

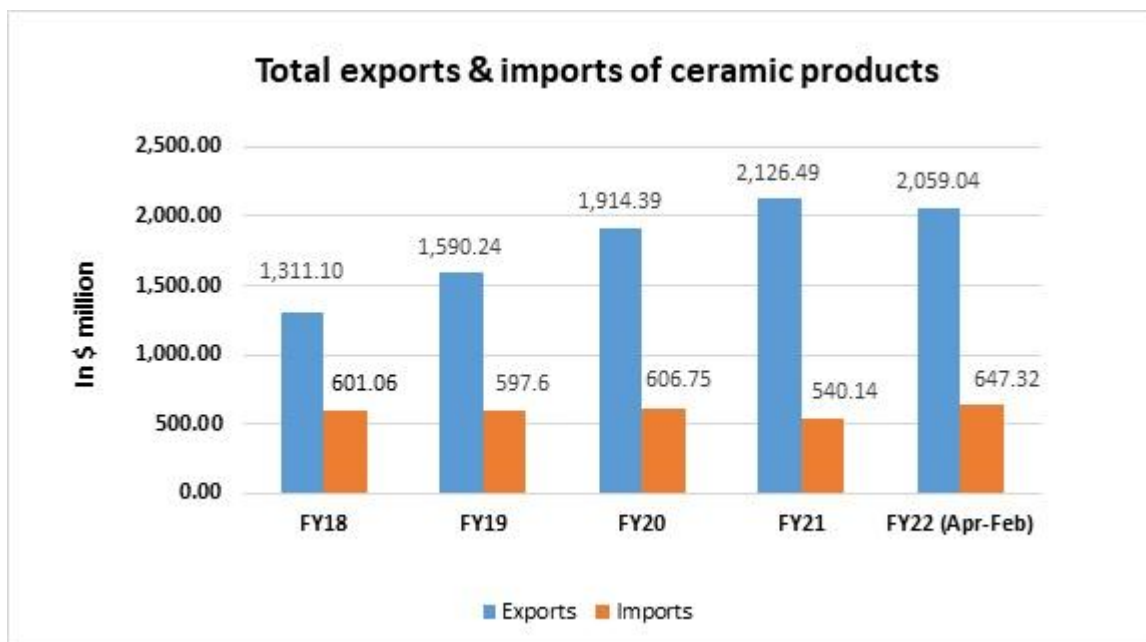
Ceramics/Marble/Granite/Sanitaryware Industry Analysis

The ceramic industry, which mainly comprises tiles and sanitaryware, has been modernizing through new innovations in product profile, quality and design to emerge as a modern, world - class industry. The sector provides direct and indirect employment to people across India and has been modernizing through new innovations in product, quality and design. Amid COVID 19, the ceramic industry faced several challenges such as supply chain disruptions, cash flow constraints, and production shutdown. But slowly, the sector is getting back to normal, having good jump on the production and supply chain.

The ceramic industry is also witnessing exponential growth, as the industry changes gears amid a continuous shift from unorganised to organised hands and a shift in product focus with rising share of glazed vitrified tiles (GVT) and polished glazed vitrified tiles (PGVT). Besides, growing global penetration of large slabs, implementation of the best-in-class technology and innovation to manufacture products suitable for global markets are other key factors that are continuously giving the much needed support to the industry.

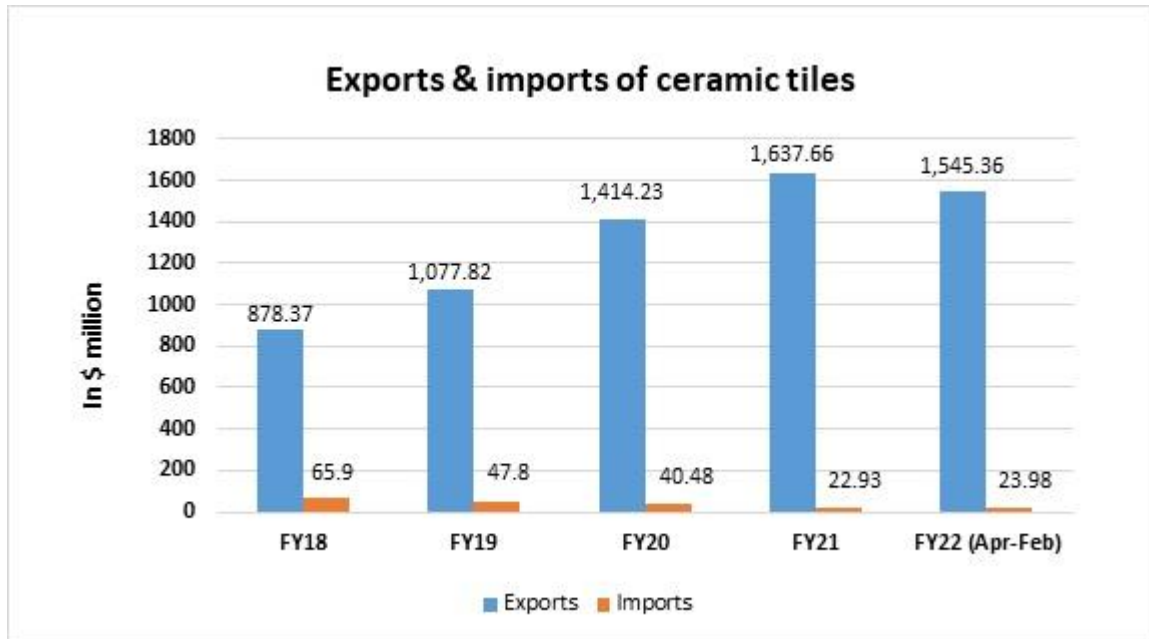
Total exports & imports of ceramic products

Apart from the domestic demand, exports of ceramic products from India have been increasing. The exports of ceramic products surged by 11.08% to \$2,126.49 million in FY21 as compared to \$1,914.39 million in FY20, because of increase in shipments of ceramic tiles and sanitaryware products. In FY 22 (April-February), exports from the country stood at \$2059.04 million. On the other hand, imports of ceramic products declined 10.98% to \$540.14 million in FY21 as against \$606.75 million in FY20, while in FY 22 (April-February), imports stood at \$647.32 million.



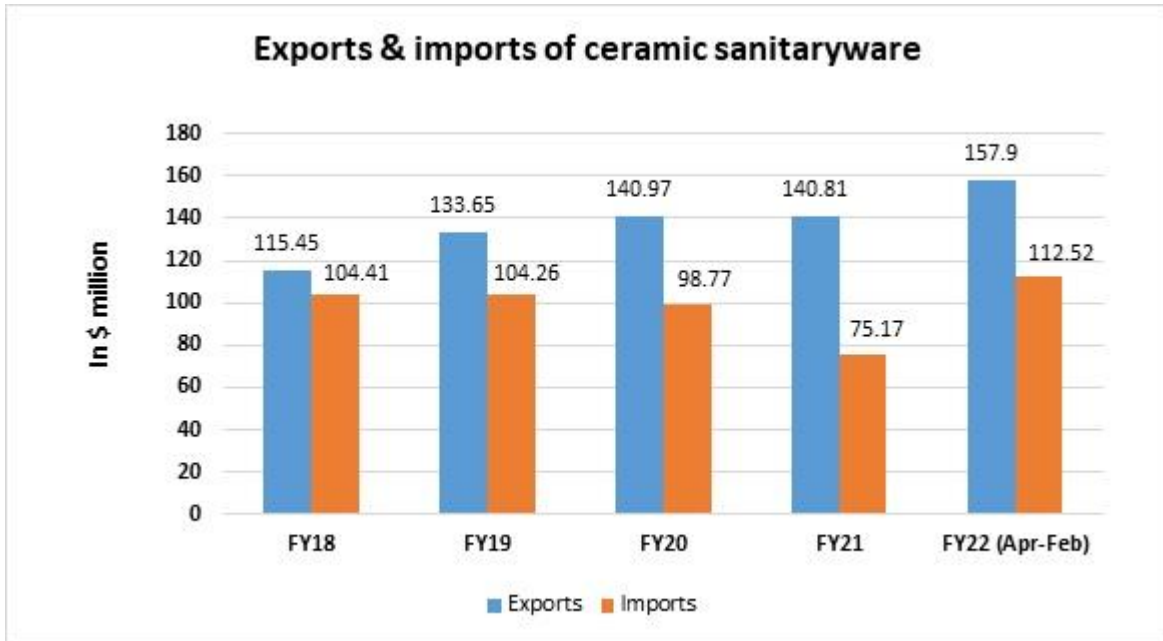
Exports & imports of ceramic tiles

The exports of ceramic tiles increased by 15.80% to \$1,637.66 million in FY21 from \$1,414.23 million in FY20 and during FY22 (April-February), ceramic tiles exports stood at \$1,545.36 million. On the flip side, imports of ceramic tiles declined 43.35% to \$22.93 million in FY21 as against \$40.48 million in FY20, while during FY22 (April-February), ceramic tiles imports stood at \$ 23.98 million.



Exports & imports of ceramic sanitaryware

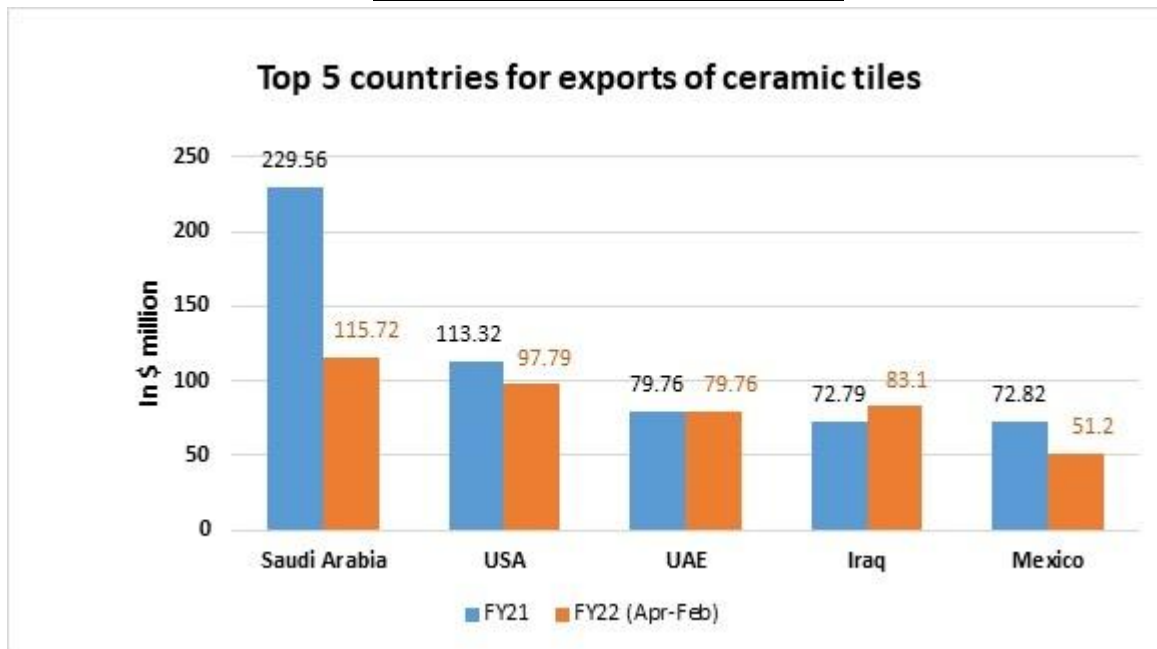
The exports of ceramic sanitary-ware increased marginally by 0.11% to \$140.81 million in FY21 from \$140.97 million in FY20 and during FY22 (Apr-Feb), ceramic tiles exports stood at \$157.9 million. On the flip side, imports of ceramic sanitary-ware declined 23.89% to \$75.17 million in FY21 as against \$98.77 million in FY20, while during FY22 (April-February), ceramic sanitary-ware imports stood at \$ 112.52 million.



Top 5 countries for exports of ceramic tiles

India is stepping its efforts to increase its export share in the international market. India exports most of its ceramic tiles to Saudi Arabia, USA, UAE, Iraq and Mexico. At the same time, industry players are gearing up for growth through building capacity and focusing on technology and process improvements.

With easing restrictions of Covid 19 in the export countries, exports to Saudi Arabia stood highest at \$229.56 million in the year FY21, while it was \$113.32 million in USA, \$79.76 million in UAE, \$72.79 million in Iraq and \$72.82 million in Mexico during the FY21.



Recent developments

Government imposes anti-dumping duty on Chinese floor and wall tiles

The government has imposed definitive anti-dumping duty on imports of certain floor and wall tiles from China. Based on the recommendations of the Designated Authority in its final findings of November 2021 in its Sunset Review investigations, the revenue department has imposed an anti dumping duty of \$1.87 per square metre on porcelain/vitrified tiles with less than 3 per cent water absorption on all imports from China. This latest anti-dumping duty will now be valid for five years. Anti-dumping duties on porcelain/vitrified tiles were first imposed in 2016 for five years and subsequently extended couple of times till February 28, 2022.

Government efforts to improve living conditions in urban areas

Ministry of Housing and Urban Affairs (MoHUA) facilitates and assists States/Union Territories (UTs) through its flagship Missions/Schemes/ Projects -- Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission (SCM), Pradhan Mantri Awas Yojana - Urban (PMAY-U), Swachh Bharat Mission-Urban (SBM-U) and Metro Rail projects in development of urban infrastructure. These missions / schemes / projects are implemented by the States/UTs in accordance with the Mission guidelines.

MoHUA launches affordable rental housing complexes

The Ministry of Housing and Urban Affairs (MoHUA) has launched Affordable Rental Housing Complexes (ARHCs) as a sub-scheme of Pradhan Mantri Awas Yojana - Urban (PMAY-U) to

provide dignified living to urban migrants/ poor near their workplace. This scheme is being implemented through two models as under:

Model-1: Utilizing existing Government funded vacant houses constructed under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) and Rajiv Awas Yojana (RAY) to convert into ARHCs through Public Private Partnership (PPP) or by Public Agencies. Model-2: Construction, Operation & Maintenance of ARHCs by Public/ Private Entities on their own available vacant land.

Outlook

The ceramic industry offers a bright picture for existing players, as well as for potential investors, as the industry is expected to witness sustained growth, aided by infrastructure development, increase in income levels and availability of a range of financing options for housing. Various initiatives like Swachh Bharat Abhiyan, building of smart cities, development of industrial corridors and housing for all schemes will also drive the growth of the sector in the coming times. The sector may face short term challenges in view of increase in freight costs, rising gas and transportation costs, but over medium to long term the industry outlook looks promising, on the back of the government's focus on infrastructure development, overall improvement in rural economy, greater focus on policy implementation. Besides, the declining waves of Covid-19 along with rapid progress in vaccination has set the stage to further accelerate economic recovery and this may boost demand for ceramic products from metros and Tier I, Tier II and Tier III cities, smaller towns, particularly in the home renovation segment and government projects.