OBL:HO:SEC:00: New Delhi : 31.01.2025

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Mumbai - 400 001

Stock Code - 530365

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot No. C/1, G Block,
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Mumbai-400 051

Stock Code: ORIENTBELL

Sub: Transcript of Post Earnings Call for Q3 9M FY25 held on 27th January, 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 27th January, 2025 post announcement of unaudited financial results of the Company for the quarter and nine months ended December 31, 2024.

The transcript of the Post Earnings Call for Q3 9M 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.

Yours faithfully,
For Orient Bell Limited

YOGESH MENDIRATTA
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Yogesh Mendiratta
Company Secretary & Head - Legal

Encl: as above

"Orient Bell Limited

Q3 & 9M FY '25 Earnings Conference Call"

January 27, 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, good day, and welcome to Orient Bell Limited Q3 and 9M 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 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. Suyash Samant from Stellar IR Advisors. Thank you, and over to you, Mr. Samant.

Suyash Samant: Thank you. Good afternoon, everyone, and thank you for joining us today. We have with us today the senior management team of Orient Bell Limited; Mr. Aditya Gupta, CEO; and Mr. Himanshu Jindal, CFO, who will represent Orient Bell Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and 9 months ended December 31, 2024, 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 to reflect developments that occur after a statement is made.

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

Aditya Gupta: Thank you. Good afternoon, ladies and gentlemen, and welcome to our quarter 3 FY '25 Earnings Call. Retail consumption has not been holding up for quite some time as Q3 was also not too different. Continued slowdown in the exports market, given the volatility on container freight over the last 12 months has added to the pressure. Steep discounting continued, but OBL has been able to arrange this through a drive on selling more premium products with more GVT and slabs.

Despite the overall market grew with our sustained efforts on sales and marketing initiatives, we were able to protect our market share. Our revenues have grown by 1.2% over last year to INR469 crores. While the demand recovery may take some more time, we have continued to stay on course with our firm belief and thus investments to support making tile shopping easier for buyers, whether it be consumers or our dealers have continued.

Some operational highlights of the last 9 months are: GVT salience has grown to 40%, which is up from 27% last year 9-month period. Our vitrified mix has improved to almost 58%, highest ever for Orient Bell so far. Our marketing investments continued to be at about 4% of revenues versus a historical run rate of less than 3%. The active Orient Bell tile boutiques, the number has grown to 375, implying a total addition -- net addition of 23 more displays in the last 9 months.

Some early green shoots are becoming more and more visible now with projects, both private and government expected to enter the tiling stage in 2025, which should help OBL in the coming quarters.

With this, I request our CFO, Himanshu Jindal, for the financial updates. Over to you Himanshu.

Himanshu Jindal: Thank you, Aditya. Good afternoon, all. Since Aditya has already covered revenues and the initiatives that we have been taking to drive and support sales of more premium products this fiscal, let me give you more insights on our costs and margins. So our sharp focus has helped us save approximately 4% operational cost of production on a like-for-like basis in the first 9 months, which is after factoring constant product mix and stable energy costs.

The blended fuel costs, too, have softened by roughly 14% on a Y-o-Y basis. While some portion of this was definitely market-driven, we saved a bit more through our own efforts by optimizing fuel mixes further at both Sikandrabad and Hoskote.

As a result, our average blended fuel cost was approximately INR33 per SCM versus INR38, INR39 SCM -- per SCM last year. The gas costs have started inching up from quarter 3 onwards, though. The go-live of our solar PPA at Sikandrabad earlier this year has helped us to keep the power cost lower as well. While a significant portion of these savings were indeed passed on to the markets, in line with the competition to retain market share, we did retain some piece of this as well, which has helped us improve our overall gross margins to 35.5% roughly, which is an improvement of 1% over the last year.

While we continue to support sales via the continued investments in branding, our checks on overall fixed costs have hit, which is why our EBITDA margins have expanded by 2% over the last year. On the balance sheet side, we stay strong as always with very little leverage so far, which allows us more flexibility to take calculated risk to support business as and when the opportunities become available.

On that positive note, I think we can open the Q&A.

Moderator: Thank you. We will now begin the question and-answer-session. The first question comes from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, earlier, we used to give volume numbers as well as realization numbers. So sir please can you give me the volume and realization for Q3 as well as 9 months and similarly for these two periods?

Himanshu Jindal: See, I think as we mentioned on the last call also, starting Q2, we've been holding on to volumes as a number. The moment I give volumes, obviously, ASPs are available. Now the rationale for this is two or three reasons, One, you know we do only tiles versus all our peers who are much more diversified. So our revenues in a way are quasi they, in a way, reflect what we are doing in the markets.

The other point is very strategic. See volumes in isolation are not KPIs when you are trying to drive multiple angles, especially premiumization. So you know there have been investments into capex, there have been investments into branding. And all of this is being done to change the product mix significantly from where we were, and this is why you're seeing gains on GVT, especially on vitrified.

Now giving too much out in the public domain also sometimes becomes counterproductive strategically on operations on a day-to-day basis. So I think we are holding on to it for now. Maybe after the full year results are out, when we publish the annual report, maybe the volumes can come in that time with a bit of a lag. It should be okay? Anything more that you want to ask?

Madhur Rathi: Yes sir. Sir, second question was on the margin side. So we've constantly spoken about these cost saving initiatives that we have done as well as branding initiatives that we are doing. Sir so for what kind of margins do we expect like for the Q4 -- so from this 4.5%, 5% kind of margin, where do you see your margins going over the FY '26 and over the next 2 to 3 years?

Himanshu Jindal: See Madhur. I think we need to understand the initiatives that we have taken, whether it's on the -- it's largely on the variable cost side. So we've been holding on to costs. We have been optimizing it wherever possible to keep our gross margins intact or to be better than the industry.

Fixed cost, we have been scaling it up. We have been optimizing it wherever we need to. But largely, we are supporting multiple initiatives at this point in time, especially on the people on the sales and the marketing front. In the absence of volumes, somewhere the operational leverage is not playing out at the moment for the last few quarters. And therefore, EBITDA is what it is.

There have been conscious calls like we explained previously also that we are supporting branding much more than before. So there is a hit to the P&L in the short to medium term. Let's see how the margins develop, but I think our gross margins are largely in our control. No figurative guidances for the moment.

Madhur Rathi: Okay, got it. Sir, so can we expect some kind of improvement in gross margin? Or can we expect this to maintain sustain going forward?

Himanshu Jindal: It should be in line with the market better than the market for sure. I think we have been demonstrating that very, very consistently now for the last many quarters.

Madhur Rathi: Okay. Sir, just a final question from my side. Sir, when the industry is not doing well, we are doing marketing and branding initiatives. Sir so at what point do we decide are we going in the right direction? Or what is the minimum return on our investment that we would expect for these initiatives in a market downturn that is going on?

Himanshu Jindal: The market is not doing well. You are right. We are supporting. We want to continue building the brand image of OBL. The awareness has to be there. What you need to remember, like Aditya mentioned, the projects are now going to get into tiling stage soon. Now the point is, should I discontinue these investments in the short term and give you a joy on the P&L?

Or should I wait support, continue supporting brand awareness with a very clear hope that as and when the projects in the retail demand is back, I am the first one to be picked up by consumers. So I think with that belief, I think these investments are continuing. Yes, we keep optimizing our spend on a quarter-to-quarter basis, on a month-to-month basis, depending on what works, what doesn't. If there is some learning coming in, we take that and then decide on the next course. Okay?

Moderator: Next question comes from the line of Rishikesh from RoboCapital.

Rishikesh: Sir, you mentioned about some marketing expenses that we have been taking. Can you please let us know what the marketing expense you have taken for this quarter as a percentage of the revenues?

Aditya Gupta: See, we are in 9 months, we are about 4% of our total revenues. That's the marketing spend and we in terms of what exactly contributes marketing expenses. So we have been on TV, including in the last quarter. And we do a lot of digital marketing. So all social media platforms see a lot investment from our side. And apart from that, there are investments in product collaterals, in-shop branding and does that answer your question?

Rishikesh: Yes. Also, I got a sense that this is over and above normal marketing expenses because the market itself is down, so you're trying to push more into marketing. Can you just give us a sense what kind of normal marketing expense you would do once market gets better?

Aditya Gupta: See, we are talking about ratio. So because market is down 4% kind of looks still does not add up to as much as one would want it to be. So if the revenues had been better, growing at least with a double-digit this thing, we would maybe have taken a call to do more than 4% than what we are doing today. As I said, I think I have mentioned that about 1, 1.5 years back when we started TV I think actually December '24, when we started our TV burst first time, that we are planning to for the next couple of years for foreseeable future, to invest aggressively in the marketing in building of our brand.

I also mentioned that how GVT growth has outpaced the company growth rates. And that's only been possible because of what we are doing on the brand side to make it more acceptable to a more premium kind of customer. So I envisage that this will continue. The exact amount would vary slightly depending on how responsive the market condition is. But future if you're asking about future this thing and all, the intent is to keep investing in marketing as much as possible.

Rishikesh: Got it. Also, sir, we are currently on around annual revenue run rate of around INR700 crores. Would it be fair to say that we have capacity to do almost around INR1,000 crores of revenue? And also with a lot of real estate projects coming up, and there's a lot of presales booking which are happening, how do you see us achieving that INR1,000 crores number?

Aditya Gupta: So actually, more than INR1,000 crores, we have enough, say, capacity between our JVs and our own manufacturing to easily hit the number to cross the number that you have quoted. That's one. On the second part, there are different strategies which are playing out. That's why I think in spite of a very bad market, in the first 9 months, we have still managed to keep ourselves afloat. In terms of strategy, we are trying to build up our sales teams and distribution capabilities in Southern India, South and West, which have historically been very weak for us.

I have already talked about the product side that this whole premiumization piece is something we are pushing very, very aggressively. And there are a lot of new products, which have been launched in the last 9 months, same size, different designs or new sizes and all which will continue.

Rishikesh: Could you share a visibility of when can we achieve the INR1,000 crores figure?

Aditya Gupta: See, historically, we have stayed away from giving any futuristic guidelines simply because ours is a very, very cyclical market. And given how much dependent we are as an industry, the domestic industry on exports and what gets how much gets exported from Morbi and stuff like that. It is kind of difficult to forecast how things will go.

As I said earlier, 2025, we are hopeful that the export scenario for the Indian tile industry will improve because the freights are lower today than what they were in, say, September, October, November. And if this trend continues and there's better demand coming up internationally. So a lot of the spare capacity on Morbi, which is getting diverted into India. Domestic market will kind of go back into exports and the domestic business will bounce. But we will not be giving out any future projections about next year revenues or next quarter revenues.

Rishikesh: Got it. No problem. Just last one question. Earlier, we used to do around 8% to 10% EBITDA margin. So just wanted to get a sense that what has to happen that in coming going ahead, we would again do that 8% to 10% margin? I understand that our marketing expense are not going to slow down. So where would the how would you bridge this gap?

Aditya Gupta: I think, Himanshu kind of briefly mentioned this. This gap, what you see today, we are in the 5% range, going up to the 8%, 9% -- 8% to 10% range is largely the single biggest driver of that would be operating leverage, which is basically our volumes going up with a similar this thing. If we kind of go for volumes at very steep discounting to the market, obviously, we are not going to hit that 8% plus margin.

But given we are a kind of similar margins, a similar pricing strategy that we have followed, if we are able to take up our volumes by about, I would say, 20-odd percent definitely 20%, 30%, definitely, we would be in the EBITDA margin range that you have talked about.

Moderator: Next question comes from the line of Aman Agrawal with Aveksat Financial Advisory.

Aman Agrawal: I would like to know that we have expanded our capacity in last quarters. I would like to know according to that, our GVT process, because our sales are constant, almost flat in the last 3 quarters, and our GVT lines and vitrified tiles, we got growth in that. So, is there a lot of degrowth in the ceramic segment, sir?

Aditya Gupta: I think that is exactly. Ceramics have not been doing well. Historically, our ceramic capacity was the bulk of capacity that Orient Bell had. And the last 3 to 4 years, we have invested significantly. Today, our capacity, including our JV is upwards of 40 million square meters per year, which I think 4, 5 years back, was maybe about 25 million to 30 million square meters. So we have added a lot of capacity, which has largely gone into GVT.

We have added it in a very cost-efficient manner with hardly any debt on our balance sheet largely coming out of internal accruals. Unfortunately, the market for the last couple of years has been sluggish. So we have not been able to monetize it as fast as what we would want to. But as the market improves, I think we are in a great position to start growing volumes.

Aman Agrawal: So in the ceramic capacity on the volumes we give up along with prices or prices are stable with volumes being …

Aditya Gupta: Aman, can you please repeat your question? I'm not very clear.

Aman Agrawal: In the ceramic segment, is there a de-growth in our volumes? Or a prices have also degrown due to demand scenario?

Aditya Gupta: So Aman we have a de-growth in volumes. If you look at GVT, GVT salience is up 13% year-on-year, 27% is become 40% GVT salience and revenues are up only by 1.5%. So yes, you're absolutely right. The ceramic sales in volume terms is lower than what it was last year.

Aman Agrawal: Okay. And my next question is because our capacity is roughly 50% in ceramics and 50% in GVT, so what will be the future strategy for ceramics? Will we convert that segment's capacity into GVT or will we sell it in ceramics? What is the strategy for the next 2-3 years, down the line?

Aditya Gupta: So Aman, there are 2 to 3 things, in the market GVT is the thing which is growing. Within the market also, ceramics is not that fashionable and developing category. Ultimately if you talk about long term, I see a lot of this ceramic capacity moving into GVT. But as I said a couple of minutes back, we have, over the last 3, 4 years, built substantial capacities on GVT, which are today available to us. And once the market turns -- so I don't see a requirement for any in-house big investments for the capacity enhancement.

That answered the earlier question also that we clearly have enough and more capacity between us and our JVs to cross INR1,000 crores-plus top line irrespective of whatever mix of GVT and ceramics you take. So in the near future we are not thinking of converting a major line from ceramics to GVT, but with time definitely that's a call that we have to take.

Aman Agrawal: Okay. And next question is regarding the industry. Now what's the situation at Morbi regarding the prices and all those things and export market effects completing the previous financial year?

Aditya Gupta: Aman, I did not understand your question. Please repeat the question.

Aman Agrawal: My question is, how does the industry demand look and secondly the export market demand?

Aditya Gupta: So I was last almost the whole week, I was in Morbi and I must have met at least some 35-plus various vendors. So people are cautiously hopeful that with these feedstocks, the disagreement between Hamas and Israel, they are hoping that some of the bottlenecks, so many problems which have been impacting freight rates and insurance charging and all will start getting sorted out.

Having said that, there is a lot of uncertainty in terms of how the market in these geographies will grow. Indian tiles are extremely price competitive and extremely good on quality. So I think that these 2 things we've have got it right. If markets abroad are decent, I foresee a lot of the capacity, which a lot of Morbi capacity, which has been diverted into the domestic market will go back to exports, and that will give us -- we need 5% to 10% of the 10% capacity or 5% of the capacity to get diverted into export. And the whole market can just pivot around domestically.

Aman Agrawal: One last question from my side The South Western market is very weak in terms of distribution and our tiles presence in showrooms. What is the strategy for future? Our expansion has been done in Dora capacity, along with the joint venture? So what is the strategy for the future?

Aditya Gupta: As of now, we have been strengthening our sales teams there, adding more people. We have started working on a lot of demand generation activities there, which is with architects with various government departments and even going down to the level of mason. Unfortunately, the market has not been very responsive. And because of the pressure on discounting, every month, the discounting has been more than the previous rates.

So dealers have also been kind of cutting down the inventories. So unfortunately, all the investments and the efforts that we have done in the recent past over the last 1 year since the new Dora GVT capacity came online, has not given us the kind of volume that we had hoped for. But we are continuing on the same 3, 4 activities. We are investing on the brand. We are shoring up our teams. We are looking at what kind of customers and what kind of demand generation activities we go ahead with. And that effort will continue. We're just waiting for the tipping point to happen.

Aman Agrawal: Thank you and best wishes for the future.

Moderator: Thank you. Next question comes from the line of Avinash Baskar with Kwality. Please go ahead.

Avinash Baskar: Thanks for the opportunity. So my first question is just to understand, let's say, all these players in Morbi, if there are no exports, so what happens to the market? So do they have a dealer network that they can tap into? How do they just split the market? Because on one hand, we are doing a lot of branding initiatives, working with dealers to build our capacity. So how is it possible for them to export, is it like taking substantial discount towards the prevailing rates in the market, sir?

Aditya Gupta: Yes. So I think yes, you said that. So what I have understood from your question is how easy or difficult it is for Morbi players to dump their stuff in the domestic market? Is that the question?

Avinash Baskar: Yes, correct.

Aditya Gupta: So I think it is much more easier than what I would have wanted it to be. And the 2 levers that they use are: One is discounting, the other is longer credit periods. When it sells, give me the money, you are my brother types. And some of them, not all, but some of them are also not very ethical in terms of compliance, which definitely makes the price they offer even more attractive to the dealer.

So these are 2, 3 factors. They don't invest. You're right, they don't invest in brand. They don't invest in building up a sales team and all. It's largely telephone marketing saying that, okay, this is my rate. This is all I'm willing to do for you or call in all, and that's it. So a lot of the lower end of the market kind of gets taken away by that.

Avinash Baskar: Got it sir. That's super helpful. The second question that I did have is to understand because I'm a little new to this entire industry. Should I think of it like the paints industry where the middlemen have a lot of power and ultimately whoever does a good job in engaging with the distributors and the middlemen would be the ones who have a large share of market? Or again, this is going to be consumer driven? How should I just think about this entire tile business?

Aditya Gupta: So I think a million-dollar question. It is not as evolved as the paint industry. Now if you see if you kind of just ignore the recent happening in the paint industry in the last 6, 12 months, typically, paint industry was one where the top 4 players are holding for 80% of the market.

Versus in the tile industry, if you add up all the revenues of the listed companies, all of them put together will be about INR9,000-odd crores in a market, which is about almost INR50,000 crores, including exports. So paint industry, 80% top 4, 5 players. Tile industry, 20% top 4, 5 players. So it's very different than that's one. I think tile is somewhere in the middle. Unfortunately, once the tile is actually installed, you don't see the brand tile that's visible. Unlike in sanitaryware, faucets or anywhere.

So historically, the dealer has played a very, very important role in the tile industry. What he chooses to stock makes a big difference. The role of branding has been increasing, it's kind of becoming more and more important because just to differentiate yourselves, you need to have that consumer franchise.

And I think that's the part that we have been trying to, first, digitally and for the last 1 year, now using many more marketing many more media vehicles, like TV and all, that's the way we are trying to go. It will take time. It will not change overnight. But I think with every passing year, the consumer is getting a lot more savvier than what she used to be earlier with respect to tiles I am talking about.

Avinash Baskar: Got it. Can I ask 1 more question? Okay. I'll just maybe squeeze one more in. So just for me to kind of visualize, right?, I know that you're doing a lot of initiatives like the QuickLook, revamping the websites, marketing and all of this. So maybe 5 or 10 years down the line, how do you see this company and would we be taking market share from the unorganized players a lot more? Or are we going to compete head-on with some of the leaders and then get market share from them?

Where will we be stronger than some of the players? And where would we kind of give a selling that, okay, this is not a place that we want to be. And then purely talking from 5, 8, 10 years, whenever all these initiatives fructify and give us some sort of advantages in the market. So just from that perspective, what is the vision where this would be?

Aditya Gupta: So I really don't have an answer to the question from where we will win more market share because unlike, as I said, other industries, our industry is kind of extremely splintered. But let me tell you where we will get our growth from, not from whom will we get a growth, but where will we get a growth from. I think, let me talk more consumers than competitor because ultimately, that is what make more sense.

I don't know which competitor I will gain more or less from. But I'm very clear in terms of which is the consumer segment that will drive my growth over the next 5 to 10 years, more consumer and products. So on product, I would say it would be GVT, it would be more of our bigger size slabs, the whole premiumization of our product portfolio, that is going to be a growth driver for us.

From a consumer perspective, I would say that informed B2B buyers like architects, that's a segment which we have, which we are very weak in, is one which is going to contribute a lot more aggressively towards over the next 5 years. In terms of geographies, I would see both South and West becoming much bigger contributors to our overall revenue than what they are today.

Avinash Baskar: Got it, thank you so much.

Moderator: Thank you. The next question comes from the line of Avinash Baskar from Kwality. Please go ahead.

Avinash Baskar: Just a couple of more questions from my side. So one dichotomy that I'm just seeing this on one hand, we continuously see all this news that real estate is in an up cycle, there is a lot more flats that are coming up, etcetera, etcetera, right? Whereas here, the building products are not following that. But I just want to understand, is this pricing pressures that we are facing, of course, I understand there's a component of exports. But has the supply side also expanded something drastically in the last 2 to 3 years or something which is contributing to this entire problem?

Himanshu Jindal: See, Avinash, Himanshu this side. See, you're right in a way the supply glut at Morbi. So what has really happened over the last 4-5 years? So while post-COVID, the demand came back with a bang, both from retail and projects, you also saw supply coming up thereafter. So '23, '24, a lot of supply glut came into Morbi and also the organized players also pushed in a lot more capacities.

Today, unfortunately, the way the demand is, both on the retail and the project side, it's not the best, yes. So oversupply, less demand, both are contributing to what you are seeing today. Having said that, over the last 12-odd months, very little capacity has come into Morbi, yes. The other side that you should also know, a lot of inefficient old capacities have been weeded out. So there are more than 300 factories in Morbi which have been permanently shut down, okay?

There is another thing that you should know, and this is something to note. I think the others can take a note as well. What we are hearing is, again, in the month of February, there is a planned shutdown by Morbi, yes. So they are planning to shut down all the GVT lines. Let that happen and then you'll see, yes. So in a way, Morbi is becoming more and more clear that they can produce, they can't sell, especially when the export markets are not doing well. So let's see, how the markets evolve. Does that answer?

Avinash Baskar: Yes. I think that's helpful. I understood that the supply followed the demand and then kind of -- there is a 2-way problem. The last thing is, so I understood this initiative on this QuickLook cataloguing and working with some dealers to do that. So do those dealers currently, do you see them selling more of generally tiles overall and also our brand tiles? Is there like cost to correlation between the investments we make and the results that those dealers derive?

Aditya Gupta: So we see a very strong correlation between usage of QuickLook and the business volume of that dealer. We are seeing it across the country. The challenge which we are now trying to solve is that how do we make a Quick Look far more easier for the dealer to use? Because while we have a large number of dealers, 600-plus, who are very active users of this.

But unfortunately, we need not 600, we need maybe 1,200, 1,500 dealers to start using it as actively. And our trade is not very tech savvy. They are actually techphobic, if you may say so. So we got these first 500, 600 people to use it. But the next 500, 600, we are seeing a challenge to kind of make them comfortable with technology, and there's new product features and all which we are working on. Hopefully, we will launch it in the current quarter to take away that techphobia which a lot of people have.

Avinash Baskar: So do these dealers are they exclusive dealers or they can be multi-brand dealers of which we are one of their brands?

Aditya Gupta: The way we work is, they are -- they have given exclusive space showroom, what we call in Orient Bell Tile Boutique to us to display our products. So from that perspective, there would be there is an exclusive space where only Orient Bell products are being displayed and talked about. They might have another area of where they are selling some other brands. That's quite possible. But they can't use Quick Look for the other this thing because it's a proprietary tool, only -- which only works with my tile designs and products and SKUs.

Avinash Baskar: And are these tiles like standardized, for example, let's say, can I see like a tile in on Quick Look and tell this looks great, what is the cheapest tile you have for this particular I mean like green marble finish this size SKU. So are the SKUs like super standardized so I can just see it in Quick Look and then sell the lowest cost ones?

Aditya Gupta: So we offer something like that on our website. So as a consumer, if you go to my website, you can actually get MOP kind of a figure there. And it's on the website you actually fill up a very small, simple form, which identifies the pin code of where you want supply, then we are able to give you a much more accurate cost estimate of what that particular tile will cost you at that particular location.

This is important because unlike in other categories, which have one the billing from the company is in FOB. But in our case, freight is -- I mean, in our industry, freight is being paid by the dealer so we basically work on ex-factory prices, INR300 per square meter or whatever it is and the landed cost to a dealer in Guwahati is very different versus a dealer sitting in Delhi.

Moderator: Thank you. Next question comes from the line of Aman Agarwal with Aveksat Financial Advisory. Please go ahead.

Aman Agarwal: You have mentioned that in coming Feb, the GVT lines at Morbi will be shutdown. Is it because of really less demand? Is it something else?

Himanshu Jindal: Yes. So Aman I'll try and answer that, Himanshu again. As of now there is this news, which is emerging from Morbi that they are planning to take a shutdown. How effectively this gets done, we still need to see. In the past, they have generally taking they have been taking the shutdown in the month of August, largely in the last 3, 4 years, you have seen that happening there.

Now what are the reasons for that? Reasons are very simple. The domestic demand is not great. You take shutdowns because you can't sell otherwise, right? Why unnecessarily store. More importantly, I think last 12 months, with the container freight issues, with the freights being so volatile, getting spiked up, coming down, going up again, etc., the exports haven't happened the way they should have, right?

So that's one reason why there's no joy producing and storing it in your warehouses, especially for Morbi, unless they can dispatch, why produce. I think this is a very simple logic that they are following right now and that in a way helps us also.

Aditya Gupta: So Aman, there was the Morbi GVT Association had met up, I think, 3 weeks or 4 weeks back also. And there was some discussion that in the month of January, they will close GVT units. It did not happen. And so let's see, they might come to an agreement for next month or so we will know only when it happens. But the bigger picture here is that they are also kind of not finding it easy. So looking at various alternatives to kind of cut down their costs. So let's see what they decide. As and when it happens, we'll know.

Aman Agarwal: Okay. I have one last question. In the last couple of 9 months or earlier so, our sales from our Orient Bell Tiles showroom, its revenue constant, like 43% to 45% of our sales. And in this past 12 months or so, we have invested aggressively on marketing, on social media and all those platform. So I would like to know that from there, why our share didn't generate, because there is a lack in our strategy or there is another reason, price demand as well?

Himanshu Jindal: Your voice was not very audible, but whatever little I picked up, you are right. The OBTB per se, the displays have gone up, not that they have not they have increased from 350, 352 as of March to something like 375 now. So there is a net addition happening for sure. Just to remember, this is the count of the active displays.

So which means there are displays going out: There are new displays getting added at the same time. So the net addition and those who are working for us taking billing consistently that 375. It's gone up marginally as well in terms of the sales that we have made from there. Markets you know already have been very choppy, yes. They are not the best, unfortunately. But let's see how it goes.

Moderator: Thank you. Next question comes from the line of Resha Mehta with Green Edge Wealth. Please go ahead.

Resha Mehta: I have just one question. So if you see the leader has also gotten into tile adhesives because that also seems like to be like a INR5,000 crores market and decently high double-digit EBITDA margin. So the question here is that do we then are we already present in this segment? And if not, then do we have any plans? And why not if you could just comment on that?

Aditya Gupta: Okay. So we are not present in this segment now, but this is something which we are evaluating and exploring. And if we decide to launch it, we will let you know.

Moderator: Thank you. Next question comes from the line of Karan Bhatelia with Asian Markets Securities.

Karan Bhatelia: Sir, we've mentioned of steep discounts in Morbi in our initial comments. So can we have some quantification, it could be in higher single digit or in mid-teens? And with gas costs now again inching up from December, would we think this discounting has kind of bottomed out?

Aditya Gupta: Unfortunately, it's not bottomed out. Yes, there have been 2 price increases in the last 2, 3 months, INR2.5, INR3 per cubic meter every time, but that has really not it has really slowed down the discounting, but it has not really kind of stopped it. And it's because of these higher gas pricing and all that maybe people in Morbi are today talking about curtailing production and taking shutdowns and all.

Now to your question in terms of quantifying it. So I would say that from October, just 4 months back to now, they would have been maybe some 3%-odd change in extra discounting, which would have happened. So many different sizes of tiles, so many different finishes and stuff like that. But 2% to 4%, you can say that they would be in the last 4 months or so…

Karan Bhatelia: And YTD could be higher single digit?

Aditya Gupta: YTD would be compared to FY '24? Yes, YTD would be yes, YTD would be at least 5%, 6% plus, maybe 5% to 8% or so in that case. The product mix keeps changing so much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions. We have reached the end of question-and-answer session. I would now like to hand the conference over to Himanshu Jindal for closing comments.

Himanshu Jindal: Okay. Thank you so much for your interest and patience in OBL. Have a great day. Take care. Bye-bye.

Moderator: Thank you. On behalf of Stellar IR Advisors, that concludes this conference. Thank you for joining us. You may now disconnect your lines.