

Somany Ceramics

12 August 2026

Operator: Good afternoon, ladies and gentlemen. Welcome to Somany Ceramics Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Naveen Agarwal, Head of Institutional Equities at SKP Securities Limited. Thank you, and over to you, sir.

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

Abhishek Somany – MD & CEO: Good afternoon, ladies and gentlemen. Welcome to the earnings call for Q1 FY27. As you can see, our sales have grown moderately by about 3%, whereas value has grown by 24%. Sales growing only by 3% was due to the fact that, in April, we did not get a certain segment that we generally buy from Morbi. As you all know, Morbi was shut for the entire month and a half. So, we missed a couple of percentage points of sales, but this would be made up very handsomely this quarter.

As a result of capacity utilization, our EBITDA margins have gone up due to operational efficiencies, both from capacity utilization in our plants and from the performance of the JVs. EBITDA margins went up by 3.6% to 11.6% for the quarter. Capacity utilization in the JVs and, very significantly, in our own plants has gone up.

Gas prices have been extremely volatile. I mentioned that in the earnings call for FY26, but gas prices since then have been extremely volatile. Every month, there have been small increases in gas prices. Fortunately, we have been able to pass on all the gas price increases until now. The current price increase has been between 16% and 18%.

Other than that, demand in May and June has been quite decent. July has also not been bad, considering that there have been rains in many parts of the country. Morbi operations have completely started. They have resumed 100% production using very expensive gas supplied by GAL, formerly known as GSPCL. The price is significantly higher, and they have also priced it in as far as their pricing is concerned.

The only negative in the quarter from a Morbi perspective is that exports have been down due to geopolitical reasons. Exports are down by a good 50–60% from the peak. That has been a bit of a downer for the quarter, and this could continue probably for this quarter until the situation starts settling and freight starts settling.

We have been growing healthily in our sanitaryware, bath fittings, and building materials divisions as well. Again, we have undertaken a large expansion in the construction chemicals space. We have added capacity in the South, and we have also added a very large capacity in the North, which went on stream only last month. The effects of that will be seen partly in this quarter and mostly in the

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next quarter.

Advertising spends are in line, and receivables are in line. We have improved our receivables. We have been able to reduce our stock fairly significantly due to Morbi not operating. That has been a big booster for clearing out old stock and also reducing a large amount of inventory that we were carrying from the past.

Our debtor days, inventory days, and creditor days are all healthy. Working capital days have also come down from 17 to 12 days.

Overall, we are extremely bullish about the future outlook. Because of that, we have announced the setting up of a 9 million square meter-plus plant in the South, which would be up and ready in the next 12-15 months. This would give us potential revenue of about 350 crore rupees.

Other than that, we are taking many more steps, all of which are work in progress, to augment capacity further by about 4-5 million square meters in our existing lines in Bahadurgarh, which is in Haryana, Gujarat, Morbi, and also in the South. All put together, we will be adding another 4-5 million square meters. This would be ready from mid-Q3 and would be completely in place in Q4.

This would add not only capacity but also a value-added mix. I have been maintaining that our JVs were not performing to our expectations last year. This year, they have all started performing, and they will only perform better going forward.

Again, in one of the JVs, we have undertaken a fairly significant— I am sorry, not a capacity increase. We have undertaken a significant value-add increase through balancing equipment. It does not come at a large cost, but it will further add value to our products.

From a product and volume point of view, we are looking good for the future. We maintain that the EBITDA margins delivered in this quarter will be maintained, and we are trying to improve the EBITDA margins that we delivered in the last quarter and in this quarter. On EBITDA, value, and volume, things are looking very positive going forward. I will stop here and take any Q&As going forward. Thank you so much.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touch-tone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register for a question, please press star and then one now. Your first question comes from the line of Sneha from Nuwama. Please go ahead.

Sneha – Nuwama: Hi, good afternoon. Congratulations on a great set of numbers. Coming to your margins, which are quite surprising, we generally see a strong quarter-on-quarter drop in Q1. This time, we have seen a strong improvement in margins. What is really leading to this change? How structural is this change in terms of these numbers remaining from Q2? That is the first question.

Abhishek Somany – MD & CEO: Sneha, I think this is because capacity utilization is much better than last quarter. If you compare it with the same time last quarter, which was Q1 last year, it was 72%. We are at 83%, and that is an 11% increase—sorry, on a standalone basis. On a standalone basis,

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capacity utilization has increased from 72% to 83%, which is a major, major increase, and that has led to the margin improvement.

On the other front, our JVs, which gave us a loss of 10 crores in the same quarter last year, which was Q1 last year, are in a profit of 3 crores this time. This would only get better going forward. So, we are very confident of maintaining this margin and improving it further.

Sneha – Nuwama: That is a strong commentary. Secondly, with respect to demand, while we understand that April was slow for us and May and June saw a pickup, how has July been for us, if you could quantify some numbers here? We also keep hearing very mixed things about Morbi. At times it is shut, and at times it is opening up. What is the situation, and how are exports doing?

Abhishek Somany – MD & CEO: First of all, exports—April was not slow. April was slow because there was no material available in Morbi. There was only that much material available, and even our plants were affected because there was a restriction of 60% and then 80%, so some of our lines were also shut. A lot of the material had already gone out in March. Therefore, we were also at lower capacity utilization from that point of view, considering that we did not have enough gas, which normalized in May.

As far as Morbi is concerned, there is no ambiguity. It is not shut or closed. It has been open since May. Of course, it took 20 days to completely normalize because of labor unavailability. But from the end of May onwards, they have been absolutely at 100% capacity. Fifteen to seventeen percent of Morbi, which has not started, is never going to start. It did not start even in May, and it has not started even today.

Morbi is 100% functional, with 83–85% of the units functional. Exports, as I said, are down, and that will take time to settle.

As far as demand in July is concerned, July, with the rains, is obviously a tough month. But frankly, we have been able to push our sales.

Sneha – Nuwama: Understood, sir. Thirdly, I wanted to understand the gas pricing. What would be the pricing in Morbi versus your North and South plants?

Abhishek Somany – MD & CEO: Our blended price comes in at about 68. In the South, we are still buying partly in the spot market. The South and Morbi are pretty much at the same level, which is close to the mid-70s. In the North, it is slightly lower, at around the 68–69 rupee level.

Sneha – Nuwama: Understood, sir. That was very helpful. Thank you very much, and all the best.

Management: This is for natural gas. This is the pricing for natural gas.

Sneha – Nuwama: But is that your blended fuel cost, because you also use biofuels? We would like to get your blended fuel cost for Q1.

Abhishek Somany – MD & CEO: No. What we have reported is the blended natural gas cost.

Sneha – Nuwama: Could you help us with your blended cost for Q1 versus probably the Q4 blended cost?

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Abhishek Somany – MD & CEO: I do not have that off the cuff because we do use reasonable amounts of by-products. Yes, please.

Sneha – Nuwama: Sure. Thank you, sir. All the best to the team.

Abhishek Somany – MD & CEO: Thank you. Thank you.

Operator: The next question comes from the line of Guneet Singh with Counter-Cyclical PMS. Please go ahead.

Guneet Singh – Counter-Cyclical PMS: Hi, thank you for this opportunity. What kind of price hike did we take in Q1?

Management: You can take an average price hike of about 16–17%.

Guneet Singh – Counter-Cyclical PMS: Understood. How much of a premium do we have over the players in Morbi in terms of realizations? Because of the higher input costs, I believe that Morbi also took price hikes, and our premium over them narrowed in the previous quarters. How does it look now?

Management: I do not understand what you mean by higher input costs. What do you mean by that?

Guneet Singh – Counter-Cyclical PMS: Higher gas prices.

Management: We do not have higher gas prices. Our gas prices are the same as what other people in the country are getting.

Guneet Singh – Counter-Cyclical PMS: No, what I am saying is that the Morbi producers took a price hike because of higher gas prices, right? And our premium over them...

Management: Oh, that way. Our price increase was about 16–17%. Morbi's increase was more than double that because they were selling at a much lower price than us. Obviously, when they increased prices by more than double what they were selling at, the price gap between us and Morbi reduced.

Also, do not forget that Morbi was buying propane and LPG earlier and not natural gas. They were buying that in various different ways, which were not the cleanest of ways. Now that they are buying Gujarat Gas, they have to rectify their books. That also narrows our landed pricing to the dealer versus the Morbi benchmark.

Guneet Singh – Counter-Cyclical PMS: Understood. So, our premium has basically narrowed despite the price hike.

Management: That is right.

Guneet Singh – Counter-Cyclical PMS: Currently, in Q2, have we seen a fall in gas prices or in our blended gas costs?

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Management: No. The prices in June and July—in fact, July is a little higher, marginally higher, but a little higher than what they were in May and June. August is also slightly and marginally higher.

Guneet Singh – Counter-Cyclical PMS: Understood. How does the demand scenario look for the rest of the year, given that prices are also higher but demand is still holding up? I think it was 2% higher than this quarter. How do you see the scenario, and what kind of...

Management: Demand is looking good. Let us not forget that, in the last 30 months, prices had also reduced by 15–16%. So, that has been the price increase. From that point of view, because of that scenario, it has been well accepted in the market.

Demand seems to be absolutely good. Of course, there are these months of rain, which have nothing to do with demand. It is more of an issue with the weather. Other than that, demand is perfectly fine.

Guneet Singh – Counter-Cyclical PMS: Understood. If we look at the current cycle, or perhaps the last 5 years, how would you compare our current prices? Are they mid-cycle or are they high?

Management: I do not understand your question.

Guneet Singh – Counter-Cyclical PMS: You mentioned that prices were higher earlier and were reduced, right? I want to understand whether, with today's high prices and the price hike, we still...

Management: We are still lower. We are still lower than where we were 5 years ago. The cost of tiles 5 years ago was higher than it is today, inflation-adjusted.

Guneet Singh – Counter-Cyclical PMS: Understood. So, despite our business growing over the previous 5 years, our company has developed... Hello?

Management: Yes.

Guneet Singh – Counter-Cyclical PMS: Yes, I am saying that despite our business growing over the previous 5 years, our company is currently trading at a market cap of 2,100 crores and at an EV/EBITDA of around 8–9, which is 50% lower than our own historical P/E and perhaps half the valuation of our peers. Our stock price has given a negative 5% CAGR over the last 5 years, despite Somany building a household brand. I would require the management to seriously consider a share buyback because it would not only be EPS accretive...

Management: Thank you for your suggestion.

Operator: Guneet, for further questions, may I request you to rejoin the queue for follow-ups, please? Thank you. Ladies and gentlemen, to ensure that the management is able to address questions from all participants in the conference, we request you to limit yourselves to two questions each and rejoin the queue for any further follow-ups. Our next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.

Keshav Lahoti – HDFC Securities: Hi, thank you for the opportunity. We saw that demand was slightly muted in March and April because of the production shutdown and related issues. We were expecting pent-up demand to come through by June, in the last quarter. Have we seen that? Where

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are we currently?

Management: Sorry, I did not get your question.

Keshav Lahoti – HDFC Securities: In the last call, you said March was slow and April was slow because of a supply issue. The expectation was that once the supply issue normalized, we would see pent-up demand. Have we seen that, or where are we on that front? Morbi was shut, and volume growth is still in the low single digits. When should we expect high-single-digit volume growth?

Management: We are getting high-single-digit volume growth. In fact, we are getting not high-single-digit but mid-single-digit volume growth now, and this is looking good. Beyond a point, the biggest positive is that the price has been pushed into the market, and we are seeing very decent volume and value growth.

Keshav Lahoti – HDFC Securities: Understood. It is very heartening to hear you say that the margins shown in the last two quarters will continue. But, just to play devil's advocate, Morbi was shut and there was a supply crunch in the market, which will now normalize because Morbi has started operations. Exports are weak. Potentially, price cuts and related factors could play out in the coming months, which could put pressure on our margins. What are your thoughts on that?

Management: My margins have not really gone up because of pricing. My margins have gone up because of operational efficiencies: we are producing 100% in our own plants, and our JV losses have come down. Due to that, margins have gone up and not so much because of pricing. Pricing has only been a pass-through. I am not earning anything from the pricing.

If prices go down, so be it, as long as I am producing 100% and my JVs are profitable. These margins would sustain. That is why I am so confident.

Keshav Lahoti – HDFC Securities: Understood. That is good to hear. One last question from my side. How has Somany Max performed? Has it been EBITDA-positive this quarter, and how has it been?

Management: In the same quarter last year, Somany Max had a loss of 7 crore rupees, and this time we have a loss of 1.something crore rupees. Going forward, even this could be controlled. If you remember, I had said that Somany Max would be in a situation where the loss would be 10 crore rupees or less. We are very confident of achieving that, if not better than that.

Keshav Lahoti – HDFC Securities: Understood. Thank you.

Management: Thank you.

Operator: Our next question comes from Saket, an individual investor. Please go ahead.

Saket: Good morning, sir. My question is that, as you said, the EBITDA margin will be maintained at this level, and since your prices have increased while Morbi's prices have increased even more, the difference between the two has narrowed. Is that why the margins have been maintained, or why do you say that the margins will be maintained going forward?

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Management: It is because of operational efficiency, as I mentioned earlier. It is because of operational efficiencies.

Saket: So, these efficiencies can come down once Morbi comes back, and if gas prices fall in the future and Morbi again reduces the price of its products, then in that case would EBITDA...

Management: Of course, if gas prices go down, we will also reduce the prices of our products. Obviously, just as we passed on the increase, we will pass on the benefit as well. But that does not take away the operational efficiencies of our JVs, on which I worked so hard last year to make sure that they are efficient in terms of producing material. The biggest part is that our own plants are producing at full capacity.

Saket: For this year, what kind of volume growth do you see?

Management: Mid-single digits.

Saket: Mid-single digits. In the last quarter, you told us that...

Operator: Sorry to interrupt, Saket. May we request you to return to the queue for further follow-ups, please, as there are several participants waiting for their turn? Thank you. Participants, please limit yourselves to two questions each and rejoin the queue for further follow-ups. Our next question comes from Viraj Kacharia with SIMPL. Please go ahead.

Viraj Kacharia – SIMPL: Hi, thank you for the opportunity, and congratulations on the good numbers in a challenging environment. I have two questions.

First, I understand that for the quarter you had low-single-digit volume growth because you were impacted on the supply side by Morbi. At the same time, the channel inventory was completely lean. Now supply is back to normal for you. How would you assess the channel inventory? Is it back to normal now, or can you provide some color? Similarly, on the corporate and project side, how is the overall trend? Can you provide any color on that side?

Management: What is the last question?

Viraj Kacharia – SIMPL: On the project side. Our earlier view was that projects would also be a lever for growth, in addition to retail.

Management: Understood. As far as channel inventory is concerned, distributors had stocked up a lot in March, considering that they knew there would be no production in April. Otherwise, since May, channel inventory has come back to normal.

In fact, channel inventory is again fairly lean because distributors are quite careful due to the volatility in gas pricing. They are presuming that gas prices will come down overnight and that there may be a price reduction. Therefore, channel participants are not taking the inventories they should be taking.

From that point of view, channel inventory is still not as lean as it was in April, because there was no production, but it is not full to the brim.

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The second question is about projects. Yes, projects are going to increase. Our total project business was about 7–8% in retail and about 10–11% in government. This, in totality, will go up by about 3–4%.

Viraj Kacharia – SIMPL: If you look at Q1 and make a relative comparison in terms of volume growth, the industry leader had 6% volume growth, while other smaller players had very high double-digit volume growth or high-single-digit volume growth. With supply returning to normal for you and with your focus on the project side, why is the guidance conservatively at mid-single-digit volume growth? I am trying to understand the disconnect.

Management: There is no disconnect. The industry leader had an advantage because it had higher in-house production. There is a particular category, polished vitrified tiles, to which we are completely exposed through Morbi. The industry leader has some production of its own. Therefore, it was able to achieve that additional 2–2.5% growth.

Other than that, our guidance is for single-digit, mid-single-digit growth, which we think is absolutely achievable. Various companies, including us, have promised high-single-digit growth and low-double-digit growth in the past, but that has never been delivered. Therefore, we have been very cautious in what we are saying.

Something that we will deliver for sure is our EBITDA margins and also our single-digit growth. As far as the smaller players are concerned, their base is very small, and I am quite sure that their growth is not sustainable. You will see that playing out from the next quarter onwards.

Viraj Kacharia – SIMPL: Understood. Can you provide any color on the margin profile in bathware and construction equipment? Obviously, it is currently a very low base, but can you provide any color on profitability and...

Management: It is about 1% better than our normal tile margins. Earlier, it used to be better because tiles were underperforming. Now that tiles are also performing, with capacity utilization going up, it is almost the same but slightly better.

Viraj Kacharia – SIMPL: Understood. Thank you, and good luck.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sagar Jagtap with Marine Research. Please go ahead.

Sagar Jagtap – Marine Research: [inaudible] my clear? Best of luck, team. Thank you.

Management: I am sorry, I cannot hear you.

Sagar Jagtap – Marine Research: [inaudible] my clear? Best of luck, team. Thank you.

Management: Thank you. Thank you.

Operator: The next question comes from the line of Nilesh Sharma with Monomer Capital. Please go ahead.

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Nilesh Sharma – Monomer Capital: Sir, congratulations on a good set of numbers. I missed your initial commentary. What will be the total capacity at the end of this year?

Management: At the end of this year, do you mean FY27?

Nilesh Sharma – Monomer Capital: Yes.

Management: In FY27, there is no increase in capacity. Whatever we are increasing, the 3–4 million square meters, is due to some balancing equipment to increase productivity within our own concerns. There is no new line that we are putting in.

Nilesh Sharma – Monomer Capital: Okay, sir. Are there any major capex plans?

Management: Yes, the major capex plan is the 9 million square meter-plus plant in the South, which is approximately a 220 crore rupee outlay.

Nilesh Sharma – Monomer Capital: From when? Next year? So, will it be operational next year? At the end of next year, around FY28?

Management: Yes. At the end of Q3 or the beginning of Q4 next year, it will be operational.

Nilesh Sharma – Monomer Capital: 9 million square meters, and capex is 220 crore rupees.

Management: More or less, yes.

Nilesh Sharma – Monomer Capital: Most of that will be funded through internal accruals, if I am not wrong? Yes.

Management: About 60% through internal accruals.

Nilesh Sharma – Monomer Capital: Perfect, sir. Thank you. Thank you, sir.

Operator: Thank you. The next question comes from the line of Kalpesh with Valentis Advisors. Please go ahead.

Kalpesh – Valentis Advisors: Hi. Congratulations on the great set of numbers, sir. My question is related to Morbi. As Morbi's exports are down, is there any chance that they can dump products domestically, or is the product category different, meaning they cannot dump them here?

Management: No. Morbi's exports are down because of an independent situation there. The bright side of that is that there will be pent-up demand when exports reopen.

Kalpesh – Valentis Advisors: But can they put pressure on the domestic market because they are unable to sell in exports?

Management: Unfortunately, at these gas prices, there is not much they can do.

Kalpesh – Valentis Advisors: Understood. You are consistently showing margins of more than 11% back-to-back. Is that sustainable, or can we increase the guidance to 12%?

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Management: Yes, absolutely. The target is to achieve 12% and more. However, we are currently very confident of showing margins above 11%, as we did last quarter and this quarter. That is something about which we are confident, and we do believe that we are doing everything possible to go beyond 12%.

Kalpesh – Valentis Advisors: Great. All the best.

Operator: Thank you. The next question comes from the line of Shruti Mulchandani with Ikigai Asset Management. Please go ahead.

Shruti Mulchandani – Ikigai Asset Management: Hi, sir. I hope I am audible.

Management: Yes, you are audible.

Shruti Mulchandani – Ikigai Asset Management: Thank you, sir, and congratulations on a great set of numbers. My first question is that I understand the industry currently, especially in Q1, faced more supply constraints than demand problems. Demand was there. Having said that, our outsourcing partners in Morbi were not able to supply to us. That is why, despite growing capacity and volume in our own facilities at a very impressive rate, the decline in the outsourcing component resulted in overall volume growth of around 2–3%.

I wanted to understand whether, from Q2 onwards, we will see support from the outsourcing partners as well, now that Morbi has started production again. With that, will our capacity utilization remain at the same level, or will it be affected by the return of outsourced supply?

Management: No, our capacity utilization will be high. We are not getting enough material even today, but that has nothing to do with the supply situation in Morbi. Geographically, we have plants in the South, North, and West, so there is only so much that we can buy from the West. Therefore, in the North and the South, we have more demand than we can procure.

Procuring from Morbi beyond a point becomes counterproductive because of freight. From that point of view, we are looking very good as far as demand is concerned. Therefore, we are extremely confident of keeping our own production at 100% capacity utilization, which is a major kicker to EBITDA.

We are therefore extremely confident about EBITDA. Last year, we had a loss of about 24–25 crore rupees in our JVs. This year, we will be in a net profit. The swing will be more than 30 crore rupees from last year.

That is something about which we are very confident in terms of volume. I have already answered why we are saying that we will not be able to—we will not be in a position to—reduce our own capacity.

Shruti Mulchandani – Ikigai Asset Management: Understood, sir. This is helpful. Having said this, with EBITDA margins sustaining at these levels, and given that the guidance for FY27 was 100–150 basis points higher than FY26, are we in a position to increase the guidance on that front?

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Management: Yes, absolutely. It all depends on capacity utilization and a change in product mix. The big kicker, as I said, was production capacity utilization. As long as that continues, EBITDA margins are sustainable and will only improve.

As I said, our JVs are also reaching a situation where they are in profit, but there is a lot more that we can do within the JVs to increase their profit. That is exactly what I mentioned earlier in the call: we are adding balancing equipment to increase capacity in the JVs and in our wholly owned subsidiaries to further augment capacity.

When we augment that capacity, everything goes to the bottom line. We are therefore very confident of maintaining this EBITDA margin for now and then increasing it as the quarters unfold in Q3 and Q4.

Shruti Mulchandani – Ikigai Asset Management: Understood. Regarding the balancing equipment, will that capacity also come in FY28 along with the 9 million square meter plant, or will it be reflected in FY27?

Management: The 9 million square meters will only come in around Q3 of next year. That is virtually a greenfield plant, so everything needs to be built from the land, including the building and capital equipment. We already have the land, but the building and capital equipment will take place over 15 months.

Shruti Mulchandani – Ikigai Asset Management: And the balancing equipment, the debottlenecking?

Management: That is happening now, and most of it will be concluded by the end of Q3.

Shruti Mulchandani – Ikigai Asset Management: Understood. Since these are value-added products, will the margins be higher than what we have today?

Management: Correct. In Q4, you will get the effect of all the efforts we have undertaken, and we will demonstrate that. Until then, we will hold this margin or perhaps be slightly better.

Shruti Mulchandani – Ikigai Asset Management: Understood. Lastly, what would be the absolute capex amount for FY27 and FY28 with these plans?

Management: From now to the end of FY27, we have already considered an outlay of approximately 275 crore rupees. This includes the 220 crore rupee plant, balancing equipment in various other plants, and some additional balancing equipment in the bathware and sanitaryware plant.

All put together, we are at about 275 crores, and we will fund about 65–70% of this through internal accruals. Again, we are not putting any pressure on the balance sheet. The small loan that will be taken in the joint venture will have no corporate guarantee from Somany. The joint venture is a 60:40 arrangement, so that loan will be in the joint venture.

Shruti Mulchandani – Ikigai Asset Management: Understood, sir. This is helpful. Thank you for the answers.

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Operator: Thank you. Before we take the next question, a reminder to all participants: if you wish to register for a question, you may press star and then one now. The next follow-up question comes from the line of Saket, an individual investor. Please go ahead.

Saket: Sir, last quarter you told us that standalone capacity utilization was 82%. Going forward, do we see this expansion increasing further?

Management: You mean capacity utilization?

Saket: Yes, sir.

Management: Yes, capacity utilization will improve further. In the first quarter, in April, we had some lines that were shut, and a couple of lines were under maintenance. This quarter also, we had two lines under maintenance.

However, capacity utilization will improve slowly and steadily because we are undertaking a lot of balancing equipment to augment capacity, which will only lead to better EBITDA margins in the future. I think the current scenario is that we will be slightly better this quarter in terms of capacity utilization.

Saket: With the current capacities we have and at the current prices for tiles, what maximum revenue can we generate with the JVs and our own capacity?

Management: Approximately 3,700 crores. Plus or minus—more or less, give or take 50 crores. At today's prices.

Saket: With the debottlenecking we are undertaking, will that actually increase by another 300 crores by year-end?

Management: Yes, partly.

Saket: Okay. Thank you so much.

Operator: Thank you. Participants, if you wish to ask a question, you may press star and then one.

Management: Should we conclude?

Operator: We have one more follow-up question. Should we take that?

Management: Sure.

Operator: Thank you. We have a follow-up question from Saket, an individual investor. Please go ahead.

Saket: Sir, I have one further query. The industry leader has margins close to 18-19%, while we are currently at close to 11%. What is the reason for such a stark difference between the top player and the second player?

Management: There are many areas for discussion, so perhaps it would be best to take this offline.

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Saket: Okay, sir. Thank you, sir. Best of luck.

Operator: Thank you. Ladies and gentlemen, that was the last question in the queue. As there are no further questions, I would now like to hand the conference over to Mr. Somany for closing remarks.

Mr. Somany: Thank you, ladies and gentlemen, for being patient and joining us for the Q1 earnings call for FY27. We remain positive for the entire year regarding both single-digit volume growth and double-digit margins. We will only improve on the margin that we have delivered today going forward.

The company is making every effort to ensure that we increase growth on the volume front as well. We look forward to meeting you all on the Q2 earnings call. Thank you so much.

Operator: Thank you. Thank you very much. On behalf of SKP Securities Limited, that concludes the conference call. Thank you, everyone, for joining us. Ladies and gentlemen, you may now disconnect your lines. Thank you.

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