

February 02, 2026

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

The above said transcript has been uploaded at the Company's website [www.kajariaceramics.com](http://www.kajariaceramics.com)

Kindly take the above on your record.

Thanking you,

For Kajaria Ceramics Limited

Ram Chandra Rawat  
COO (A&T) & Company Secretary

Encl.: As above

**Kajaria Ceramics Limited**

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



“Kajaria Ceramics Limited

Q3 FY '26 Earnings Conference Call”

January 30, 2026



**MANAGEMENT: MR. ASHOK KAJARIA – CHAIRMAN – KAJARIA CERAMICS LIMITED**

**MR. CHETAN KAJARIA – VICE CHAIRMAN – KAJARIA CERAMICS LIMITED**

**MR. RISHI KAJARIA – MANAGING DIRECTOR – KAJARIA CERAMICS LIMITED**

**MR. SANJEEV AGARWAL – CHIEF FINANCIAL OFFICER – KAJARIA CERAMICS LIMITED**

**MR. KARTIK KAJARIA – HEAD, ADHESIVES BUSINESS – KAJARIA CERAMICS LIMITED**

**MR. PARVEEN GUPTA – VICE PRESIDENT, FINANCE – KAJARIA CERAMICS LIMITED**

**MODERATOR: MR. DHARMESH SHAH – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Kajaria Ceramics Q3 FY '26 Earnings Conference Call hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dharmesh Shah from JM Financial Institutional Securities Limited. Thank you and over to you, sir.

**Dharmesh Shah:** Thanks, Danish. Hi, everyone. Good evening and thanks for joining. We have with us senior management of Kajaria Ceramics, including Mr. Ashok Kajaria, Chairman; Mr. Chetan Kajaria, Vice Chairman; Mr. Rishi Kajaria, Managing Director; Mr. Sanjeev Agarwal, CFO; Kartik Kajaria, Head, Adhesives Business; and Parveen Gupta, Vice President, Finance.

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

**Ashok Kajaria:** Thank you, Dharmesh. Good evening, everyone. It gives me great pleasure to welcome you to the quarter 3 FY '26 earnings conference call of Kajaria Ceramics Limited. Joining me in this conference call is the senior management team of Kajaria Ceramics.

In quarter 3 FY '26, our consolidated revenue is flattish at INR1,168 crores compared to the corresponding quarter last year, mainly due to no growth in tiles volume and absence of Ply sales due to closure of that division. EBITDA margin in quarter 3 FY '26 is 17.2%, plus 442 basis points against 12.8% in corresponding quarter last year. However, EBITDA dropped by 74 basis points sequentially as compared to quarter 2 FY '26, mainly because of lower sales realization as we gave some discount in order to reduce our SKUs.

In Gailpur plant, we have converted 1 unit with a capacity of 9.1 million square meters from ceramic floor tiles to glazed vitrified tiles, to move towards value-added products as per prevailing market demand scenario. With Kajaria 2.0, our transformation journey has begun and we remain confident about sustainable value creation going forward.

Now for this quarter segment-wise financial performance. Tiles segment remained flattish year-on-year at INR1,030 crores in quarter 3 FY '26 compared to INR1,040 crores in quarter 3 FY '25. Bathware segment registered a 9% growth in revenue, reaching INR103 crores in quarter 3 FY '26 compared to INR95 crores in quarter 3 FY '25.

Revenue from adhesive grew to INR35 crores in quarter 3 FY '26 as compared to INR20 crores in quarter 3 FY '25. EBITDA improved in quarter 3 FY '26 to 17.20% as compared to 12.48% in quarter 3 FY '25, plus 442 basis points but dropped by 74 basis points sequentially as compared to quarter 2, mainly because of lower sales realization.

PBT (Profit before tax from JV, exceptional items and tax) for the quarter grew by 49% to INR165 crores in quarter 3 FY '26 as compared to INR111 crores in quarter 3 FY '25. PAT for the quarter grew by 13% to INR88 crores in quarter 3 FY '26 as compared to INR78 crores in

quarter 3 FY'25 due to adjustments of exceptional items of INR39.64 crores in quarter 3 FY '26. As of December '25, the working capital days increased by 8 days to 64 days compared to 56 days on 30th of September '25, mainly due to increase in receivables and decrease of other current liabilities.

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

**Moderator:** Thank you so much, sir. Our first question comes from the line of Keshav Bijayratan Lahoti from HDFC Securities. Please go ahead.

**Keshav Lahoti:** Sir, firstly, can you give some sense how is the unification working on volume and margin front? On last call, we were hopeful that some volume growth we will see because of unification. So how are things moving? And secondly, how should now we see margin going forward? The realization cut which you have taken, is it just for this quarter? Or will we see this impacting next quarter also?

**Chetan Kajaria:** So in terms of volume, the market scenario was weak. And also, we did destocking of inventory at the dealers end, so we could not grow in this quarter 3. But going forward, we see positive shoots going forward for growth.

**Rishi Kajaria:** So what's also happened was that we've been churning a lot of dealers. With all the unification happening, lot of tail end dealers are going out, some dealers are adding in. So lot of churning is happening. Cross-selling is happening because of cross-selling between the dealers. Lot of dealers were only probably working with one vertical where we're giving them other tiles as well.

So all that is happening. And also, we liquidated a lot of our stock, which was -- a lot of SKUs had increased. So all that happened in last quarter. And because of that, we remain flattish. But Jan looks little encouraging and we should be okay from here.

**Keshav Lahoti:** Got it. Sir, on the margin side, how are things moving? Can you give some more color what sort of margin improvement we can see? Maybe it's a few quarters we have started this strategy?

**Rishi Kajaria:** So margin will remain between 17% to 18%, somewhere in that band. That should happen.

**Keshav Lahoti:** So we are already there. So the juice out of unification on margin is already out, you mean to say no more levers are left? That is a fair assessment?

**Rishi Kajaria:** So even if the margin increases, we like to pump it back in the market in terms of advertisement. And we are -- now our focus will be more on increasing our sales and maintaining the margin.

**Keshav Lahoti:** Understood. Got it. And last question from my side, the ad spend for this quarter?

**Rishi Kajaria:** Ad spend for last quarter? October to December, you're asking?

**Keshav Lahoti:** Yes. Perfect.

**Chetan Kajaria:** We spent roughly INR24 crores in quarter 3. This is what...

**Sanjeev Agarwal:** We spent around INR24 crores in Q3.

**Keshav Lahoti:** Got it.

**Sanjeev Agarwal:** Little lower than the Q3 of the previous year. But in the fourth quarter, we intend to increase it much higher than Q3.

**Keshav Lahoti:** Got it.

**Sanjeev Agarwal:** So overall ad spend in the year would be lower as compared to the last year because we have not done one annual dealer meet, we used to do in Thailand. So that has -- we have saved around INR5 crores. So -- and we have negotiated well with our existing advertisement vendors. So -- and we have ignored some areas where we were not finding some value. So optically, advertisement will look lower this year but the value we have -- we will be getting more, what we have got last year.

**Moderator:** Thank you, the participant left the queue. Our next question comes from the line of Sneha Talreja from Nuvama Capital. Please go ahead.

**Sneha Talreja:** Thanks a lot for opportunity. Just a couple of questions now. Firstly, on the last con call, you mentioned that your cost-cutting measures are on and we can see quarter-on-quarter margin improvement and that was at the point where your margins were around 18-odd percent. But if I heard you correctly now, you are saying that margins will remain at the 17% to 18% and you will be passing on the incremental benefit to gain market share. Is that a change in strategy again?

**Sanjeev Agarwal:** Yes. In this quarter, the margin is 17% plus despite around 220% or 240% drop in the selling price. So our cost optimization journey has continued and we are further -- we have not stopped here. We have taken some low-hanging fruits but we have identified some areas where we'll be working in this quarter and the next -- the whole next year, the journey will continue.

But -- and as we said -- as Rishi ji has said that this quarter, we have -- there is a drop in selling price because of liquidation of some inventory. We have lot many SKUs because of this multiple divisions the SKU numbers have gone very high. So we are in the process to reduce that. So that is the reason we gave some discount. So that's the reason for the lower realization.

And for the lower sale, the reason is as we explained. I'm just repeating it, because we -- there was some destocking happened at the dealers level because one dealer -- suppose one dealer is a ceramic exclusive dealer, so we have to stop supplying ceramic to him. We are saying, no, now we will not give ceramic. You have to take some GVT. Some dealer is GVT.

He has to -- I mean it takes time for a dealer to change his display because he has been displaying all GVT. So he has to display ceramic, or ceramic dealer is displaying ceramic, he has to display GVT. So this -- some -- it's a big change, the big change in the corporate. So it will take some

time. So it is taking time but we are very sure, after this correction, we will emerge as a very strong and a very process-driven company.

Not only that, we are in the process of improving, like the fraud happened in the company. So we are revisiting. We have appointed a forensic auditor also. Ernst & Young, we have appointed. They have yet to give the report but *prima facie* the fraud amount because I know this question will come again, so I'm answering. So the fraud amount is not beyond what we have stated earlier. So that is there.

And they -- the -- we are doing our process audit also -- process -- all the processes we are getting it audited. And you will be happy to know that the -- we have found all systems are working very strong, except that subsidiary that was a unfortunate incident. But still we are in the process of strengthening our system, further strengthening the system. We have changed all the signing power. Even the Chairman cannot sign or even I cannot sign INR10,000.

**Sneha Talreja:**

Understood. That's excellent to know, sir. Sir, you also mentioned that you are changing SKU reduction. Could you speak more on it in terms of how much inventory levels could reduce because of that or properly what's the SKU reduction looking like? And can that have any impact on sales?

**Rishi Kajaria:**

See, what was happening was because as you said, there are different verticals, ceramic, GVT, PVT, so there was a lot of commonality in the products. So that is what we are doing. We're reducing the SKUs. So the plants are more -- the plants more efficient. And because of that, this was the issue of this quarter only. So lot of our work is done. We are emerging out much stronger in terms of our plants also and in terms of efficiency of the stocks also.

**Sneha Talreja:**

Understood. And lastly, on the growth front, firstly, we've seen some amount of exports inch up during first six months but like you mentioned that you were doing all of these SKU reductions because of which you did not see growth. But what's your outlook now probably for next quarter or next year in terms of demand growth? How are you seeing your volumes shaping up in terms of tiles, that's one.

Secondly, even in terms of bathware, you have hired a consultant. You mentioned that last quarter. We've seen around 9% growth this quarter. How is that shaping up? And what's the outlook for that segment also next year?

**Chetan Kajaria:**

Sneha, in the first part, as we said, January is looking positive and encouraging and we are seeing a positive growth going forward from quarter 4 onwards.

**Rishi Kajaria:**

And the same will be both in tiles and sanitaryware as well. Even though that will have a much -- in sanitaryware, we're definitely looking at a double-digit volume growth from here.

**Sneha Talreja:**

And anything on the tiles front? Could we hear some numbers for the month of Jan or probably some guidance there in terms of volume?

**Rishi Kajaria:**

Still early, Sneha, still early to give the numbers. But yes, Jan has been little encouraging.

**Sneha Talreja:** Understood. Thanks team. All the best.

**Moderator:** Thank you. Our next question comes from the line of Sonali from Jefferies. Please go ahead.

**Sonali:** Sir, my first question is regarding Morbi. Could you help us understand how things are shaping up in terms of -- are the exports back on track? Are they still creating a lot of pressure in terms of domestic market pricing, etcetera?

**Chetan Kajaria:** Sonali, so Indian tile exports have experienced a 20% fall in value in FY '25 to INR16,000 crores due to increased freight rates due to Red Sea crisis and the ongoing geopolitical disturbances. In quarter 3, we exported around INR4,000 crores from the country approximately. So let's see if the trade deal with U.S. is positive, then it will result in increased uplift of exports also.

**Rishi Kajaria:** Sonali, it's not actually getting any pressure in the domestic market because a lot of these plants are closed in Morbi. If the sales don't happen, they close the factories. It is very difficult to sell -- for them to sell in domestic market, off and on.

**Sonali:** Okay. Sir, I would just like to have detail about this point. You're saying that the factories in Morbi are closed right now. Since when and how much affect...

**Rishi Kajaria:** No, no, no. What I'm saying is, if the exports go down, lot of factories in Morbi are only export based. When the exports come down, they close down their factory because it is very difficult for them to liquidate that material in the domestic market.

**Sonali:** Understood. Got it. Sir, secondly, on gas pricing, any -- so what has been the gas pricing in Q3 for us across regions, if we give? And how do you expect the gas pricing to go forward?

**Chetan Kajaria:** Sonali, in quarter 3, the gas pricing has been average of INR37, North was INR38, South INR38 and West was INR37. And going forward also, we expect it to remain stable.

**Rishi Kajaria:** But INR1 will slightly...

**Management:** There is a increase of INR1 going forward in quarter 4.

**Sonali:** Got it. And just one last question. Would you like at this point to give any kind of volume guidance for FY '27?

**Chetan Kajaria:** No guidance as such. We just want to do our job and we'll work for the best.

**Sonali:** Got it Sir, Thank You very much.

**Moderator:** Our next question comes from the line of Omkar Ghugardare from Shree Investment.

**Omkar Ghugardare:** Sir, just wanted to get your outlook on the growth front since you have mentioned that with 2.0, you will be moving ahead with all the measures which you have already taken and all the measures you will be taking. Where does the growth factor comes in? Like what kind of growth we can achieve in the next 2, 3 years, double digit, higher single digit? Obviously, it depends on the market but still.

**Rishi Kajaria:** As you said, this was a year of correction. And Jan has been positive. But yes, next year, we are definitely looking at a good value growth.

**Omkar Ghugardare:** I mean, can you just quantify, if not exactly but I mean, higher double digit, single digit, lower single digit?

**Chetan Kajaria:** It is difficult to quantify

**Rishi Kajaria:** We do not want to quantify it. But we should -- we are looking at it in a very positive way. We are getting a very positive feeling for the next year.

**Omkar Ghugardare:** And there will be some growth in revenues and margins will be in the similar range, 17% to 18%?

**Sanjeev Agarwal:** Should be around that because lot of -- because as I said, the cost optimization certainly will continue. And when there was a exceptional dip in this is not there, maybe here in the next quarter, it may continue in this quarter as well. But from the next year onwards, it's very light company in terms of SKUs and our all dealers would be -- will be unified, which is still under process. So we are working, dealer will honor our -- is doing in a old fashion. So we are all doing it digitally.

We are working a lot on digital thing. We are -- not only that, we are hiring good people. We are hiring at least 3 to 4 C-level people, which we will disclose when they join within next 1 or 2 months.

So see we are strengthening the company all the way and growth is -- will be a result of the improvement in the system. So when the systems are weak, not the system, I mean the process, the selling and the dealer -- long tail of dealer. We have identified white spaces. We have identified when we do the right thing, growth has to come automatically. And we are -- despite the number one company, we are -- our market share is very less.

So we have -- even if the industry doesn't grow, which has happened in the past, the industry didn't grow but we took the market share. And we are hopeful that next year onwards, we will continue to repeat our old time and take the market share significantly.

**Omkar Ghugardare:** So just wanted to know what exactly are the points you are focusing on, on this Kajaria 2.0 and how you are utilizing the cash balance in order to increase your growth ahead or to support the growth?

**Sanjeev Agarwal:** I answer the second question...

**Rishi Kajaria:** So for the sales strategy, what we are doing is, as stated earlier; one, we are talking about cross-selling of the dealers. Earlier dealers were working in only one vertical. Now they are adding second and third product lines as well. Second, we are putting a major thrust on the architect and interior designer community. This we were not focusing much earlier on.

So we are making a very solid team all over India whose job is only to service these architects and interior designers and get products approved. Government is another sector that we are

working on as well where we have a strong government team also to do this. All these initiatives in the work will happen.

**Omkar Ghugardare:** Yes. And if you can answer how we are utilizing the cash balance?

**Moderator:** I'm sorry to interrupt you, Mr. Omkar but there are a lot of background noise coming from your end.

**Omkar Ghugardare:** Yes, sir. The...

**Sanjeev Agarwal:** No problem. So, we are doing, we answered this many times. We are not going to do a big thing. We are -- the balance sheet -- driving the balance sheet in a -- and we don't see major capex in next 1 or 2 years. So maybe if we -- we continue to keep the cash and may increase the dividend and all. I can't say at this moment. But we don't have any major capex in the future. We don't see any capex in next...

**Rishi Kajaria:** No major capex is planned as of now?

**Sanjeev Agarwal:** So cash balance may increase going forward.

**Moderator:** Our next question comes from the line of Utkarsh Nopany from Anand Rathi Institutional Equities.

**Utkarsh Nopany:** Sir, my first question is regarding the pricing scenario in the bathware portfolio. So just wanted to know, have we taken any price hike recently or plan to take any price hike in faucets and sanitaryware, we are both? Sir, if you can specify how much price hike we are planning to take in both?

**Rishi Kajaria:** So yes, the brass prices have really increased and the entire industry has taken a price hike and so have we. So from 19th of January, we have taken a price hike in the faucet products in the -- to the tune of about 8% to 12%. And sanitaryware, we plan to take a price hike probably from 1st of March.

**Utkarsh Nopany:** Okay. And sir, how much price hike we are planning to take for sanitaryware portfolio?

**Rishi Kajaria:** Not that much. There, the cost has not increased that much but we'll take a call. We're still working on it. We're still working on our pricing strategy.

**Utkarsh Nopany:** Okay. And second, sir, on the tiles realization front, if we see for our own manufacturing product, the tiles realization for us, it has fallen from 401 square meter in Q3 of FY '23 to right now at 365 square meters. So we have seen a decline of close to around 9%. So if you can help me out when we can start seeing improvement in our tiles realization, sir?

**Rishi Kajaria:** So what, for that, we are doing a couple of things. As we said, even the architects, interior designers team, they will also help us sell in more value realization tiles. See, prices of tiles are not increasing in the market with so many players there. But the only way forward is that we have to sell more of value addition. So it's difficult to again calculate and tell you what is the price realization going to be.

But it should not go down from here. The way we are working, I think we'll maintain it and slowly it should go up.

**Sanjeev Agarwal:** And we have converted one line of ceramic of 9 million in Gailpur plant in GVT. So that should also...

**Rishi Kajaria:** Help in improving realization.

**Chetan Kajaria:** That improves the bottom line further.

**Utkarsh Nopany:** Okay. And sir, lastly, on the capital allocation part. We have already mentioned that we are not planning to do any major capex. But if I see our tiles own capacity and plus JV capacity has gone down from 92.5 million square meter to 82.5 million square meter over the past 18-month period and we are operating at almost full capacity?

Whereas if we see 2 unlisted players, Simpolo and Varmora are almost doubling their capacity. So just wanted to know whether our conservative capital allocation is not likely to result into any loss of market share for us in the coming quarters' time frame?

**Chetan Kajaria:** No, market share loss is not a situation at all. So there is enough capacity available at Morbi at very good competitive prices for us to outsource from them and sell in the country.

**Rishi Kajaria:** And we also have a very substantial production capacity built in. And whenever we feel the need, we can always expand. So right now, we don't need to -- feel the need to do it. Our capacity that with the industry, with all -- we have a capacity, 82.5 million. The rest of the players are still in a much lower capacity than us.

**Utkarsh Nopany:** Okay. Fine, sir. And sir, if you can just specify what is the share of our institutional sales in December quarter versus last December quarter?

**Chetan Kajaria:** So roughly, our share is 70% in retail and 30% in projects. And this projection includes government projects also and private projects also with builders basically.

**Moderator:** Our next question comes from the line of Praveen Sahay from PL Capital.

**Praveen Sahay:** Sir, my question is, as you had mentioning that lot of cross-selling you are emphasizing to your dealer. So now where we are in the churn within the dealers, like 100% of that has been achieved or 70%, where we are right now?

**Rishi Kajaria:** So I would say about 70% to 75% is already done. Rest will all happen in this quarter. That does not mean that we'll not grow in this quarter. We definitely grow as well in this quarter and the remaining churning will also happen. So that next year, when we start the next financial year, we'll be in a very, very solid position.

**Praveen Sahay:** Okay. Good to hear that. Second question is, as realization on a sequential basis has been down but your gross margin has improved. So is there some cost related to the RM as well, some rationalization happened? What exactly happened there?

**Sanjeev Agarwal:** Yes. As I said, the cost optimization journey has continued. So if the sales realization wouldn't have dropped, the margin would have been much higher. This margin, 17 plus margin is despite the drop of 250 bps or 240 bps decline in the selling price -- sales realization.

**Praveen Sahay:** Right. You are -- I'm saying that your realization has down -- gross margin has improved actually sequentially. So gross margin is a function of realization and the RM. So is there a some...

**Sanjeev Agarwal:** So your -- have you taken the gross margin, have you taken the power and fuel also?

**Praveen Sahay:** No, sorry, what have you taken? Yes, yes. Hello, sir. What you said, sir? Sorry?

**Sanjeev Agarwal:** You have to take the -- most of the analysts are not taking the power and fuel in the consideration. You have to include power and fuel here then as compared to Q2 -- Q2 FY '26 was around 36% and even this quarter, it is 36%. To be very precise, it was 37% in Q2 FY '26 and in this quarter, it is 36%. For that, you have to take raw material, trading purchase and power and fuel in source and spare.

**Moderator:** Our next question comes from the line of Nilesh Sharma from Anantnath Skycon.

**Nilesh Sharma:** Sir, I just want to know, from a long-term industry structure perspective, when do you believe that Indian tile industry reaches an inflection point where organized players start gaining visible market share from Morbi or unorganized players?

**Rishi Kajaria:** Saying when do you think in the long-term industry -- long term...

**Nilesh Sharma:** Sir? Hello?

**Rishi Kajaria:** Just repeat your question for everybody.

**Nilesh Sharma:** Yes. Sir, my question is, from a long-term industry perspective, when do you believe Indian tile industry reaches at the point where organized players gaining the visible or sustainable market share from Morbi or other unorganized players, so that we like Kajaria, Somany like players will gain the momentum?

**Ashok Kajaria:** See, 2 things are happening. One is, GST has changed lot of perspective. Earlier, as we all know, there was a lot of problem on various fronts. With GST, 2 things have happened. Everybody has become part of GST, almost you can say 80% of the industry are in GST. Some here and there is still being done at Morbi by under-pricing, as we all know.

But GST is a big game changer. With the process of time, what will happen is, the branded players today, you see the prices of all housing is going up. People prefer good products as we all know. So with the change of time, the branded players will be more preferred compared to Morbi.

Even in Morbi, some people are emerging as branded players like Varmora and Simpolo. And I think over a process of time, it's a time which will tell but things will happen, whereby the current share of the organized is about 40%. The share of Morbi is about 60%. I would say about 2 years' time or 3 years' time, it will be 50-50.

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

**Rahul Agarwal:** Sir, the first question on -- before the unification, I think the pricing, dealer schemes and incentives for ceramic, PVT, GVT would have been different, right, for all 3 segments. Now given the unification has happened, has that been aligned? And are the dealers now comfortable understanding the pricing and scheme structure?

**Chetan Kajaria:** Yes. So just to answer that question, with effect from 1st of Jan, we have aligned the pricing in ceramic, GVT and PVT, made the discount structure very similar. So when a sales team goes to a dealer, it's very easy for him to explain what are the various schemes and pricing structure of all the 3 verticals and also align the incentive policies to a great extent. It's all performance-based. So it has become simpler post unification rather than it was pre-unification.

**Rahul Agarwal:** So when I talk to dealers, what I hear is that the earlier person who was handling 3 segments, 3 products separately, because of different schemes and structures, it's still getting difficult for them to understand the new pricing in schemes. And hence, they are still contacting the older sales managers to place orders. Any thoughts on this?

**Chetan Kajaria:** This happened on 1st of Jan. So it will take, let's say, 1 month, 2 months' time for them to absorb and get in the market also. And once it -- explain to all the dealers, it will all become very simple and transparent for them to understand the new systems and the policies.

**Rahul Agarwal:** Okay. Like is it possible to do certain central meeting with all the dealers and explain them this? Or how does it work? Like how are you communicating this with your channel?

**Chetan Kajaria:** We can't do a central meeting because every geography and zone is different. You cannot get 800 dealers on a call today then because the pricing and systems are different -- schemes are different for various zones, North East South West. So it's all been told to the dealers by the people on the ground and we've have had some meetings with dealers in various pockets to explain them what the new scheme and policy is.

**Rahul Agarwal:** I understand that. Understand. Of course, I mean, it has to be more regional driven kind of effort to communicate. Got it. So very clear on that. Secondly, when I look at the production breakdown. The production, it's 6 million square meters a quarter is what you report as a joint venture production. Just wanted a clarification. This joint venture production are entities referred to which region? Is this largely Morbi and South Asian Ceramics?

**Rishi Kajaria:** Yes. The joint ventures are 3 in Morbi and 1 in South Asia -- is South Asia. 4 plants are joint ventures.

**Rahul Agarwal:** Right. So over here...

**Sanjeev Agarwal:** One of the subsidiary. Sorry, one of the subsidiary, we have in the Board meeting, we have taken approval to acquire 10%.

**Rishi Kajaria:** One of the joint ventures to make it a wholly owned subsidiary.

**Sanjeev Agarwal:** So it will not be a joint venture. And even the joint venture, we have increased our equity significantly. So the ultimate aim is to acquire the balance and merge it with Kajaria Ceramics going forward. And run it more efficiently.

**Rahul Agarwal:** Right. That was the precise question that incrementally, this 6 million square meter per quarter or '24, '25, for the full year will actually move to own manufacturing and there will be no JV production breakdown available. Is that correct?

**Rishi Kajaria:** That's the endeavour as we go along. We'll take a call. As we said, that out of 4 JVs, this quarter, we have converted 1 JV into a -- taken the permission to convert into a wholly owned subsidiary. Like that, as we go along -- but we still own majority of the shares of these JVs, 80%-plus in Morbi, all the JVs, we have almost 85% plus equity and we are running the plants. South Asia, this is about 60%.

**Chetan Kajaria:** There also we are only operating a plant basically.

**Sanjeev Agarwal:** So it is -- it -- earlier it used to be JV in real JV because these people, our partners used to run the plant. But over a period of last couple of years, we have taken the management control and they are just shareholder but we are running the plants.

**Rahul Agarwal:** Absolutely. I completely agree. That's what I was wondering that since we own majority and now the endeavor is to own majority and 100% ownership, it should all move to own manufacturing versus joint venture. So I agree.

**Sanjeev Agarwal:** And Rahul, it's tax efficient also, suppose some JV is having losses. So that is not getting any benefit and the Kajaria, I'm paying tax. So once we merge everything, so it will be very -- then there will be no related party transaction, no tax issues. So it will be very clean system of working going forward.

**Rahul Agarwal:** Absolutely. Got it. And last question was on discounts. I mean the discounts, was it region-specific or it was PAN-India offering from your side, like the SKU reduction, which happened?

**Chetan Kajaria:** SKU reduction was plant-wise across the country.

**Sanjeev Agarwal:** Across the country and across the country, brand-wise and dealer-wise as well.

**Rahul Agarwal:** Okay. Got it. So there's nothing to do with abnormal inventory, right? Because when I look at September balance sheet, the inventory was fine. This is largely, what is this related to?

**Rishi Kajaria:** This is more of cleaning up of our own plants. We are making our plants more efficient. The plants -- what has happened is, the plants which -- the tiles which sell more, how we are making sure that their stock is more as compared to a lot of dead inventory and the plant -- tiles we don't sell more. So that is the churning of the inventory and that is also all the liquidation of the old stock which happened this quarter.

**Sanjeev Agarwal:** And Rahul, one more thing, though we have not reduced the inventory at the company level, there is a marginal increase in the inventory at the company level. But as Rishi ji had explained because of the destocking that inventory at the dealer level has diminished.

**Rishi Kajaria:** Which will help us in future.

**Rahul Agarwal:** Got it. Very clear, sir. Thank you so much for answering the question and all the best.

**Management:** Thank you.

**Moderator:** Our next question comes from the line of Rahul Agarwal from IKIGAI Asset.

**Rahul Agarwal:** Thank you for the follow-up. Just one question on the gas consumption. Overall, all inclusive, in a year, how much of gas do our plants consume? About 200 million cubic meters. Is that correct?

**Chetan Kajaria:** No, no. Not 200 million.

**Rishi Kajaria:** Overall gas consumption. We'll have to come back to you.

**Chetan Kajaria:** We can come back...

**Chetan Kajaria:** We can come back on this question with a definite answer.

**Ashok Kajaria:** Exact number.

**Ashok Kajaria:** When you talk about fuel, it's a combination of gas and biomass also.

**Sanjeev Agarwal:** Biomass and coal as well.

**Ashok Kajaria:** And in North, we are using a combination of biomass and fuel. In Morbi, it's all about fuel and coal. And so we have to do plant-wise working and come back to it, on the gas front, how much gas we are using. Because currently, what is happening in Morbi, they have an option to use gas or propane. So exact details, we will come back and comment.

**Sanjeev Agarwal:** But Rahul, your question, why this question, you want to know, you have any apprehension about the gas price increase? This is why you are asking this question, on why you want -- you are interested in knowing the quantity. I can tell you there is no impact of gas in this quarter and because some people have some apprehension because of increase in Henry Hub.

There is a cost escalation. So that gas, I can clarify, that is 4% to 5% of our overall gas – power and fuel consumption. And that was temporary hike in few days back because of the extreme cold in the Europe, which has gone down.

And there will be no impact of any gas either in this quarter. There will be maybe marginal gap, let's say, INR50 lakh to INR80 lakh in the next quarter. So beyond that, there will be no increase in the gas price, as of -- if I take the prices today.

**Rahul Agarwal:** Got it, Sanjeevji. Thank you so much.

**Moderator:** Our next question comes from the line of Bhavesh from DV Investment Advisors.

**Bhavesh:** Can you just -- about the export scenario like last year, it was around, say, INR18,000 crores. So can you give me a more update export scenario like what is the situation now and what the unorganized players, like where are their supply going?

**Chetan Kajaria:** So FY'24, the exports was INR20,000 crores. And this year, we're estimating it to be around INR16,000 crores. So going forward, exports should be stable and growing only. And once the US trade deal comes to light, then we'll know much more what the US tariffs will be.

**Bhavesh:** How much exports will be around for the 9 months period, any estimation?

**Chetan Kajaria:** INR12,000 crores.

**Bhavesh:** INR12,000 crores and we are expecting it to be INR16,000 crores for this year?

**Management:** Correct. Approximately for the financial year.

**Bhavesh:** Okay. Understood.

**Moderator:** The next question comes from the line of Bharat, an Individual Investor.

**Bharat:** Thanks for the opportunity. I just wanted to know about bathware segment. How are we going forward with our distribution channel? Are we adding dealers, retailers? How is -- basically that?

**Rishi Kajaria:** So in bathware, we have a mix of both distributors and retailers. Some areas, distributors are working, some areas it's -- retailers are working. So there also a lot of this work is happening. We are going in -- so bathware, still it's taking a little time. But we are still going in attacking all the dealers, getting there, making sure our products are displayed. So we are seeing some results. And hopefully, that should also change as we go along.

**Bharat:** Can you quantify how much are our dealers, retailers?

**Rishi Kajaria:** How many...

**Chetan Kajaria:** No, we cannot quantify.

**Bharat:** Thank you.

**Dharmesh Shah:** Ladies and gentlemen, due to the time constraint, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you and over to you, sir.

**Ashok Kajaria:** Thank you, Dharmesh. I think it was a good interaction with the people who are there. I thank on behalf of Kajaria, on behalf of people for asking questions and thank you very much for today's deliberations. Thank you.

**Rishi Kajaria:** Thank you.

**Management:** Thank you.

**Moderator:**

Thank you so much. Ladies and gentlemen, on behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.