

# INDIAN CERAMIC TILES INDUSTRY

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**Proposed anti-dumping duty by US  
could derail Indian ceramic tiles  
exports**

**SEPTEMBER 2024**





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*Headwinds in exports market and muted realisation will dampen growth momentum; domestic demand, which accounts for 64% of industry revenues, remains resilient*

*Fear of anti-dumping duty by USA with retrospective effect has already slowed down exports in recent months*



- The domestic market accounts for ~64% of the Indian ceramic tiles industry's revenues while the rest is generated through exports. Domestic real estate demand remains strong, which augurs well for the sector. India's ceramic tile exports witnessed a robust YoY growth of 40% to 589.5 million square meter (msm) in CY2023, which helped it to become the world's largest exporter, up from the second position in CY2022. Lower production cost than other markets (like Spain, Portugal) as well as anti-dumping duties (ADD) on Chinese products have ameliorated Indian ceramic tile exports in the recent years.



- A sharp increase in freight cost, amid the Red Sea Crisis as well as slow-moving residential markets in the USA and Europe, has derailed exports momentum from Q4 FY2024. The likely imposition of significant ADD (328-489%) by USA (which accounted for 9% of Indian tiles exports in FY2024) in Q3 FY2025 could result in YoY contraction of 8-10% in Indian ceramic tile exports in FY2025e.



- The industry has undertaken sizeable capacity addition in recent years, which has resulted in supply overhang in the domestic market, limiting pricing flexibility. Realisations have remained muted in the current fiscal. ICRA expects industry capex to moderate from 8-9% of operating income (FY2023 and FY2024) to below 7% in the current fiscal, as ceramic tiles companies shift their focus towards improving operating efficiencies and capacity utilisation.



- Driven by improvement in domestic residential construction activity and likely improvement in capacity utilisation, ICRA expects revenues to grow by 7-9% YoY in FY2025 and margins to remain stable at 11-12% in FY2025e. Most large tile players have low leverage and are forecasted to sustain a comfortable credit profile. However, small and mid-sized players have relatively higher exposure to exports and the headwinds in export markets could have a bearing on their cash conversion cycle and coverage metrics.



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