



Date: 18th August, 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 Q1 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 5th August, 2025 & 14th August, 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 on the Financial Performance of the Company for the Quarter ended 30th June, 2025 held on Thursday, 14th August, 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 Q1 FY ‘26 Earnings Conference Call”

August 14, 2025



MANAGEMENT: **MR. ABHISHEK SOMANY -- MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, SOMANY CERAMICS
LIMITED**
**MR. SAILESH RAJ KEDAWAT -- CHIEF FINANCIAL
OFFICER, SOMANY CERAMICS LIMITED**
**MR. KUMAR SUNIT -- HEAD, STRATEGY AND INVESTOR
RELATIONS, SOMANY CERAMICS LIMITED**

MODERATOR: **MR. SAGNIK SARKAR -- SKP SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Somany Ceramics Limited Q1 FY '26 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 presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sagnik Sarkar from SKP Securities Limited. Thank you. And over to you, sir.

Sagnik Sarkar: Thank you. Good morning, ladies and gentlemen. It is my pleasure to welcome you on behalf of Somany Ceramics Limited and SKP Securities to this Q1 FY '26 financial results conference call.

We have with us Mr. Abhishek Somany – MD and CEO, Mr. Sailesh Raj Kedawat – CFO, and Mr. Kumar Sunit – Head (Strategy & IR).

We will have the opening remarks from Mr. Somany, followed by the Q&A session.

Thank you, and over to you, Abhishek ji.

Abhishek Somany: Yes. Thank you so much. Good morning, ladies and gentlemen. Welcome to the Q1 FY '26 earnings call.

As you have all seen the results already, there is been a muted demand on account of lower sales in India and also there is a little bit of pressure on lower exports from Morbi to various parts of the world in Q1.

Exports declined to 18,000 crores last year and I think, this year it would be a further decline a couple of thousand crores is what the current trend is showing. Our sales grew by 4% and by volume 3%.

I must make a point here that there is a specific sale of Nepal which adds about 1.2%. In Nepal, we have come to an agreement where knowing to the specific laws of Nepal, we will be getting this sale profit only towards the end of the year, but the sale does not get counted because it is traded goods and Nepal does not allow to consolidate in these sales in Somany.

So, if I had to account for that apple-to-apple, it would be about another 1.2% growth of sales. Operating margins are mildly impacted due to reduced capacity utilization.

Gross margin increased by 3.2% in Q1 quarter-on-quarter and it declined 1.8% Y-o-Y, largely I would think it is flat. JVs were the places where we had the maximum pressure. On a standalone

we did reasonably okay although the standalone capacity utilization was also low at 72% whereas the console capacity utilization reduced from 81% to 77%.

There were three plants which were underutilized. One was the Max plant with high end tiles. We have been extremely patient to make sure that that plant only produces high end tiles currently.

So, some other corrective action has been taken to further improve the capacity utilization in this quarter, and it is already showing some signs that in H2 this would be much better than what it is in H1.

On the sanitaryware front, there was a major kiln shutdown, that is back to 100% capacity as we speak. But in the first quarter it was impacted, which was a situation where we had to completely shut down that kiln to repair it completely. It will also yield us better quality and a little better yield and it is back to 100% capacity. So, second quarter should be very good from that point of view for sanitaryware.

The depreciation impact was approximately Rs. 5 crore in Q1 compared to Q1 FY '25, this is on account of reduction of life of some assets, so an accelerated depreciation. So, once again, the capacity utilization at 77%. Sales at Rs. 601 crores, correspondingly you have seen the EBITDA. The EBITDA basically gets impacted, I have said it earlier also on capacity utilization.

So, this capacity utilization we have taken a lot of measures to make sure the capacity utilization is up and running by this quarter a little better and also H2 would be 100 times better than what it is today.

As far as the tile segment revenue is concerned, ceramic consisted of 34%, down 1% from last year same quarter Y-o-Y. PBT is at 26%, down 2% and GVT is up 40% up from 37%. Gas prices are pretty much in line.

Brand spends will be in line with last year plus or minus a couple of crores. Working capital has marginally increased by four days. Net dealer addition has been approximately 65 dealers in this quarter.

Our guidance, we are not changing the guidance. We are still guiding for high single digit growth and EBITDA expansion of about a 1%, 1.5% and we are very, very confident of the EBITDA expansion, if we have a better capacity utilization. And that is something which we have taken very concentrated steps to make sure that goes through.

The other point this quarter has been that we have concluded the JV with Durabuild. That is a starting, the go to market will be next month. We are concentrating on all the waterproofing products currently. And then we will move to other patents and other IPs which Durabuild has to offer.

We are extremely hopeful and very excited for that new venture. It is a much better margin business. But, of course, while we build out the business there will be certain pressures in the year one and year two. But it is a very, very exciting business of construction chemical. So, extremely excited on those fronts.

These are the salient points as far as Q1 is concerned. Q2 is already looking slightly better. Although there is been incessant rains across north, but still it is slightly better than last year, July was. August is yet to be seen. It is early days in August. So, let us see how that goes. We are very hopeful. September should be a great month.

This is it from myself and I will then open the floor to questions, Q&As please. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta: Good morning, team. Thank you for taking my question.

Abhishek Somany: Good morning, Pranav.

Pranav Mehta: Good morning, sir. Sir, I just wanted to understand, since you have touched on it briefly, but if you can elaborate more on this Durabuild acquisition, and how you are seeing things playing out.

Abhishek Somany: Can you please repeat the first few sentences; I could not get. Can you please repeat?

Pranav Mehta: Yes, sir. So, I wanted to understand on the Durabuild acquisition. So, you have touched upon briefly, but if you can elaborate more on what is the strategy for this going forward and how it will be, let us say, contributing to the top line and the margins by FY '27 and FY '28.

Abhishek Somany: Yes, so early days to talk on the top line and the margins currently, because it just happened. Obviously, the strategy is in place where we are not going to lose money. But just to give you a brief, Durabuild has about 150 different IPs. We bought it for the IPs.

You already know what the acquisition size is. Over the next three years, we have the option of buying it completely, but we will move up to 75% and then maybe 100% by that time. There he is still in the game for the current partner to maybe earn out more while he sells the 100% within three years to four years.

Specifically, we are getting into construction chemicals. Out of the 100 IPs, we are concentrating on the waterproofing piece. The waterproofing market is what we estimates. Obviously, we are not in the market, so we have not 100% data, but we have 90% strong data.

The market which we are trying to focus it is approximately Rs. 6,000 crores and we are currently at ground zero right now. That is the market which we are trying to get. And he has IPs of waterproofing material, which is literally starting from the waterproofing, which goes into the concrete, while the house is being built or the building is being built, right up to the bathroom and the wet areas and the terraces, and also waterproofing for the wall in case there are leakages in the wall or cracks in the wall. This is called a crack proof.

Pretty much all these products are available with Industry Leader, Pidilite and various other players like Sika, Fosroc, Mbatpe, Asian Paints, etc. So, that is the segment which we are looking into.

There is also another segment which we are thinking of getting into which is admixtures because in the concrete, the admixtures for residential and building products, this is not infrastructure. This is only for residential and commercial buildings.

Admixtures, that is another market of approximately Rs. 6,000 crores, which goes into as an additive on the site or with RMC plants. So, We are gunning for currently an Rs. 11,000 crore - Rs. 12,000 crores market, and both of those, we are virtually at ground zero.

This particular company was only selling approximately a couple of crore rupees of adhesive and about Rs. 7 crores - Rs. 8 crore rupees of admixtures. Admixtures is a B2B and the waterproofing business is both B2B and B2C.

We are going to leverage our dealership and there are certain dealers who are dealing with these kinds of products. We are going to attract some of our larger distributors also to see if they want to start this business with us.

Plus, we will be also getting into certain hardware shops and certain other specific waterproofing stores, the stores like paint stores, various hardware stores. We did a little bit of a dipstick and a lot of our dealership, not a very significant amount, but a good 10% - 15% of our dealership also is now been dealing into waterproofing for some time. So, that is the business we are getting into.

We are currently doing all the packaging and all the go-to-market. We should be ready to go to market in B2B, B2C for waterproofing towards the end of September.

Pranav Mehta:

Okay, sir. Sir, my next question was on this. So, as you rightly mentioned that the demand continues to remain relatively challenging and let us assume this year also the exports continue to face challenges, then do you think that in the industry, the receivable part and the realization part, the worst is over? Or do you feel that still some competitive intensity might increase from more recent?

Abhishek Somany: No, I think the realization part is not going down. If you see, our realization also is down a couple of rupees, but that is not because of price decrease, that is because of the product mix. Although we continue to make sure that we sell higher product mix, but in Q1, generally, it is a situation where some low product mix also goes.

So, and some second quality materials, some old elite items, we have sold a lot of that and therefore, the reduction. But from a price front, in fact, we have taken a small price increase in July. But there is been no further price decrease, so to say, apple-to-apple.

As far as export is concerned, current trends are showing that it will be in that same Rs. 17,000 crores - Rs. 18,000 crore range. But the kind of quality which is being compromised from Morbi is really not competing with us anymore.

And frankly, Morbi is only and only surviving. Most of the Morbi brands, I obviously do not mean the industry leaders from Morbi, but 95% of the brands in Morbi are only surviving because of extremely high scale evasion of taxes, of GST.

And that has also reached a peak where there is no further scope to evade taxes. I mean, they are already billing at Rs. 10 - Rs. 11 a square feet.

Pranav Mehta: Okay, sir. And sir, on the receivable part for the industry, more or less

Abhishek Somany: I will tell you about that. The receivable part, thankfully for us, we have gone down on receivables by a day. We are absolutely on the ball there and not losing focus. So, touch wood, receivable, as far as we are concerned, is only better than what it was last year, while it is a pressured market.

And we are not seeing any further changes there or any further movement there. So, even in July and August, we are absolutely on the ball.

Pranav Mehta: Sure. Thank you very much.

Moderator: Thank you. Our next question is from the line of Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: Good morning, team, and thanks a lot for the opportunity. Just a couple of questions from my end. I just wanted to deep dive into the current demand scenario in the domestic market and any improvement that you are seeing in the export market also, because that will define the competitive intensity from Morbi based players. So, firstly, from that front.

Abhishek Somany: So, the demand has not further gone down. It is under pressure. We have grown, even in July, we have grown. So, from that perspective, I would not say that demand is further muted in India. Yes, there is a little bit of pressure because of, especially in the value added segment where the scope of tax evasion is that much higher.

That is the only one which is a little bit under pressure. But we are holding prices. We have, in fact, increased prices a little bit, and we are also holding on our receivables.

So, from that point of view, this is the domestic demand. As far as export is concerned, we do not export a hell of a lot. However, our export will probably go up by 10% - 12% percent because our base is low.

But overall, export will be lower is what the trend is showing. But one never knows. In export, there is a couple of months which do cover up. Even if you see last year, till H1, the trajectory was showing that it would be only about Rs. 15,000 crores.

Then it made up, and finally it touched about Rs. 18,000 crores. So, that is where the export is. It is not picked up, but has it gone down further? Very slightly. Not a very large amount, but the trend is showing that it is not going to be more than Rs. 16,000 crores - Rs. 16,000 - Rs.17,000 crores.

But I am the wrong person to ask for export. Probably your channel checks in Morbi would give you a better idea on export.

Sneha Talreja:

Got that. Secondly, sir, the peer is into another level of cost cutting measures that they are taking. So, I just wanted to understand two to three things from you. Are you following any of those cost measures along with the leader? That is first. Do you see any implication of those cost cutting measures coming to you in the form of maybe some ad spends cut and some market share gains? So, some of these aspects, in case you can touch upon, that would be really, really helpful.

Abhishek Somany:

Yes, I cannot comment on their strategy. But as far as we are concerned, we did not have such costs. We had a single person at the top with all the vertical heads working. We do not want to change that. We do not have separate divisions other than at the corporate level where there are separate vertical heads for GVT, PVT, ceramics.

The only other team which we have which is working separately independently is our sanitaryware team. But that is been there since inception of sanitaryware. And now the adhesive team, which is separate, but it is already been separate since inception. So, we did not have any large costs.

But yes, when going is tough, then in legacy companies, there are certain costs, which you look at even more carefully. So, if you have seen our employee cost, my employee cost has remained the same. We have given increments. Unlike some of the people who have given non increments, we have given increments, but we have been very, very cautious of that.

And touchwood, our team also, has been very, very cooperative on that front. If we grow in the humble digits also and not the high single digits, even then we will be able to reduce our employee cost as a percentage of revenue by a percent. So, we are very careful on that account.

As far as the other costs are concerned, in terms of advertising, which is the other big one, the advertising cost we are not reducing, but we are maintaining. So, as a percentage, it will probably remain slightly, maybe a little more, but nothing very substantial.

The other cost which goes down, which we are looking at very carefully, is making travel more effective, because as you see, travel has become extremely expensive. So, we are being a little more cautious, using a lot of teleconferencing facilities, videoconferencing facilities to make sure that reviews, travel, etc., is under check.

Obviously, it cannot be so much under check because it becomes counterproductive. But to answer your question, we are not following anybody. We have our own strategy. We do not have such crazy costs on human resources.

But yes, there is obviously enough and more can be done to make the current resource more productive. We have taken one action. Every year, there are certain attritions which happen. In some places, we have not filled those gaps. Those are nothing very major.

At all levels, we have not filled up those gaps, and we have extended the people's territory. And maybe at the plant also, we have extended a little bit of their responsibility. But those are not crazy numbers which we have not further replaced, and rather extended the current team's responsibility. So, we are very focused on not letting costs go up while demand is under pressure.

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| Sneha Talreja: | That was really, really helpful. So, thanks to our team, and I will get back in the queue. |
| Moderator: | Thank you. Our next question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead. |
| Rehan Saiyyed: | Good morning to the team and thank you for giving me the opportunity. I have two questions. First, on the SMPL investments that we have done. For the proposed Rs. 50 crore investment into SMPL, can you outline the expected return profile, payback period or how it fits into the company's corporate strategy? |
| Abhishek Somany: | Sorry, can you speak a little slowly? I am not understanding. The line is very unclear. |
| Rehan Saiyyed: | Sure, sure. So, my question is regarding the SMPL Rs. 50 crore investment side. So, we have done Rs. 50 crore investment into SMPL. So, can you outline the expected return profile.

My question is on the side of SMPL Rs. 50 crore investment. So, for the proposed Rs. 50 crore investment into SMPL, can you outline the expected return profile or other payback period and how it fits into the company's corporate strategy for going forward? |
| Abhishek Somany: | We have taken approval from the board of Rs. 50 crores, it is not that we are going to spend the entire amount. It is an approval which has been taken. This has been taken to further augments, |

Max, to make sure that I am running at full capacity. So, we are going to be adding certain presses there because the current press, which is a continual press, is inefficient on certain sizes.

It is only efficient on the larger sizes. But to keep the plant running and not have shut down costs, we are adding two traditional presses where we would be able to produce the slightly non-value added in the interim, and at least that will reduce my losses from shutdown costs. And also, we are putting in certain other balancing equipment to further augment the value addition.

And we are putting a warehouse because there is non-value added which will happen. This will go into a separate warehouse because we do not have space for in the current warehouse, so therefore we will have to augment the plant to produce the other warehouse.

And the rest of it is because the plant is loss making, it is to cover certain losses. But this is all through internal approvals we are putting in the money. And the payback is quite decent if I had to look at any shutdown costs.

So, we are hopeful that we will not be doing any shutdowns in the plant and we will run the plant at full capacity, which gives me a lot of benefit even on the gas and on the production cost of every single material, be it the high end material or the low end material. That is the reason.

But we would not be spending the Rs. 50 crores currently. This is only empowering us to take a permission for 50 crores. I hope, I was able to answer.

Rehan Saiyyed: Yes, sure. It is a very well defined answer. So, my second question is on the retail footprint expansion side. What is the current number of explosive showrooms and multi brand outlets? And what is the target by the end of FY '26? And how is the mix between urban and non-urban geographies we are evolving for going forward?

Abhishek Somany: Retail expansion continues. We are at 65 dealer additions and we will be adding approximately 200 - 250 net additions of dealers. And we have targets for that as to what our net addition of dealers will yield us in terms of sales. So, retail expansion continues in mostly Tier-II, Tier-III towns. And some unregistered areas of Tier-I towns.

Rehan Saiyyed: Okay. And my last question, if we just gather this also, like if we assume like how much percentage of revenue or other margins we can expect for four years to three years and down the line, can you just comment on that number?

Management: Sorry, can you repeat? How much percentage of revenue? What?

Rehan Saiyyed: No. Yes, sure. So, like if you can put some ballpark percentage of like what we can expect, revenue or other margins growth for going forward.

Abhishek Somany: I think the margins are not going down further. So, margins would only improve with capacity utilization. Like I mentioned earlier in the call, this year which we are pretty sure that our capacity utilization will be back in place to last year levels, so probably much better than last year levels which means that we will be adding to about 1% - 0.5% on margin as a certainty. We are very confident.

Rehan Saiyyed: Okay. Thank you for your time. Thank you.

Moderator: Thank you. Our next question is from the line of Lokesh Maru from Nippon Indian Mutual Fund. Please go ahead.

Lokesh Maru: Hi. Thanks for the opportunity. So, two questions from my side. One is just an extension of what Sneha has asked. Like for example if a leader attempts to let us say two quarters down the line or whenever attempts to gain volume, right, once again that margin if they try to give that away to gain more volume via maybe cut in realization or so. And if that gap bridges with our realization, do you think how are you trying to fortify your position in the market on that front? That is one.

Number two, second question is regarding, in market where it has been challenging to grow single, high single digit volumes, how are you thinking around market share gain and what are the areas which are major focus? It could be anything like distribution, like you said, retail expansion or product or technology. But how can that eventually pan out? And how are you thinking around that aspect? That is one.

Abhishek Somany: First question is margins, if anybody thinks that they can reduce margins, already are an extremely commoditized business and we are fighting Morbi, where there is high scale tax evasion. So, if one thinks that by reducing realization or reducing prices on a sustained basis they can gain volume, I think it will hurt them more than gain.

That is not the right strategy. It erodes the brand. It erodes the gain. So, yes, we have been able to bridge the gap between us and the leader and we will continue to bridge the gap and be extremely confident of that to bridge the gap continuously.

Market share cannot be gained beyond the point with just reduction in prices. That is a knee jerk. It happens for a quarter or two and then you are back to square one. So, that is my answer on the market share. And I do not need to fortify myself. In fact, my challenge is that how I can use my capacity better at better realization.

I am not even looking at reducing. We are going to be making better products. We are going to be innovating. We are already innovating on products. If you do some channel checks, you will see there is been a large difference between what we were doing earlier and what we are doing today.

Dealers are a lot more happier with the kind of designs and kind of innovation we are coming out with. So, long way to go, but that is the focus and the focus is not to reduce and go down on commoditized product. It is all about value addition and going up the value chain. So, that is as far as that is concerned. Your second question was what? I am sorry.

Lokesh Maru: No, sir. Those were the two questions. One was on the discount realization part and the other was on the market share.

Abhishek Somany: I think the domestic market is flat. If you look at the most of the Morbi players, they are flat, except a few exceptions there. Therefore, from that point of view, if we keep growing at even this pace, we are taking a little bit of market share.

Over there, the market share is extremely fragmented and it is more on evasion. So, I do not think that is a sustained way of doing business where you are selling products lower than your cost. So, I believe 70 to 80 plants are already shut in Morbi.

I see more of them getting shut in the near future. So, there will be a consolidation in the next couple of years if this is how it continues. Our balance sheet is strong. We are not taking the eye off the ball on balance sheet.

Our continuous focus is on value addition. Continuous focus is on capacity utilization. Obviously, both of them have been in pressure. But while we do that, we keep a balance sheet under check. And I am very, very confident that we will be able to do both of those over time.

It is a brand which has been selling a lot of mass products. It takes time to move up the value chain, but it will happen.

Lokesh Maru: Thank you so much, sir.

Moderator: Thank you. Our next question is from the line of Udit from YES Securities. Please go ahead.

Udit Gajiwala: Yes. Hi, sir. Thank you for taking my question. Sir, since you mentioned that you are sticking to your guidance for this year, have you seen any improvement which is kicking in or the hopes are on H2? And also in extension, in terms of the Max plant, what was the utilization? And are you seeing any structural shift or anything happening more towards mass market or low end tiles?

Abhishek Somany: There are two segments. Mass market is a separate segment. Value addition is a separate segment. There is a larger demand and larger traction for value added segment. Obviously, it is a very small part. But there is more and more traction happening.

And at Max plant, to answer that question, we are at about 51% - 52% capacity utilization. Therefore, we are putting these presses to make sure that we go above 70% - 75% percent capacity utilization in H2 or more. So, that is the idea.

To produce a little bit, not the entire mass product, but a little lower quality product, sorry, lower priced product than what we are doing in Max currently to avoid any further shutdowns. So, that is as far as the Max plant is concerned.

As far as distribution is concerned, it is going to be Tier-II, Tier-III. We continue to add distribution.

Lokesh Maru: All right, sir. And so, what would be the B2B mix for us? And how is that pie growing?

Abhishek Somany: It is the same. It is about 77% percent is B2C and the rest is B2B. And all efforts are on to see how we can increase the B2B by at least 5% - 6% percent so that we are able to use capacity utilization. But while doing that, we are also very careful of our receivables because B2B is where you get stuck with receivables and which we do not want.

Lokesh Maru: And just similarly, like receivables, what would be the margin differences between the two, any kind?

Abhishek Somany: Projects is obviously depends on the project. Some projects buy also the value added, but generally, I would not know the back of my hand, but about 4% - 5% difference in the margin between retail and projects. But more than the margin, it is the delayed receivables which further impacts the projects.

Lokesh Maru: All right, sir. Thank you, sir. And all the best.

Moderator: Thank you. Our next question is from the line of Anubhav Goel from Cosma Ventures. Please go ahead.

Anubhav Goel: Hi, sir. Sir, can I get a region wise split of our sales?

Abhishek Somany: North is 41%, south is about 27% and the rest is divided between east and west. And 3% percent, 2.5% - 3% is exports.

Anubhav Goel: Got it, sir. And, sir, just a general question on the industry. So, like, are we finding small guys at very low basis innovating on designs become to attract architects in terms of designs and trends, like, is that become more so important in today's time versus, say, a decade back? And, like, how are we placed on that front?

Abhishek Somany: It is not a question of attracting architects. I think the smaller players with single dealers, they are able to incentivize the architects a little more. But beyond which, it is not a specific trend.

We have seen Morbi always have these three players - four players which do well, and then they crash and burn. Now also we are seeing in Morbi there are one or two industry leaders which are obviously doing well, but under them there are five, six people who are coming up, coming up with designs.

But at the end of the day, it is their finance is tax evasion. You remove the tax evasion and they do not have any finance anymore. They are able to do all of these, all of these investments, basically based on high-scale tax evasion. And the more higher the margin business, the more attractive is the tax evasion and incentivization.

Anubhav Goel: So, sir, for these small players, maybe at, say, Rs. 50 crore sales, Rs. 70 crores, Rs. 100 crores, where we feel they might be doing better on terms of designs, the tax evasion point would apply to them as well.

Abhishek Somany: Yes, correct. And they are not doing better on terms of designs. It is just that they have a single dealer in a particular state or particular city. They have two dealers. Obviously, there is not much competition. They have a small base.

They are able to incentivize the dealer more. They are able to incentivize the consumer and the architect more because of this. But it is not that they have better designs. That is a very, very subjective term. The smaller players do not have better designs.

Anubhav Goel: Got it, sir. And, sir, you mentioned, I think, even we have taken a lot of work versus earlier in terms of becoming more aggressive in terms of our design. So, we are doing work on that front.

Abhishek Somany: Yes, and we are doing another launch in September and then another launch soon after Diwali. So, you will keep seeing better and better products and better and better designs coming from us.

Anubhav Goel: Okay, sir. And, sir, just my final question. On our Max plant, so this, where we are playing the GVT, so this would be sort of mid premium, right, in today's market, not like very high premium.

Abhishek Somany: Max is premium. Max is not mid premium. The investment which we are doing is to go to mid premium, which is part of the plan to go to mid premium. We are pushing for the premium, but I do not want to dilute the premium to just get into mid premium.

So, the idea would be in the interim to stop any losses and therefore, shutdown losses, therefore, we are going to make the plant a little fungible, not entirely fungible, a little fungible to make also the mid premium, which is pretty much everybody is doing that. Even industry leaders have done the same thing.

- Anubhav Goel:** So, sir, we, in, so you were saying the opportunity is massive. It is like or is there a thought we need to keep trying to go up the value chain in terms of realization? Or do you feel the opportunity is massive enough? Last question.
- Abhishek Somany:** The opportunity is massive in both areas, in both the commodity, not the really commodity, but the mid premium and the premium. I see tiles as extremely commoditized, low margin, but still a lot of opportunities for people who have good balance sheet and have a good distribution.
- Anubhav Goel:** All right, sir. Got it. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.
- Keshav Lahoti:** Hi. Thank you for the opportunity. So, one thing I want to understand, normally if you see your Q4 to Q1, that is Q1, Q2, Q-on-Q, the volume decline, possibly what we see in the industry would be around 20%, but you are somewhere around, let us say, 10%. There is a good gap of, you know, 10% to 12%. And we have seen in earlier years also at times. So, what is the reason for this thing?
- Abhishek Somany:** So, Q2, Q4, generally you pressure the system and sell probably 10 days - 12 days more in Q4. And plus the government also is finishing their, they need to spend their money. So, obviously, Q4 on all accounts in India is higher. Government spending need to be saturated. They need to spend that amount to get the next year's budget. So, therefore, everybody is looking at, you know, picking up as much material.
- We also have certain incentive schemes for dealers which are yearly, turnover discount scheme for the year. In case there is somebody who is lagging behind, they try to make up that so that they get that annual incentive. So, all of that, generally Q4 on any building material industry, not only tiles, any single building material industry would be higher than Q1.
- Keshav Lahoti:** No, I understand. Normally, Q4 is higher than Q1. My question is more if I see Q-on-Q decline, which for Somany is 22%, while the same number for industry leader is 10%. So, there is a big difference of 12%. So, is there anything different maybe
- Abhishek Somany:** Their Q4 was not as good as ours, that is the difference. If you look at the Q4, our was much better.
- Keshav Lahoti:** Understood. Got it. And one thing, normally, the accelerated depreciation which was charged or, you know, last two quarters - three quarters, which was supposed to get over in Q4. This time also we see the depreciation is higher. When you feel the depreciation will get to a normal rate of, let us say, Rs. 19 crores - Rs. 20 crores, which you have added earlier.

- Kumar Sunit:** So, Keshav, it has normalized, and we have explained this in last Q4 call also that it has reached to new normalized level which is annually number of around Rs. 110 odd crores rupees plus minus Rs. 5 crores - Rs. 7 crores rupees and we would be remaining at that level.
- Earlier it was lesser and we have done certain revision in the life of assets, certain key equipment's and that was resulted into this increase. Now, this is by and large normalized level.
- Keshav Lahoti:** Got it. That is helpful. Thank you.
- Moderator:** Thank you. Our next question is from the line of Utkarsh from BOB Capital. Please go ahead.
- Utkarsh Nopany:** Yes. Hi. Good morning, sir. Sir, my first question is regarding your own manufactured plant sales volume. See, our own manufactured tile sales volume has been under pressure for the past eight consecutive quarters. So, can you please help us understand, is it because that the market size for our own manufactured tiles is shrinking or we are facing a step competition from the Morbi players so we are not able to grow our volume over the past two years?
- Abhishek Somany:** No. So, first of all, trading you are seeing gone up because we sold two of our joint ventures and both those joint ventures are actually supplying to us the same amount and what they were supplying earlier. So, nothing has changed.
- It is just that we are not in a JV. So, therefore, you see the trading volume going up. But yes, our particular plant, the pressure has been on the wall tile. The current, what we are doing currently is we are making, doing investments, small investments in balancing equipment to make these plants fungible to make also floor tiles.
- So, from H2 onwards, most of my wall tile plants, other than what I need for wall tiles will become fungible to produce even floor tiles. So, we will see capacity utilization go up significantly in H2, in our existing manufacturing.
- Utkarsh Nopany:** Okay. And so, like what would be a gross margin profile for our Max plant, say in the June quarter compared to our other plants? So, whether there would be a significant gross margin difference?
- Abhishek Somany:** That is too granular a question. We talk of gross margin, but Sunil wants to say that.
- Kumar Sunit:** So, Utkarsh, actually the gross margin of Max plant would not be a right number to reflect upon as of now, including the kind of capacity utilization we are operating at and the sub optimal product mix itself. Though we are operating at 54%, but that too is a suboptimal product.
- So, it would not reflect the right number. I think once we are coming with these investments and that will start probably towards the Q4, then next year onwards, this would be giving a right number.

Utkarsh Nopany: Okay. And so, lastly, what would be our maintenance capex guidance amount for FY '26?

Abhishek Somany: That is same as last year. Nothing has changed.

Utkarsh Nopany: Okay. Thanks a lot.

Moderator: Thank you. Our next question is from the line of Bharat Kudikyala from Choice Institutional Equities. Please go ahead.

Bharat Kudikyala: Yes. So, can I get some color on reason wise profitability? Like, one reason is looking good and one reason is not attractive at all.

Can you give more color on like a reason -wise profitability like some reason is attractive and some reason is like not attractive?

Abhishek Somany: I cannot understand you. I am sorry.

Management: What is after reason wise, how do you tell reason wise and what is that?

Bharat Kudikyala: Yes. Reason wise profitability.

Abhishek Somany: Profitability?

Bharat Kudikyala: Yes.

Abhishek Somany: There is no reason wise profitability. Profitability is between retail and projects. But we do not count region wise profitability, because in every region we are selling the same kind of product mix.

Bharat Kudikyala: Okay. And can you give us like a split between bath wear like sanitary and faucet wear? Revenue of sanitary wear and faucet wear, a split?

Abhishek Somany: Yes. Just a minute. So, sanitaryware, our revenue was Rs. 63 crores, which is sanitaryware and bath cuttings combined, up from Rs. 61 crores. And this would grow at about, in early double digits for this year.

We had a plant shutdown in sanitaryware in the first quarter, therefore, it was lower. But we are absolutely in a complete trajectory to grow at single, sorry, at low double digits for this year for sanitaryware. So, that is doing well.

Bharat Kudikyala: Yes. Faucet ware revenue? Like faucet ware?

Abhishek Somany: Faucet ware, well, when I say sanitary wear, it is sanitaryware and faucets combined.

- Bharat Kudikyala:** Okay, fine.
- Abhishek Somany:** But if you want granular, faucets went from Rs. 28 crores to Rs. 31 crores, but sanitaryware was flat. So, sanitaryware this quarter will be much better. So, therefore, we are absolutely on track for growth of early double digits.
- Bharat Kudikyala:** Okay. And can you give a gas price for Q-o-Q growth?
- Abhishek Somany:** A little bit, but largely, across India, largely flat.
- Bharat Kudikyala:** Okay. Thank you. That is it from my end.
- Moderator:** Thank you. Our next question is from the line of Vivek Tulshyan from New Mark Capital. Please go ahead.
- Vivek Tulshyan:** Hi. Could you share the total profit made or the loss made in the Max plant for the last quarter? And would it be fair to say that that was the key reason why the difference in profitability exists in the standalone and console basis?
- Abhishek Somany:** Yes. Approximately Rs. 6.5 crores has been the loss from the Max plant. We are going to reduce this loss significantly. And that is, yes, that is been the impact on profitability, which over age two will reduce and next year would probably be not there. So, very, very confident of that.
- Vivek Tulshyan:** All right. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we will now hand the conference over to Mr. Abhishek Somany for closing comments. Over to you, sir.
- Abhishek Somany:** Thank you so much for attending the Q1 earnings call. Like I said, challenging times, but when challenging times, you also find opportunities. We are looking at opportunities. Extremely confident of increasing our bottom line and also increasing our top line this year.
- Taken many, many corrective actions to make sure that our consolidated only betters our standalone. Because on the standalone front, we have done okay. But on consolidation, the one or two plants which have given a loss, sanitaryware is back online.
- Max, maybe we will take another quarter, but we will be completely back online. So, extremely confident on both those fronts. Look forward to the earnings call around Diwali. Thank you.
- Moderator:** Thank you very much. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your line. Thank you.