

# INDIAN CERAMIC TILES INDUSTRY

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**West Asian crisis exposes  
operational vulnerability of Indian  
ceramic manufacturers**

**June 2026**



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*The ongoing West Asian conflict has led to disruptions in the liquefied natural gas (LNG) supply chains, adversely impacting the ceramic sector's reliance on uninterrupted fuel for kiln operations. Organised players are better placed to manage near-term disruption through contracted gas arrangements and better inventory management, while smaller units are more exposed to spot gas availability, thereby impacting their production and inventory build-up for such scenarios.*



- **Ceramic tiles industry is amongst the most energy-intensive sectors with power and fuel forming nearly 25% of the production cost**, making it vulnerable to natural gas price spikes and supply shocks. Natural gas is the preferred kiln fuel due to its high calorific value. India remains largely LNG import dependent, with 50-60% flowing via the Strait of Hormuz (SOH), which exposes domestic gas availability to heightened geopolitical risks. The gas prices have surged by ~70% since the onset of West Asia conflict, disrupting production across the tile industry in India.
- **Large-scale players (~40% of market share) are relatively better placed to tide over the gas shortage** with their contracted gas supply, pricing power, inventory and liquidity buffer, while smaller scale players (~60% market) face higher outage risk and weaker pricing ability. Tile plants in Morbi, Gujarat faced shutdowns in March 2026 due to gas unavailability, while other regions operated on limited supply. While supply has improved since then, prices remain elevated at ~1.7x pre-conflict levels amid supply chain disruptions.
- **Organised players rely on third-party manufacturing for about 20-30% of their production, which is outsourced to small-scale manufacturers.** Gas-related disruptions in the unorganised segment is expected to add to volume pressure, requiring large players to rely on in-house production. Revenue growth for ICRA's<sup>1</sup> sample set is estimated to decline by 2-5% for FY2027 compared to FY2026 levels. However, ICRA projects the leverage and coverage metrics to remain comfortable on account of manageable debt levels and likelihood of pass on of higher input costs to the customers.
- **Tile export could decline by 5-10% due to both supply side and logistics issues.** With Morbi (the key export hub) seeing fuel availability related disruptions, impacting small-to-mid size unorganised units that contribute a sizeable share of export volumes, exportable supply may reduce. At the same time, congestion/disruption around the SoH could slow shipments, weighing on overall exports, including to West Asia.

<sup>1</sup> Refers to ICRA's sample set of 8 prominent Indian tile manufacturers including five listed companies – Kajaria Ceramics Ltd, Somany Ceramics Ltd, Simpolo Vitrified Private Limited, Asian Granito India Ltd, Orient Bell Ltd, Exxaro Tiles Ltd, Sanskar Ceramics Private Limited and Samini Ceramics Limited.



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