OBL:HO:SEC:00: New Delhi : 27.05.2025

BSE Limited Corporate Relation Department 1st Floor, New Trading Ring Rotunga Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai-400 051
Stock Code - 530365	***Stock Code: ORIENTBELL***

Sub: Transcript of Post Earnings Call for Q4 12M FY25 held on 22nd May, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed transcript of Earnings Call held on 22nd May, 2025 post announcement of audited financial results of the Company for the quarter and year ended March 31, 2025.

The transcript of the Post Earnings Call Q4 12M FY25 is also available on company's website at www.orientbell.com under below path:

Investor Relations Section> Disclosures under Regulation 46 of SEBI (LODR) Regulations> Transcripts of Post Earnings/Quarterly Calls.

Kindly take the same on record.

Yours faithfully,
For Orient Bell Limited

YOGESH MENDIRATTA
YOGESH MENDIRATTA 2025.05.27 13:20:50 +05'30'

Yogesh Mendiratta
Company Secretary & Head - Legal
Encl.: as above

"Orient Bell Limited

Q4 & 12M FY'25 Earnings Conference Call"

May 22, 2025

MANAGEMENT: MR. ADITYA GUPTA – CEO – ORIENT BELL LIMITED
MR. HIMANSHU JINDAL – CFO– ORIENT BELL LIMITED

MODERATOR: MR. SUYASH SAMANT – STELLAR IR ADVISORS

Moderator: Ladies and gentlemen, welcome to the Orient Bell Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Suyash Samant from Stellar IR Advisors. Thank you, and over to you, sir.

Suyash Samant: Thank you. Good evening, everyone, and thank you for joining us today. We have with us today the senior management team of Orient Bell Limited; Mr. Aditya Gupta, Chief Executive Officer; and Mr. Himanshu Jindal, Chief Financial Officer, who will represent Orient Bell Limited on the call. The management will be sharing the key operating and financial highlights for the quarter and full year ended March 31, 2025, followed by a question-and-answer session.

Please note, this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinions, and expectations as of today. These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement that reflect developments that occur after the statement is made.

I now hand over the conference to Mr. Aditya Gupta. Thank you, and over to you, sir.

Aditya Gupta: Hi. Good evening, everybody. Welcome to our quarter 4 and 12-month FY '25 earnings call. Fiscal year '25 presented a challenging operating environment for OBL. Domestic demand for tiles remained subdued and exports continued to be affected by the volatility of ocean freights.

These external factors, coupled with overcapacity in the industry, especially from Morbi, increased pressure on pricing and volume, heightened competition resulted in an industry-wide drop in average selling prices.

For the full year OBL has registered net sales of INR666 crores in FY '25 compared to INR669 crores in FY '24, a drop of 0.4%. Consolidated EBITDA for FY '25 was INR30.8 crores, while profit after tax was INR2.8 crores. Despite these difficult conditions we had wins on cost saving initiatives and cost base improvement.

The go-live of our solar power purchase agreement at Sikandrabad has lower power cost. By streamlining processes and improving existing systems, operational efficiency was enhanced, helping us to prune the overall cost of operations.

While a significant portion of these savings was passed on to the market to maintain competitiveness, OBL successfully retained a part contributing to our gross margins. Our gross margin for FY '25 was 35% versus 33.6% in FY '24.

Our key strategic focus during the year was pivoting to strengthen our retail business. OBL emphasized selling more premium products, especially glazed vitrified tiles and slabs. The salience of GVT grew to 41% in FY '25 and the vitrified mix improved to the highest ever 58.5%. This strategic shift towards premiumization was supported by investment in brand and sales team structure.

We continued investing in marketing activities. Our all-India TV campaign launched in the previous year continued through FY '25. This unique communication built on our vision of making tile shopping easier and positioning OBL as a solution provider by focusing on website-based price discovery, visualization tools and a wide product range.

This approach to building brand differentiation continues to win external recognition and OBL was awarded Brand of the Year, flooring ideas for tiles for the fifth consecutive year by Reality+ and Marketing Campaign of the Year. We strongly believe that our differentiated brand will make sustaining brand awareness more cost effective.

To support the shift towards GVT and expand our reach, particularly in the South and West markets, the Dora GVT line having 3.3 million square meters has come into existence in FY '24 and has enabled growth. These capacity additions are part of the total INR234 crores invested in capex between FY '19 and FY '25, adding 10.9 million square meter of additional capacity largely funded through internal accruals. With this capacity in place, the focus has shifted to expanding distribution and brand building.

Despite the external operating environment OBL's unique strength and positioning are reflected in it's credit ratings. India Rating has retained it's IND A1 rating for us and CRISIL has reaffirmed its rating as A albeit with a negative outlook. OBL has also consolidated it's banking relationships and resumed banking once again with State Bank of India, a sign of the company's creditworthiness. Standard Chartered Bank, ICICI Bank and Axis Bank continue to be our other lenders.

While FY '25 was challenging, we have continued to make significant investment in our strategic objectives, enhancing the premium product mix, enhancing our reach to new tile boutiques, and building brand awareness through targeted marketing campaigns.

We believe these investments will position us strongly to capitalize on the expected pickup in demand as real estate cycle turns for the better, particularly, since tiles are one of the large products used in the country. OBL remains committed to aggressively investing in sales and marketing activities to drive volume growth in the coming years.

With this, I would like to open the floor to Q&A. Thank you.

Moderator: Thank you very much. The first question is from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: In your opening remarks, you mentioned that FY '25 was a challenging year, especially because of overcapacity in Morbi. So do you anticipate more capacity and since, line prices have risen after all, so there should be a deterrence for new capacity to be set up? Are you seeing any shutdowns there because average selling price has also dropped as you mentioned.

Aditya Gupta: Moksh, your line is not clear, Moksh -- did not understand your question. Can you please repeat?

Moksh Ranka: I just want to understand are more players opening up capacity in Morbi? Or are there any shutdowns because the average selling price has also dropped and line prices has also increased?

Aditya Gupta: So Moksh, so the data which comes out, I think it says about -- the Morbi associations are saying about 550 to 600-odd companies in Morbi units -- in Morbi were operating, somewhere in that range. We expect -- I think Morbi would have been at about 60% odd capacity utilization is our estimate last year, maybe even lower.

And however, there is more capacity, which is going to come online in Morbi in H1 in spite of the sluggishness in the market. So we expect this capacity overhang to continue till the markets turn for the better.

Moksh Ranka: Okay. And since the freight rates have dropped and FY '25 was not a good year for exports, especially for the tile industry. So do you anticipate FY '26 to be a good year because of lower freight rates and any other things which would aid exports?

Aditya Gupta: So Moksh, we are not big players in exports. But the freight issue, which impacted exports last year seems to be behind us. There are periodic spikes in freight listing. But I think by and large, it's settling down. As we speak today, I mean this quarter, there has been a spike in freight rates because Chinese manufacturers across industry are really booking space and all to dump their stuff in the U.S. market before the 90-day tariff relaxation period gets over.

So there is a lot of uncertainty, a lot of volatility. Every month comes with some big news, some new news. But I think structurally, the freight rates definitely will be subdued for this full year compared to what they were earlier. So that's one positive factor.

On the other side, how these antidumping duties in the U.S. will work out, tariffs in U.S. will work out and how growth in Europe, U.S. and all will play out this year is anybody's guess. And that would -- could have an effect on building and construction activity in these market. So I think it's a wait and watch kind of a scenario. Situation will progressively get -- we will get clarified as time passes.

Moksh Ranka: Okay. And I was looking on sales now currently 100% of our sales is from Vitrified and GVT tiles, but we are not seeing any major margin improvement. So when do you anticipate margins to increase?

Aditya Gupta: So we do 59% from GVT and Vitrified. Vitrified is 59% for us, 41% is ceramic. So we are not 100% Vitrified, Moksh.

Moksh Ranka: Yes, sir. So 59% has been the highest average we ever had. So why is not that an uptick in margins?

Aditya Gupta: Moksh, your line is very unclear. We are missing out half the words. So maybe you can get to a better location.

Moksh Ranka: Are you able to hear me? Hello, is this better?

Aditya Gupta: No, it is not.

Moderator: Next question is from the line of Rohan Choksi from Raas Capital.

Rohan Choksi: Sir, my question was, in spite of GVT sales going up and now that all the capex is done as well, when can we see the operating leverage kick in?

Aditya Gupta: So I agree with you, Rohan. So we have the one big capex cycle for us, as I mentioned, is now over largely through internal accruals. Unfortunately, the markets have been very subdued. If you see the last three financial years, FY '23, '24, '25, the listed players have been in the -- total listed players have been in the INR11,000 crores to INR11,500 crores kind of a top line figure hasn't changed for 3 years now. So our capacity is in place.

Our operating margins, as I mentioned, are getting better through cost efficiencies. But the operating leverage -- a lot depends on a bit of upside in the market. Capacity has been built up in FY '22, '23 and '24, expecting the markets to be better not only by us, but by the industry. And that is really pulling down everybody. The steep erosion in average selling prices -- so a lot of the vitrification benefits have been sacrificed because of higher discounts.

To your question of when the cycle will turn, I think step-by-step, things would get better. One is -- one piece of the puzzle is definitely exports. A small 10%, 15% uptick in exports will really give a fillip to domestic players like us.

Rohan Choksi: Yes, sir. Got it. And I've also been following the housing market. So the commentary is similar that the next 2, 3 years, they do expect that to pick up as well. And if I'm permitted, can I also please check how is the correlation between the advertising expenses reflecting on the sales?

Aditya Gupta: So, Rohan, this is a tough question. I think 100 years back, the founder of Unilever said that 50% of the advertising is a waste . Since that there is no such thing 50% is a waste . So I think we haven't really progressed too much beyond it. But what we are all seeing is that we started on a TV journey. We have been digital for about 5 years now. And we started TV in a big way in December 2023. So let me break this up in two parts.

On digital, we are consistently our website seeing about 2.5 lakh to 3 lakh visitors every month, which places us in the top two in the industry. So our digital marketing investments have clearly given us benefits and giving traffic on our website. That's one.

On the TV side, I think our brand awareness and we just completed our study, we do it annually in March, April which is brand awareness track, which we run across some 9 cities in the country. So there has been a slight improvement over March, April '24 versus March April '25. And given the fact that our TV advertisement FY '25 are not as heavy as in FY '24, this means that our marketing strategy and the choice of media vehicle is work in progress.

Moderator: Sorry to interrupt, we are not able to hear you.

Aditya Gupta: No, no, I stopped talking. I finished my answer.

Rohan Choksi: Okay, sir. Got it. And sir, just quickly, I noticed the finance costs for 2025 have doubled from '24. But was there any new short-term borrowing taken or any specific reason for the finance cost...

Aditya Gupta: So Rohan, we had -- one is the new plant of Dora, which was capitalized in September '23. So that depreciation has come and hit us. On finance cost, specifically, we took the loan for that thing, which has been the interest of that has been a part of it because if you remember, in FY '22 and FY '23, we were largely debt-free. And we took up a term loan to finance the Dora line. The interest cost of that has started coming in, in FY '25, while in FY '24, there was no such cost.

Moderator: Next question is from the line of Ashvath from Arihant Capital.

Ashvath: I wanted to know our current ASP. And on one of your previous calls, I read there were some plans to inch it closer to the market leader. Any color on the same? Could you quantify it for us?

Aditya Gupta: So Ashvat, there has been -- can you hear me, Ashvath?

Ashvath: Yes, I can hear you.

Aditya Gupta: So Ashvath, there has been an improvement. As I talked about we are now 59% vitrified. So there has been an improvement. And compared to -- I don't want to get into numbers, but compared to, say, FY '23 versus FY '25, we have closed our gap with the market leader, I would say, by about, say, every INR10 gap if it was there in '23, we are now at about INR7 gap now. So we have closed that gap with what it was in FY '23. And it's been a steady thing. We have been doing that in FY '24 was better versus FY '23 and FY '25 is better versus FY '24.

Ashvath: So do we continue planning on the same? Do we continue inching in closer? Or given the price issues, price wars, do we plan on maintaining these numbers?

Aditya Gupta: So Ashvat, you asked me very specifically about gap per se. Now I can't -- I don't want to take a punt on how the market leader strategy will play out in this financial year and what exactly would be their priority. But I think even with extra trade discounting and all, we are confident that this premiumization would -- it is something which will continue for us in FY '26 as well. So that should do better for our ASPs.

Ashvath: Got it, sir. And sir, also could you help us with the utilization levels of our vitrified and ceramic plants, if you could bifurcate them? And could you tell me how was the improvement on the same?

Aditya Gupta: So Ashvath, we don't have those figures because all our three locations. In together three locations, we do -- we manufacture both vitrified and ceramic. So there is a lot of fixed cost which is just allocated basis production volume. So we would have -- we do maintain location wise profitability, but it's not possible to have profitability separately for vitrified versus this things – issue more than anything else.

Ashvath: Okay. Understood. So something on lines with what happened in the Dora plant, do we have any other plans to do a similar modification to any of our plants to cater to the growing vitrified segment? Any -- I mean this question could also be aligned with what are our capex plans for the future?

Aditya Gupta: Ashvath, see today, we have built up significant capacity. I think last 4 year or so, we have added about 10 million plus square meters. Our JV has also added capacity on GVT. So we have more than enough capacity today. So we don't foresee any capacity addition in the current financial year, which is FY '26.

We would wait for the markets to kind of turn a bit and get our capacity utilization to about 80%, 85% before we get on to the next on capex cycle. To answer your question, specifically on capex. This year's capex would be more in line with regulatory and maintenance capex rather than growth capex.

Ashvath: I couldn't get that, sir. Again?

Aditya Gupta: I said FY '26 capex would be more on growth and regulatory -- sorry, more on maintenance and regulatory and not on growth capex. So no new line being thought of in this financial year.

Ashvath: Okay. And what would be that amount for the regulatory capex any around the same estimate?

Aditya Gupta: So we are working it out, wouldn't be very large, INR5 crores, INR10 crores regulatory plus some repairs, maintenance kind of stuff.

Ashvath: Understood. And correct me if I'm wrong, sir, on a previous call, there were some, I could be wrong on this one, on INR1,000 crores top line, when do we see this being a realistic number given the market conditions and everything?

Aditya Gupta: So you are asking when we will hit INR1,000 crores top line?

Ashvath: I'm sorry.

Aditya Gupta: Is that the question?

Ashvath: Yes, yes.

Aditya Gupta: So Ashvath, we have kind of stayed away from giving any volume and forward-looking volume and revenue projections. So I will stick to this. I think the more relevant question is that when do we see the upturn in industry volumes and industry revenue. So I think that is something, which would determine the speed at which we hit our INR1,000 crores.

Ashvath: Right. Sir, I wanted to understand what is currently happening on the ground in Morbi? I mean, given there is more news on the Red Sea area conflict and there are some estimates of freight rates going up. So what happens next in that case? Do we see this continual domestic dumping of domestic players into the Indian market? Or what do you think about the same?

Aditya Gupta: So historically, Ashvath, whenever exports have not done well, that capacity has been diverted into the domestic market on a variable cost kind of a pricing and all. There is, as I said a lot of volatility in the export market. Nobody knows how it will turn out. As you see, the freight rate index seems to be much higher than what it was a couple of months back.

So let's see. There is US in the past few years has emerged as a very big market for Indian tiles. And nobody knows how the tariff will play out in the US and how the economy will play out in US, Europe, and all. So we'll have to wait and watch. I think -- but one thing I would say is that our sense is that Morbi also is hurting.

So over last 2, 3 years, it's not that Morbi is sitting on a lot of cushion that it can keep on discounting. Actually in the last 1 months, there has been multiple meetings in all these ceramic associations and GVT association, double tariff association or whatever, multiple meetings, they have gone there.

They have like kind of all the producers have taken or we are going to increase our price by INR2 per square feet, we swear by this, we swear by that, we do this, we do that. A lot of those videos have been circulated to the trade that our price is increasing, this-is-this, that-is-that.

But nothing that gives me is materialized there's still not any effect. But after 1.5, 2 years at least I can see an attempt there that they are getting together and talking about this means that they are also hurting quite badly.

Ashvath: Understood, sir. And one last question before I get back to the queue. I wanted to understand how is the inventory status on the dealers end? Are we seeing any traction there? Are you seeing repeat orders? Or what is it like? Could you share some color on it?

Aditya Gupta: So Ashvath, you mean dealers are down stocking. Dealers have been down stocking for some time, and they are reluctant to keep stocks because of the falling prices and all. So inventory levels at dealer points are kind of low. And that is why it's important that if export starts up and the capacity starts getting diverted there, it will stabilize prices and immediately, there will be a positive impact on everybody's volumes.

Moderator: Next question is from the line of Apurva Anil Sharma from RAAS Capital Research Analysts.

Apurva Anil Sharma: Congratulations for posting good results in such an industry when the whole thing is going in doldrums. My question will be more on strategic side, sir. In the real estate cycle, tiles come towards the end of any project.

Since '15, '16, '17 was a good cycle, then we had '18, '19 as a dull cycle, '20 and then '21, '22, '23, we had a fairly okay cycle and then '24, '25, we are seeing a dull cycle. Is this the right assumption to take forward that from '26 onwards, we could have a good traction in the tile industry overall?

Aditya Gupta: So, Apurva. Yes, I agree with you. It's a cyclical industry, and we hardly -- we see there is, we have 2, 3 bad years and then there are a couple of good years and then again bad years because what has happened is that our capacity in the good years, growth capacity gets planned and it's just so.

So we also expect FY '26 to be better. The Indian economy so far has been quite resilient to shocks from abroad. And with the crude prices being lower than before, that's a huge positive for India. And we are able to just navigate this tile export…

Moderator: Sorry to interrupt, can you please adjust your mic, please?

Aditya Gupta: Is it better? Okay. So what I was saying is that if this tile export piece of jigsaw puzzle from India is sorted out and we see some traction there, it will be a great year for the entire industry in India. So my assumption -- my reading, Apurva is that more than the real estate industry in the country, it is the diversion of export capacity into the domestic market, which is hurting us.

Apurva Anil Sharma: Okay. So see, right now, we have positioned ourselves in such a way, where the capex is completely done, we have spent on advertisement and branding better than the market leaders. We are ready in all the fronts. So we are just waiting for the growth to come in, and we will see the results. But as in -- for example, recently, Nitco got INR100 crores, order from Prestige Real Estate Builders. So do we -- are we also pouring into directly getting orders from these big real estate people?

Aditya Gupta: So, Apurva. We have separate sales teams, which are chasing large deals. As a matter of policy, we don't announce these deals because in our industry, it is so easy for -- I mean the exit barrier for our builders to give you a big order is not very high. So we stay away from that. This has been -- we picked up this scale about 5, 6 years back.

And we supply to almost everybody in the country. We supply to DLF. We supply to Godrej, talking about private builders. We supply to Tata. We supply to Shapoorji Pallonji, L&T Construction, you name it. And you're talking Bangalore. We supply to Shobha. We supply to Puravankara. We supply to Prestige. I'm not so sure. So I don't know. But we supply to almost every big builder here in the country. We just keep a bit quiet about that and don't announce these.

Apurva Anil Sharma: All right. Sir, one last question. Lately, we have had 2 resignations on the top level. One of Mr. Himanshu Jindal, and before that, we had a sales -- some Chief salesperson had resigned. Is this something that we should be worried about?

Aditya Gupta: No, not really. I think -- so Himanshu is right here on the call. So maybe I'll ask Himanshu himself to answer this question.

Himanshu Jindal: Himanshu this side. See, I'm -- whatever is happening on my side is a very different story. So I don't think anyone should correlate with me going versus what how OBL is doing. So OBL is a very, very strong company. This is how we have built it up over the last 6, 6.5 years, I think the legacies which are already there, and we have built in more strength.

Maybe the disappointment has only been scale and you guys already know it, the markets have been tough, and our guys are doing what they can in these challenging times. So I think leave attrition or voluntary attrition out of the equation. These are personal choices.

I think very honestly, 6.5 is not what I intended to be. I think I mentioned it on our Board meeting today as well. But these professional bonds and the personal bonds that I've created here in OBL are life long. So I think that's how I would summarize it. Do you want to ask something more, please feel free?

Moderator: Next question is from the line of Rohit from Samatva Investments.

Rohit: Sir, my first question was, so since the Dora plant has come about and we were focusing a lot on increasing our market share in South India. I get it last 1, 2 years has been weak overall for the market. But have you seen any progress in terms -- can you share any progress that you have made in South India in terms of market share or in terms of retail touch points? I just wanted some clarity on that.

Aditya Gupta: So definitely, Rohit, a very large percentage of this GVT growth which you see all-India is driven by South India. We were almost totally a ceramic player in South India historically, since the Dora plant has come in. We are doing much larger numbers of GVT in South and West, which were almost nil GVT kind of geographies for us. So it has definitely helped us.

The unfortunate part for us have been that the downfall in the ceramics has been steeper than what we anticipated, so while in this financial year, you have seen other results also almost everybody has kind of dropped ASP.

Let me tell you we haven't -- we have maintained our ASP, because of our big boost on GVT volume, unfortunately for us, ceramics has dropped faster than what we anticipated and which is why you see this flat top-line results. If we had done better on ceramics -- slightly better on ceramics, we would have been able to kind of put on the board a much better revenue figure.

Rohit: So just on your point, if ceramics has fallen significantly, if I'm not wrong, the government orders were significantly skewed towards ceramic tiles, right? So does that mean that our government sales has also reduced during the year?

Aditya Gupta: It is multiple factors. This is also one of those factors, consumer preference changing being another factor. But you're asking on government specifically, so we have done a lot of work in the last 5, 6 months. The whole government vertical for us has been rebuilt from scratch. And we expect to see good results coming out of this year.

We also done a lot of work on -- we have identified 805 departments, government departments, where we are going to focus for business. And there is a very systematic approach being followed to ensure that OBL brand is approved in these 800-odd departments. And there is an engagement happening in these 800 departments to get projects from there. So we expect to do well this year on this.

Rohit: Got it. Sir, just one last question, sir, what would be our overall capacity utilization for the year?

Aditya Gupta: For our own manufacturing, I think it will be about 55%-odd, if I remember right.

Moderator: Thank you. Next question is from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: I would like to know the overall institutional sales contribution in FY '25 and Q4 if possible?

Himanshu Jindal: Moksh, your line is not very audible. Can you please repeat again?

Moksh Ranka: Yes. Is it better now?

Aditya Gupta: Much better.

Moksh Ranka: Okay. I would like to know your institutional sales breakup like what was the total contribution in FY '25 and Q4 FY '25?

Himanshu Jindal The way we track our projects, Moksh, we do roughly around 20%, 25% institutional one way or another way. This is a combination of small or medium or large projects, all of that put together, private plus government.

Moksh Ranka: Yes. And 3, 5 years down the line, except for the boutique stores what do you see a major contributor for us would be?

Himanshu Jindal: See the market is getting more and more institutionalized, which is very clear, will become more mature over the years. You look at any metro, no one wants to construct their own houses. So retail will obviously eventually give way to more and more institutional buying. So projects have to be there. This is a necessity. There is no choice, but wherever we can sell on the retail front because in retail, very clearly brand positioning matters. So retail is important, so is projects.

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

Moderator: Thank you. Next question is from the line of Shubham, an Individual Investor. Please go ahead.

Shubham: Just because the line is a little distorted. I just missed the utilization levels for the whole company, if you can repeat that and also for the FY '24, the same number for FY '24?

Himanshu Jindal: Shubham, I think what you need to know, we added more and more capacity in the last 1.5, 2.5-odd years, yes. So bulk of the capacity that we have added has come up in FY '23 and FY '24. Now to answer your question, our capacity utilization last year was somewhere between 65%, 70%. This year is somewhere between 55%, 60%, yes, but on an expanded base. So as and when the you'll see capacity utilizations improving.

Shubham: Got it. And also, if you can repeat the B2B sales, B2C sales and B2G sales for FY '25 and '24?

Himanshu Jindal: See, both the years, it's more or less similar, 20%, 25%, like I said to a previous question, we do institutional, which is a combination of like I said, the small, medium, large projects all put together, government, private everything put together. So that number is not moving so much. And we would want to keep it that way, knowing that projects are obviously becoming more and more relevant. Especially in real estate…

The way the cycles are, someone mentioned that tiling comes at the far end, which is a reality on projects. So today, with the sales which have happened over the last 2, 3 years on projects -- on real estate projects I meant, you should see a good pipeline emerging now any time. As and when that demand comes in, that's what I think the industry is looking out for. And OBL has been very, very strong on projects. So I'm sure we will get a better upside coming into play soon.

Shubham: Thank you for that. And just one last thing. So our 75% to 80% business comes from B2C, if I'm not wrong, based on the figures. So when do you see retail demand picking up like do you see any signs of growth recovery or anything on that front?

Aditya Gupta Shubham, you're asking on the retail front now?

Shubham: Yes, retail front?

Aditya Gupta: So not yet, Shubham. Nothing very dramatic. It's -- quarter 4 has been slow. Actually, the whole of H2 has been slow. So far, nothing dramatically different has emerged.

Shubham: Okay. And going forward do you see the same situation going on or do you see any expectation -- do you expect any signs of recovery on retail front?

Aditya Gupta: So we expect H2 to be much better than H1. That's one, if you ask me. And secondly, as I said before, Shubham, a lot depends on the export performance. Now if exports go up by 15%, 20%, say from next month, you will certainly see a lot of traction in the domestic market itself because as soon as the capacity goes out, the pricing stabilizes, the dealers will stop postponing their purchases, builders will kind of stop negotiating forever and forever and start placing orders and all.

So everything will just pivot. I think in the short run, we all know what the Indian economy looks like, what are the drivers, what are the risk factors. But I think for the tile industry specifically, if I would call out there is the export performance, I would call out as one hugely important factor, which will determine how fast the domestic tile industry turns around.

Shubham: Got it. Thank you for that. And just one last question from my side. So we are at currently 55% capacity utilization based on the capex that we have done. So how confident are we in ramping up this to, let's say, 70% to 80%? And how many years do you think it will take for us to do that?

Aditya Gupta: I think I already answered that, Shubham. So we are very confident. Otherwise, if we had not been -- we would not have put such significant amounts on our balance sheet as I had said, I think INR230-odd crores in the last 3, 4 years largely from internal accrual. India has one of the lowest tile consumption per capita and -- on one hand.

On the other hand, India has one of the highest urbanization rate, urban center growth across the world. We expect to add some large number of cities with 1 million plus population in the next

5, 10 years. So the tile industry, the requirement for tile and everything is going to go up. So there's no two issues about it. There's no concern about that. It is just an issue of timing, which is difficult to predict that is going to turn this quarter or H2 or how exactly. That is the joker in the pack.

Shubham: Okay. Got it. Thank you so much and good luck for the future.

Moderator: Thank you. Next question is from the line of Ashvath from Arihant Capital. Please go ahead.

Ashvath: Thank you for the opportunity again. Sir, my question is a bit on the industry scale. I wanted to understand the demand, is it pent-up in any form right now or is it that this demand is being diverted towards Morbi-based competition on any end? And yes, any color on the same?

Aditya Gupta: So see, the -- interesting question, Ashvath. We also track the top five, six unlisted companies.

Moderator: Ladies and gentleman, the management line has been disconnected. Please stay connected till we connect the management back. Ladies and gentleman, the management line has been connected again. Please go ahead.

Aditya Gupta Ashvath, so I was telling you that we also track the top five, six unlisted companies. And while they have grown faster than the listed companies, but it's not been dramatically different. And FY '25 results are obviously not out. But I think there will be -- like in the past, the way the listed players have behaved and the unlisted players have behaved, I think it would be similar in FY '25 also.

So your question of whether demand has been -- whether organized sector has lost market share, I don't think that's true. There was earlier some talk of big builders and stuff like this. So I don't think they have lost market share to unorganized sector. Ashvath, you are there?

Ashvath: Yes, I am listening.

Aditya Gupta: So that's my answer. So I don't think organized sector is losing out on market share to Morbi per se.

Ashvath: Got it. And I mean, quantifying on the market share, could you give us a number on what is our market share right now overall?

Aditya Gupta: So see, as I said about last year the listed companies were about INR11,500 crores. I think it will be something similar. So we would be about 5% to 6% of the listed company universe. If you were to add the top five or six unlisted players then the market comes to about INR15,000 odd crores and then you can get the numbers there. So it would be about 4% to 5% of that.

Ashvath: Got it. And are there any talks on ground of freight cost going up in the near future or do we see it reducing back to, say, what it was a year ago -- more than a year ago?

Aditya Gupta: So I did mention that on prices that this month there were various meetings of Morbi associations and they all said that they are going to take up prices. They sent out WhatsApps, and everything, but there was really no follow-up. Nothing has changed. The very fact that these meetings are happening that people are talking about it and Morbi, we assume that they are also hurting .

They don't also have too many surpluses or extra margins kind of dish out to traders. So let's see. I think I do hope that prices -- these drop of prices, if it is stopped that itself would be a very big positive for the industry.

Ashvath: And sir, now since you're already by the end of May, what is the industry, what are our sales for these 2 months and what do we see for Q1?

Aditya Gupta: Ashvath, we don't give out any forward-looking estimation. We would not be comfortable.

Ashvath: All right. Thank you. That's from my end. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. Aditya Gupta for closing comments.

Aditya Gupta: Thanks, everybody. Thank you for taking time out and being with us. Look forward to meeting you for the next earnings call, which will be in August sometime or July end I think. Thank you, everybody.

Moderator: Thank you. On behalf of Orient Bell Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.