diverted here, and the pricing part should look better as we go along.
- Ashwath Rajan:** Okay. And on the market share front, have we gained any market share given some closure in the Morbi, some unorganized players or players have been experiencing closures, have we gained some market share there?
- Ashok Kajaria:** No, I already said earlier that the domestic market overall has grown by 2%, 2.5%. We at Kajaria have grown by 6% in volume terms. We did not grow to what we wanted. Our thought was that we will grow double digit, we did not do. But definitely, we have gained market share. And as already said many times in this conference now that the coming year we will gain much better market share to whatever corrections we are doing.
- Ashwath Rajan:** Alright, sir. Thank you so much.
- Ashok Kajaria:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Moksh Ranka from Aurum Capital. Please go ahead.
- Moksh Ranka:** Hello, I wanted to understand the industry scenario regarding if I look at the history all players will actually focus on one segment. For example, Hindware would be on Bathware, Somany would be on just tile. And then what happened is everybody started getting into everybody's

domain. And that's the whole industry thing. So is this the reason for over supply? Could you help us understand the industry scenario?

Ashok Kajaria: Your question, you are not very clear what are you exactly asking, which division there is an oversupply, tiles or Bathware?

Moksh Ranka: Both I wanted to ask.

Rishi Kajaria: Firstly, it is a related business, right. All the tile companies, the bigger tile companies that is Simpolo or a Johnson or a Somany or Kajaria, they all are into sanitary faucet because it's a related business. Like I will give you an example. We just opened two, three experience centers, big experience centers in South. Like in Chennai, we opened at 14,000 square feet experience center with tiles and sanitary ware and faucets. We are getting very, very good demand. The builders are coming, they are saying, oh wow, I did not know that Kajaria had such a good range of sanitary and faucet as well. So when the customer is buying the tile, he is also buying that. So it will work in our favor rather than your point of being a oversupply or it's a wrong point, it's not like that. It is a complementary business and it is only going to give us good returns in future.

Moksh Ranka: Okay. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Arun Baid from ICICI Securities. Please go ahead.

Arun Baid: Yes. Hi, sir. Sir, while I understand you mentioned in the near term you do not want to give guidance. But sir from a medium term perspective, do we believe we will go back to that double digit kind of volume growth with our historical margin increase of about 15%, 16%, do you believe that is something which we can, as investors, still look at?

Sanjeev Agarwal: See, this is another way of asking the guidance. We have already said we will not give guidance, so please do not ask.

Arun Baid: No sir, I am not asking for guidance for FY '26. I am saying with the measures you are taking right now and whatever you are --

Ashok Kajaria: We are doing our best and we will be doing very hard work, but we will refrain from giving any guidance. Because when we give guidance, when we do not attain the guidance then you people say you have not attained the guidance. So it is better not to give the guidance and perform.

Arun Baid: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

- Ritesh Shah:** Hi sir. Thanks for the opportunity. Sir, can you detail something on the initiatives that we have taken on the technology side, including sales force automation? Is it already done on a pan-India basis? Are you already reaping the benefits or incrementally do we expect something out of it?
- Chetan Kajaria:** So Ritesh, we have started sales force automation and DMS also, which is dealer management system. Both have started now. Benefits will accrue in the coming months. We just launched it. People are getting used to it because they were not in their culture and system earlier. But definitely we see more efficiency generating out of it in the coming months as we go along.
- Ritesh Shah:** And has this been implemented on a pan-India basis or is it a certain pockets that we have implemented?
- Chetan Kajaria:** On a pan-India basis, feeling of orders in the system of dealers and the sales force automation and everything.
- Ritesh Shah:** Okay, that's great. Just for the sake of repetition, sir, if I had to ask you one single variable which will help us drive volume growth into the next fiscal, what would it be? Is it the branding rejig that we are looking at or is it technology implementation or is it the distribution widening thing that we are working on, what will be the single most important variable?
- Ashok Kajaria:** There is no single big thing, there will be a combination of many, many factors.
- Chetan Kajaria:** All the factors.
- Ritesh Shah:** Sure, sir. Thank you so much for the answers. All the very best. Thank you.
- Moderator:** Thank you. The next question is from the line of Praveen Sahai from PL Capital. Please go ahead.
- Praveen Sahai:** Thank you for a follow up, sir. Just if you can give any clarification on your Rs. 250-odd crores of a CAPEX you are planning for '26, where is it only for maintenance or something else as well?
- Ashok Kajaria:** Majorly for maintenance and for our new office we will be making. It's not Rs. 250 crores, Rs. 250 was the last I said wrongly if I had said. Rs. 250 crores we did last year, this year the projection is around Rs. 200 crores plus. And out of that Rs. 100 crores will be, let's say, about Rs. 100 crores should be regular maintenance CAPEX and around Rs. 75 crores will be for the corporate office, and small around Rs. 25 crores will be for adhesive and Rs. 15 crores, Rs. 20 crores for maybe Nepal.
- Praveen Sahai:** Okay. That's really helpful. Thank you, sir.
- Ashok Kajaria:** Thank you.

Moderator: Thank you. Ladies and gentlemen, I would now like to hand the conference over to the management for closing comments.

Ashok Kajaria: Thank you. On behalf of the entire Kajaria team, which is here, I thank you all for organizing this. It was very interesting; a lot of good questions have come. And I can assure you on behalf of the Kajaria management which is here that we will try to do the best possible this financial year, with all the corrections which we are talking about. Thanks a lot.

Chetan Kajaria: Thank you.

Moderator: Thank you. On behalf of Equirus Securities Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.