



Date: 10th November, 2025

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 Q2 of FY 2025-26 pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In reference to our earlier letters dated 27th October, 2025 & 7th November, 2025 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the Earnings Conference Call held on Friday, 7th November, 2025 on the Financial Performance of the Company for the Quarter and Half Year ended 30th September, 2025.

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
Q2 FY26 Earnings Conference Call”

November 07, 2025



MANAGEMENT: **MR. ABHISHEK SOMANY - MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER**
MR. SHRIVATSA SOMANY – HEAD-BATHWARE
MR. SAILESH RAJ KEDAWAT – CHIEF FINANCIAL OFFICER
MR. KUMAR SUNIT – HEAD STRATEGY AND IR

MODERATOR: **MR. NAVIN AGRAWAL**
HEAD, INSTITUTIONAL EQUITIES – SKP SECURITIES LTD

Moderator: Good day, ladies and gentlemen. Welcome to Somany Ceramics Limited's Q2 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions

after the management's opening remarks. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

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

Abhishek Somany: Thank you so much. Welcome, ladies and gentlemen, and Happy Diwali once again. This quarter, we've grown by about 3.6%. This is after a major impact in the Northern Territory, which you all know was virtually underwater. Most of Uttarakhand, Uttaranchal, J&K was underwater. Even though -- even after that, we've been able to grow at 3.6%, considering North consists of approximately 46%, 47% of our tiles sales.

So from that point of view, it's been a fairly decent quarter. However, the capacity utilization still has been low. It's been at about 75% this quarter. That is also due to an outage in the Kassar plant in our Northern plant. We had mentioned it earlier in August in -- to SEBI and all to the exchanges that we had an outage.

There was almost a 20, 25-day outage in the Bawana pipeline due to the Bawana pipeline, that's about 70, 80 kilometers from the plant. It's a GAIL pipeline, which had a leakage due to which the gas was stopped overnight. We did everything we could to make sure the gas gets restored, and it has got restored on the 20th of September with a 20 to 25-day outage.

This did impact some amount of capacity utilization, obviously, but also impacted mostly on the EBITDA level, approximately 1.2%, 1.25% plus EBITDA has got affected. Having said that, now let's come to the EBITDA. Our EBITDA stands H1 at 7.9% and also Q2 at 7.9%, which is down from 8.5%.

This is owing to the issue which we had with the Kassar plant. Had it not been, then it would have been that much better. So we would have actually performed better from last year Q2 and also last year H1. So this is an aberration. As far as GAIL is concerned, this is the first time it's happened in their history. So it's absolutely a free condition.

We do have insurance on this, and therefore, we are now have submitted all the papers possible for the insurance, and we are hoping that with the best outcome, and this would flow back into the P&L at a later date. Gross margins did decline, which I just mentioned. Margins also got impacted a little bit.

Capacity utilization, like I've spoken, has partially been affected due to this. Although it's not entirely due to this, there has been also a muted demand overall in the Northern area, like I said, and across the country. Our JVs are still in losses. One particular JV, which is Max is still in losses where we have taken corrective action, and you will start seeing considerable gains from this from Q4 onwards.

Vintage was another JV of ours where we had a shutdown of 40 days. We have changed the product mix over there, which has now made the plant fungible between the -- between some other formats of tiles and some other kinds of tiles. So this particular plant was producing only double charge vitrified tiles, which was basically going to the government. Government spends being slow, has got affected.

But having said that, we've changed product mix over there, and this is 100% back online from this quarter onwards. Other than that, our ceramic sale was down 1%, whereas the GVT sale has gone up by 1%. So that is very heartening that GVT keeps going up. And like I mentioned in my earlier call, the GVT sales would be 50% plus in the next 12 to 18 months. The gas pricing has been flat -- completely flat.

There has been no changes in the gas pricing across the different locations. Brand spends have been at the same 2% in Q2. Working capital increased marginally by 1 day as compared to last year. However, our receivables has gone down further. So the balance sheet is well under check, and we are extremely cognizant of the fact that we do not want to have any open credits in the market. So we're very careful of that.

The net dealer addition has been about 119 in the H1. That takes our total to approximately 3,000 dealers and takes our exclusive showroom count to about 520 in the Q2. We do not want to change our guidance. We're still hoping for a single-digit -- mid- to high single-digit growth in this year.

Like I said, we get 3.6%. That is when North did really perform. So we are hoping that with this increased sales in the H2, that would further improve the capacity utilization and that would obviously relate to an EBITDA margin improvement for at least 150 bps from here. These are the highlights for the H2 -- sorry, H1 and Q2. I -- also one more point. The total debt in the JVs has again gone down.

It's at INR257 crores, out of which the 2 JVs constitutes of 75% of the loan, which is approximately INR105 crores and INR85 crores between Somany and Max. Other than that, Somany Ceramics standalone does not have any debt. And this year -- this quarter, again, we did not use any of our fund raise limit.

So no working capital was used again for this quarter. And we have made repayments of approximately INR18 crores in H1. So balance sheet keeps getting stronger. We're just hoping for sales to pick up across, which will further increase the capacity utilization and obviously increase the margins quite significantly. This is my highlights. Now I open the floor to Q&A, please. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Shall I go ahead.

Moderator: Yes, sir. Please go ahead.

Keshav Lahoti: So my first question is on demand side. So firstly, have you seen any pickup in demand in October? How is the demand outlook? And secondly, we have said we have taken some price hike in July. How has that played out? And -- so you said you have taken some price hike in July and...

Abhishek Somany: Price hikes have been retained. We have been able to retain the price hike. In fact, we're looking -- if the demand picks up, we'll probably take another price hike in this quarter or maybe early next quarter. As far as the demand side is

concerned in October, considering that was Diwali and Chhath Puja, we have been able to grow with a very, very small amount in October, which is a great news because now it's a clean run for the next 5 months of the year. So I think demand to that extent, considering we've grown at 3.6% last quarter, considering North just did not perform because of rains, I think demand is coming back slowly and steadily.

Keshav Lahoti: Okay. Got it. And what was the quantum of price hike on blended basis?

Abhishek Somany: What was the quantum I don't know?

Keshav Lahoti: [inaudible 0:09:48]?

Management: Around 1.5%.

Abhishek Somany: About 1.5%.

Keshav Lahoti: 1.5%, right?

Abhishek Somany: Yes.

Keshav Lahoti: Okay. Got it. And tell me one thing as you highlighted in the call because of Kassar plant the margin was impacted [inaudible 0:10:11]?

Abhishek Somany: No. The Kassar stoppage contributed approximately to 1% to 1.2% plus of EBITDA for the quarter because of the outage of 20 days. That's what I mentioned.

Keshav Lahoti: Okay because 1%...

Abhishek Somany: So my margin would have been better by 1% to 1.2% more if it had not been for the 20-day complete shutdown of the plant.

Keshav Lahoti: Got it. So just last question from my side. How is the margin guidance could you [inaudible 0:10:52]?

Abhishek Somany: I can't hear you, I'm sorry. We can't hear you.

Keshav Lahoti: So EBITDA margin guidance, you have given an improvement of 100 to 150 bps for FY '26. Does that hold or will you like to kill it?

Abhishek Somany: No, I would hold that.

Moderator:	Thank you. The next question is from Neha Talreja from Nuvama Wealth.
Neha Talreja:	The way you mentioned the domestic demand, could you give us some flavor on the exports demand?
Abhishek Somany:	Sorry? Export demand...
Neha Talreja:	The way you mentioned on the domestic demand, how is export demand shaping up? Because that could you tell us about how much Morbi guys are focusing on the domestic market?
Abhishek Somany:	Sure. So export for us was down, in fact, by INR6 crores because some orders left first week of October instead of end of September because the vessel is not available. So it was down by INR6 crores. But otherwise, our export is largely anything, it's literally 2% of revenues. It really doesn't matter. But overall, for the industry, it's good news. It's picked up by approximately 7%, which means that we are on route to maybe INR19,000 crores to INR20,000 crores this year versus about INR17,000 crores, INR17,500 crores last year. So overall, export for 5 months, the data which we have for 5 months and not -- the 5-month data shows that it's picked up by 7%.
Neha Talreja:	Understood. And what will be the utilization of our Max plant and at which level do we kind of start making money here?
Abhishek Somany:	Max plant is only at 50% and we are hoping by quarter 4, it will be at 75% to 80%. We're not hoping we're very sure that it will be 75% to 80%. Which means it stops bleeding money. It will not lose money, but it will not make money. It will start making money from next year, but at least we will stop credit losses.
Moderator:	The next question is from Madhur Rathi from Counter Cyclical Investments.
Madhur Rathi:	Sir, I'm trying to understand that there is a significant divergence between our standalone and consolidated numbers, mostly due to depreciation and interest, but even otherwise, even working capital days, there is a significant difference. So basically, how should the investors see the company in standalone or consol numbers should be taken?
Abhishek Somany:	Well, obviously, it's one company. Standalone, we've done much better than earlier quarter. Console, it has been dragged because of the two JVs. But the

company has always looked at as console. So I would like Sailesh to answer that. However, the one thing before he starts answering, I would say that we have grown on a console level by 3.6% plus our EBITDA would have been at least 1%, 1.2% better had we not had this previous accident, which is at GAIL side and nothing to do with us. Go ahead, Sailesh, you can answer this.

Sailesh Raj Kedawat: So Madhur, if you look at our standalone and consol numbers, you are seeing difference not in sales, but there is a difference in the profitability. There are 2 or 3 joint ventures, which Abhishek ji mentioned earlier, which has not performed during this quarter. Max and Vintage was only for this month -- this quarter. But otherwise, it's on track now.

The depreciation number difference between standalone and console is accounting. You have to understand that consol also accumulates the joint ventures, which are manufacturing joint ventures. So all their interest, depreciation, operating costs when you do consol, it comes into the financials.

Madhur Rathi: Sir, now secondly, sir, what is the trend in gas prices going forward? And sir, how is the demand looking? Is the industry out of the woods or some more pain is left on the demand side?

Abhishek Somany: I think the industry is out of the woods, although it's going to be a slow turn, it's not going to be a V-shape improvement, but it's out of the woods. Exports have started picking up. Morbi, the amount of evasion they can do is already happening. People -- they're really hurting over there. No new capacity is going to be added in the next 24 months for sure.

And as far as gas pricing is concerned, it remains to be flat. I don't think there are any surprises in the future with most of the wars also getting settled or kind of being at the same level as what it was a couple of quarters ago. So I don't see any surprises in the gas pricing. I think it will largely remain flat.

Madhur Rathi: For Somany, what kind of capex can we expect for the next one or two?

Abhishek Somany: I don't have any capex for the next 12 to 18 months. All the capex has been done. So we will see the debt levels coming down and profitability going up.

Madhur Rathi: And sir, just a final question, is it fair to assume that considering the 1%, 1.2% from the Kassar plant and the 150 basis points improvement, we can do upwards of 10% EBITDA margin for H2?

Abhishek Somany: Yes, correct. Your understanding is absolutely correct.

Moderator: Next question is from Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta: Sir, can you hear me?

Abhishek Somany: No, Pranav. It's not really clear.

Pranav Mehta: Can you hear me now?

Abhishek Somany: Not really. But try -- go ahead.

Pranav Mehta: [inaudible 0:17:11]

Abhishek Somany: Can't hear you. Pranav, can't hear you it's garbled.

Moderator: Pranav, if you're in a indoor area, I'll request you to move to an area with network. Your voice is breaking. Pranav, we request you to rejoin the queue. Maybe disconnect and call back.

Pranav Mehta: Hello. Can you hear me now?

Moderator: Yes much better. Please go ahead.

Pranav Mehta: Yes, sure. Sir just [inaudible 0:17:46].

Moderator: I'm sorry, Pranav. I request you to call back. Your voice is not clear again. Thank you. We'll move to the next question. The next question is from Ashutosh Khetan from AMSEC. Please go ahead.

Ashutosh Khetan: I just wanted to ask what the contribution of the ceramics, PVT and GVT for this quarter?

Abhishek Somany: Ceramics is at 33%, PVT is 26% and GVT is 41%. If I take you to levels of FY '24 2 years ago, ceramics was 36%. So it is down by 3%, GVT was 34%, it's up by 7%.

Moderator: Next question is from Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, so our stock price is at a 10-year level at which it was back in 10 years back and the company is also at least on a standalone basis is totally debt free. So any plans to do another share buyback and extinguish our share so that the future growth can get divided on a smaller base of shares?

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- Abhishek Somany:** No, currently we did a fairly large buyback and we also had a large expansion of Max plant. Therefore, currently, we have no plans of a buyback. But in future, like I said, in the next 12 to 18 months, maybe 24 months, we don't have any significant capex. And we do believe that our treasury will keep coming back after all the investments which we've already made, we will then decide whether to do a share buyback or reward shareholders in some other way. But yes, the principle will be to not -- if there is no expansion, then we would reward the shareholders.
- Madhur Rathi:** Sure, sir. And sir, in your best judgment, sir, when can we again see double-digit margins, which post-COVID hasn't been the case for a long time?
- Abhishek Somany:** Absolutely. I think in the next couple of quarters, you'll start seeing the double-digit margins.
- Moderator:** Next question is from Yash Tawani from Amara Capital.
- Yash Tawani:** I just want to understand what is the margin difference in terms of the ceramics, PVT and the GVT that we have?
- Abhishek Somany:** That's a very complex question because within ceramics, we have a fairly large differential in margin in terms of contribution and so is the PVT. But to answer your question, PVT is the lowest and then ceramic and the highest is GVT. Within GVT also there's a lower range of GVT and a very high range of GVT. So the spectrum in the GVT is much, much wider. The spectrum in the ceramics is slightly smaller and PVT is hardly a spectrum. So it starts at one point and ends very quickly in a couple of rupees above. So PVT is the lowest contributor and then ceramics and then GVT.
- Yash Tawani:** Okay. And one more thing I'll follow-up on that, that what are the targets that we see over the next 2, 3 years in terms of the total synergies in terms of the total take or duties like say, the GVT total sits at 41% then what is the vision that we have to take at for the next 2, 3 years?
- Abhishek Somany:** Well, within the next year, it should be at 50%.
- Moderator:** Next question is from Ashvath from Arihant Capital.
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- Ashvath:** So I just wanted to ask our volumes have been relatively flat on Q-on-Q basis. So I wanted to know what kind of improvement are we expecting on volumes? That will be my first question?
- Abhishek Somany:** Well, amongst the largest players, I think we lost at about 3.6%, considering North is a very heavy sales territory for us and North has been battered by rains. So I think volume also, we are -- like I said, I'm maintaining mid- to high single-digits for this year.
- Ashvath:** Sir, on sanitary ware, how much contribution do we expect on top line from here on since our realization has been pretty decent, our utilization has been pretty decent here. So where do we see this on a percentage basis?
- Abhishek Somany:** Sanitary ware, we are looking at in the next 1 year, approximately 15%, 16% of our revenue will be sanitary ware or the bath ware. We're about 12%, we'll be probably 15% in the next 2 years.
- Moderator:** Next question is from Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** How much has been the Max loss for this quarter?
- Abhishek Somany:** Sailesh, Max loss for the quarter.
- Sailesh Raj Kedawat:** Max loss is around INR7.5 crores.
- Keshav Lahoti:** Okay. And one thing, whatever the price hike you are talking, so is it like industry have taken a hike? Or is it more like Somany is going and taking a hike irrespective of industry, Somany will take a hike? How should we read it? Because what we...
- Abhishek Somany:** Branded players took a hike, and again, the branded players will only take a hike. Morbi doesn't take a hike, they just increase their duty region. Their hike is do more story.
- Keshav Lahoti:** Understood. Got it. And how has been the North volume year-on-year in Q2 as well as in H1?
- Abhishek Somany:** North volume, sorry?
- Keshav Lahoti:** North volume declining in Q2 and...
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- Abhishek Somany:** Q2 North volume has been better. It's grown, but it has not grown as much as it would have normally. But I'm not too worried about North because everybody in the North has had the same issue because of rain. So this will come back this quarter.
- Keshav Lahoti:** Okay. So as you are saying North volume have grown in Q2, your volume is flat. So possibly other regions are not performing good. How should we look?
- Abhishek Somany:** Others reasons, in fact, South has performed better than what it was performing in the last 3, 4 quarters.
- Keshav Lahoti:** But your volume is flat. If North have grown then South have possibly declined
- Abhishek Somany:** North did not grow. South grew. Therefore, we've grown at 3.6% and if North grown, we would have been upwards of 5%.
- Keshav Lahoti:** Got it. Understood. And last question from my side, how you maintain your sanitary guidance of double-digit growth? And lastly, how has been the sanitary performance in this quarter?
- Abhishek Somany:** Sanitary performance has been how much, you can talk.
- Shrivatsa Somany:** The Sanitary perform -- it's Shrivatsa. The sanitary performance should be around 9%, 9.2% this quarter. And historically, the next 2 quarters do go better. So we are still looking at low double-digit growth in the Sanitary, Bathware segment for the year.
- Moderator:** Next question is from Karan from AMSEC. Please go ahead.
- Karan:** Yes. So just wanted a few data points, sales number for sanitaryware, faucets, adhesive and how do we see these businesses shaping in the next 2 years and the margin expansion?
- Abhishek Somany:** So all three businesses have grown like he just said, my brother just said it's about 9.5% of our Bathware division. The adhesive division is very small. So it really doesn't matter in percentage terms, but it's growing well. What I can say is that overall in the next 2 years, these 2 businesses, which is the other than tiles businesses will be more than 20% of our total revenue.
- Karan:** Can you split the sanitaryware and faucet?
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- Abhishek Somany:** He wants to split sanitaryware and faucet.
- Karan:** Yes. And how do we see margins for this category because we believe it's a slightly premium category and we were doing our best to see improved margins. So how are we there?
- Abhishek Somany:** Well, sanitary ware is approximately 60% of revenue and bath fittings is about 40% of revenue of the total revenue of bath ware. And margins are slightly better, not significantly better, but slightly better because we are still one of the challenger players. So we have to do that much more effort in terms of marketing, sales and branding because most people don't know us as a sanitaryware brand.
- Like they don't know CeraWare, Hindware or a Parryware like a tile brand. They think of them as a sanitaryware brand. They think of us as a tile brand. So we're doing that extra bit to make ourselves more visible and more known in the sanitaryware sector. But overall, it has better margins than tiles. And the split I've just given you, 60-40 currently between sanitaryware and bath fitting and going forward, this will go to 50-50 between sanitaryware and bath fitting.
- Moderator:** Next question is from Ashvath from Arihant Capital.
- Ashvath:** So sir, if you could just help us with FY '27 top line guidance and also on margins?
- Abhishek Somany:** FY '27, '26 finished.
- Ashvath:** Yes. I know it's right. Just seeing from today so if you could just help us?
- Abhishek Somany:** I think looking at the market, we're looking at high single-digits even for next year and margins, it will improve another 100, 150 basis points from whatever we exit. So double-digit margins this year if the capacity goes up and then another 150 bps from there for FY '27.
- Ashvath:** Got it, sir. And could you help us with the project split if you could guide us on the same?
- Abhishek Somany:** Sorry, I lost you there. Could you repeat, please?
- Ashvath:** The project split, the percentage of projects.
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Abhishek Somany:	Project split.
Ashvath:	Yes.
Abhishek Somany:	Approximately 15% to 17% of our revenue comes from projects, 3-something percent comes from -- 2.5%, 3% comes from export and the rest is retail.
Ashvath:	Do we expect similar runs...
Abhishek Somany:	In real estate, I believe projects will go up a little bit about 1% or 2%. It should become about 18%, 19% because real estate, again, is doing well and their cycle of buying tiles will start happening now. So I do believe that the projects will become slightly larger. So I think next year would be about 75% to 77% retail, 2%, 2.5% export will remain, and the project will improve by about 3%, 4%.
Ashvath:	Okay, sir. Got it. And my last question would be what was the gas cost for the quarter? Sorry if I missed it.
Abhishek Somany:	Gas is absolutely flat. There's no difference in the gas price.
Moderator:	Next question is from Udit Gajiwala from Yes Securities.
Udit Gajiwala:	Since you are holding up the guidance for the volume growth, I mean, is that the result that you are seeing that even the margins will come up to double-digit or it will be more like the product mix change that you are expecting Max plant to contribute? So what happens if your volumes if you are not able to deliver, where do we see the margins?
Abhishek Somany:	All of -- it will be a host of matters. Of course, capacity utilization makes a lot of difference. With that, some amount of rejigging of -- we continuously are value adding and going towards more of a value-added mix. But currently, this double-digit margin very largely will come from capacity utilization going up from the 75% to 85%, 87% levels and more.
Udit Gajiwala:	So at the current product mix, if the current utilization goes beyond 85%, then double-digit margins are doable at the current level?
Abhishek Somany:	Yes, it will add about 100, 150 -- 120, 130 bps automatically at current margins.

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- Udit Gajiwala:** Okay. So since -- I mean, one more clarification since this is just due to operating leverage, there is no role of price hikes. So the price hikes, if you all are able to take and pass it on, that could be more incremental. Is that fair understanding?
- Abhishek Somany:** Yes, correct. But there is no price hike currently for this quarter. Probably end of the quarter or early next quarter, we would probably think of that.
- Moderator:** Next question is from Shreya Garg from Yashwi Securities.
- Shreya Garg:** So to take your views on my understanding about the industry. As we know, the building material industry is at -- about a lag of 2 to 3 years post the real estate boom. And this is supposed to be coming in FY '25 and '26 for us, but the entire listed industry missed on this opportunity. So would it be correct to assume that the next volume or like the demand boost should be coming for us in the next real estate cycle?
- Abhishek Somany:** No, I don't think we missed the opportunity at all. Tiles is the last item which goes in the building. In fact, our cycle is just about beginning.
- Shreya Garg:** Okay. But like we've seen volumes to be flat for the entire '25 and '26 even for the shortlisted player like the entire industry has been given a high guidance for '25, '26, '27 that we have seen that happen?
- Abhishek Somany:** Yes. That's -- obviously, it's been delayed, but this cycle is just about starting. We will -- there has been some volume which has been taken by local players of the real estate because the price differential is so substantial with poor quality and high level of tax division that has taken up a little bit of the screen from our growth.
- But that seems to come back because export, like I mentioned in the call, maybe you had -- there on the call, but export has gone up by 7% which means that a lot of the Morbi players will again start re-exporting and a lot of their focus will move towards export and leave that much more space for us in the domestic industry. But I'm pretty sure that this growth is still to come for us in the next 12 to 18 months, maybe 24 months. We will look at single-digits and high single-digit growth levels very soon.
- Moderator:** Next question is from Madhur Rathie from Counter Cyclical Investments.
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- Madhur Rathi:** Sir, I'm trying to understand that if we operate at full capacity utilization across our subsidiaries and JVs, what kind of maximum revenue we can generate per annum?
- Abhishek Somany:** So I think your question is towards how much capacity I have. So we can do about INR500 crores to INR600 crores more of tiles and we can do another how much of sanitaryware between the 2 -- between sanitaryware and bath fittings. About another INR100 crores between sanitary ware and bath fittings.
- Madhur Rathi:** So sir basically, INR600 crores more than what we are already doing.
- Abhishek Somany:** Between INR500 crores and INR600 crores.
- Madhur Rathi:** Since FY '15, our net block has increased from around INR250 crores to INR1,000 crores. But sir, our -- it seems that our revenue that time was INR1,500 crores. And even if we add like INR500 crores, INR600 crores on our existing revenue base of INR2,700 crores, it will be like INR3,300 crores. So it's by and large, only doubling whereas the net block has gone up 4x.
- Abhishek Somany:** I would let that to Sailesh.
- Sailesh Raj Kedawat:** Madhur, first of all, '15 and current is not comparable because '15, there was a different accounting model, where JV blocks are not getting consolidated into the consolidated numbers. From '17 when Ind AS started, we started consolidating the block. Just to answer your question, I think we did investment of around INR500 crores over last 2, 2.5, 3 years in fixed assets and there's a depreciation charge also which has come on all those assets. So depreciation is around INR50 crores per year. So INR150 crores is reduced from there. You'll have to look at 16 numbers or our re-casted 16 balance sheet or 17 balance sheet to look at the correct number.
- Madhur Rathi:** Right. Understood. And sir, what percentage of our revenue are we spending on advertisement and sales promotion?
- Abhishek Somany:** It was at about 2.9% at a smaller revenue. Now it's about 2.3% to 2.5%.
- Madhur Rathi:** Sir, and going forward, we hope to maintain this level?
- Abhishek Somany:** Absolutely.
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- Madhur Rathi:** Okay. Now sir, regarding the Morbi players that you were alluding to that the duty evasion, so sir, I understand over the past decade, two major Morbi players have broken into the retail segment in India, Simpolo and Varmora. So I mean, are these players evading GST sir, because I think they are too big to do that?
- Abhishek Somany:** These are better players out of Morbi. It's -- these out of 800 players, there are 4 or 5 better players out of Morbi. I do not mean these players. I mean the rest of the Morbi players. Which have a smaller part between the INR100 crores and INR500 crores mark.
- Madhur Rathi:** So sir, it was expected that post GST, this sort of thing will basically go down, but instead -- so is it because the gas input GST is not available on gas?
- Abhishek Somany:** It's not only that. It's a question of how they are evading -- they didn't declare their quality. There is a difference between first quality and second quality. We make 95% first quality. They probably make nothing more than 20% first quality. Anyway, this is a question which will give me offline.
- Madhur Rathi:** Right, sir. Sir that's all. Thank you very much. Best of luck.
- Moderator:** Thank you. Well, that was the last question in queue. As there are no further questions, I would now like to hand the conference over to Mr. Somany for closing comments.
- Abhishek Somany:** Thank you so much, ladies and gentlemen for joining the H1 and Q2 results. We hope for better times and much better growth for the H2. I look forward to the next conference call after Q3 results. Thank you so much.
- Moderator:** Thank you very much. On behalf of SKP Securities Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.