

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Ceramic Tile Industry

The global ceramic tile industry closed FY 2025-26 at an early inflection point. Calendar 2024 marked the third consecutive year of contraction, with world production falling 6.2% to 14,950 million sqm and consumption declining 6.8%, driven largely by a sharp slowdown in Asia — which still accounted for 72.8% of global production. China's domestic output fell further in 2025, dropping below 5 billion sqm, with capacity utilisation at roughly 48%, even as Chinese manufacturers expanded their overseas footprint. Against this backdrop, India held its position as the world's second-largest tile producer, consumer and exporter, and the MECS-Acimac Research Centre's five-year outlook (published November 2025) now points to a demand-led recovery, projecting Indian production and consumption to grow at 3.7% and 6.3% CAGR respectively through 2029, outpacing the global industry.

TAB. 1 — World & Key-Country Ceramic Tile Production, 2023-2024

REGION / COUNTRY	PRODUCTION 2023 (mn sqm)	PRODUCTION 2024 (mn sqm)	VAR. % 24/23
World	15,937	14,950	-6.2%
Asia (total)	11,600	10,900	-6.5%
of which India	2,450	2,400	-2.0%
Europe (total)	1,654	1,615	-2.4%
European Union	1,039	1,054	+1.4%
Non-EU Europe	615	561	-8.8%
Brazil	793	825	+4.0%
Vietnam	397	504	+27.0%

Source: World Production and Consumption of Ceramic Tiles — MECS/Acimac (October 2025)

India Ceramic Tile Exports

India's tile exports, which had fallen 10.9% in 2024 to 525 million sqm, began recovering through FY2025-26. In the first nine months of calendar 2025, overseas shipments rose 7.9% year-on-year to 420 million sqm. The UAE overtook all other markets as India's top export destination, followed by Russia; the US slipped to third place in volume terms amid tariff-related headwinds, while Israel recorded the sharpest growth among the top markets.

TAB. 2 — India's Top Ceramic Tile Export Markets, 9 Months (Jan-Sep) 2025

#	EXPORT MARKET	VOLUME 9M-2025 (mn sqm)	VOLUME VAR. % vs 9M-2024	VALUE 9M-2025 (USD mn)	VALUE VAR. % vs 9M-2024
1	UAE	31.7	+20.0%	125	+15.3%
2	Russia	23.4	+11.0%	105	-3.3%
3	USA	22.7	-14.7%	108	-18.8%

Marble & Mosaic Industry

The global marble market was valued at approximately USD 22.97 billion in 2025 and is projected to reach USD 30.11 billion by 2031, growing at a CAGR of 4.61%, with Asia-Pacific the fastest-growing region (6.16% CAGR) on the back of urban infrastructure and high-rise construction. Within India, the marble and natural-stone segment continues to benefit from import substitution as buyers seek quality-assured domestic alternatives to Turkish and Italian stone, even as stricter silica-dust regulation globally is reshaping processing practices toward wet-cutting and prefabricated, factory-cut panels. Designer mosaics remain a smaller but higher-margin niche, gaining traction in luxury housing, hospitality, spas and façades, supported by architect- and interior-designer-led specification.

TAB. 3 — GLOBAL MARBLE MARKET — SIZE & FORECAST

METRIC	2025	2026	2031F
Global marble market value (USD bn)	22.97	24.03	30.11

Source: Marble Market Size, Share, Growth & Trends Report 2031 — Mordor Intelligence (2026)

Indian Real Estate & Construction

India's construction sector continued to expand through FY2025-26, supported by sustained public capex; the Union Budget 2026-27 raised the infrastructure capital outlay to ₹12.22 lakh crore (USD 132.8 billion), an 11.5% increase over the FY2025-26 revised estimate, while GlobalData projects the construction industry to grow 6.4% in real terms in 2026. Residential real estate carried this momentum into

premiumisation: JLL reported a record 90,023 housing units launched across India's top seven cities in Q1 2026 (+13% YoY), increasingly skewed toward premium and luxury product, and Colliers' India Real Estate 2026 report described housing demand as resilient through 2025 on the back of rising incomes, easing inflation and improved credit access. In Mumbai specifically, the ultra-luxury segment (₹10 crore-plus) posted its highest-ever half-yearly transaction value of ₹18,512 crore in H1 CY2026, up 12% year-on-year, per India Sotheby's International Realty and CRE Matrix — directly relevant to NITCO's premium surfaces positioning in its core Mumbai Metropolitan Region market.

Source: IBEF, "Indian Infrastructure — Industry Analysis," May 2026; GlobalData, "India Construction Market Analysis and Outlook to 2030" (Q1 2026), May 2026; BusinessToday/JLL, July 29, 2026; Colliers, "India Real Estate 2026," Dec 2025; India Sotheby's International Realty & CRE Matrix, "Mumbai Luxury Housing Report — H1 CY'26."

OPPORTUNITIES AND THREATS

Opportunities

- Premiumisation of housing: Luxury and ultra-luxury launches are at record levels — JLL recorded a 13% YoY rise in Q1 2026 launches skewed toward premium product, and Cushman & Wakefield expects new luxury launches to exceed 300,000 units nationally in 2026 — directly expanding demand for NITCO's premium tile, marble and mosaico surfaces.
- Infrastructure-led growth: The Union Budget 2026-27's 11.5% increase in capital infrastructure outlay (to ₹12.22 lakh crore) and a fresh pipeline of 852 PPP projects worth ₹17 lakh crore (announced January 2026) will sustain construction-sector demand into FY2026-27 and beyond.
- Marble import substitution: Continued reduced reliance on Turkish and other imported marble creates room for NITCO to grow share with quality-assured, traceable Indian sourcing, supported by a global marble market growing at a 4.6% CAGR through 2031.
- Rate-cut tailwind for mid-segment: Over 100 bps of RBI rate cuts through 2025 are expected to bring mid-segment homebuyers back into the market in 2026 (Cushman & Wakefield), widening NITCO's addressable base beyond the ultra-premium segment.
- Designer mosaico growth: Mosaics continue to gain specification traction in luxury housing, hospitality and façades, supporting NITCO's positioning for high-margin, project-led business.
- India's structural growth story: MECS forecasts India's GDP to grow 6.5% annually over the next five years, a principal driver behind the 3.7%/6.3% CAGR projected for Indian tile production and consumption through 2029.

Threats

- Escalating trade barriers on Indian tile exports: The EU's definitive anti-dumping duty on Indian ceramic tiles remains in force (last amended October 2025); the US imposed a final countervailing duty determination on Indian ceramic tile in April 2025; GCC states (Saudi Arabia, Kuwait, Bahrain) have active or renewed anti-dumping investigations and duties of up to 100% on Indian and Chinese tiles; and South Africa's ITAC imposed fresh provisional anti-dumping duties on Indian tile imports in July 2026. Cumulatively, these raise the cost of India's key export markets and could redirect exporter volumes back into the domestic market, intensifying local price competition.
- Chinese overcapacity: With Chinese domestic tile capacity utilisation near 48% and production still above 5 billion sqm even after 2025's decline, aggressive export pricing from China remains a risk to realisations in India's own export and, potentially, domestic markets.
- Input-cost and energy volatility: Global ceramic manufacturers continue to face margin pressure from energy and carbon-related costs — Italian producers, for instance, cited energy and ETS charges squeezing 2025 margins — a dynamic mirrored in India by volatility in clay, feldspar and fuel costs.
- Substitution risk: Vinyl, laminate and engineered-stone alternatives continue to compete with tiles and marble on price and installation speed, particularly in cost-sensitive segments.
- Real estate and interest-rate cyclicality: The ultra-luxury housing segment that anchors NITCO's premium strategy is inherently more sensitive to interest-rate shifts and broader macroeconomic sentiment than mass-market housing.
- Fragmented, price-led competition: Morbi's 800+ manufacturing units continue to drive intense price competition in the organised and unorganised tile segments alike, compressing distributor and manufacturer margins even as overall category demand grows.

Source: Federal Register, "Ceramic Tile From India: Final Affirmative Countervailing Duty Determination," April 23, 2025; EUR-Lex, Commission Implementing Regulation (EU) 2025/2148, Oct 23, 2025; Gulf News, "Gulf anti-dumping duties raise cost to consumers," (GCC duties up to 100%); Accounting Weekly, "New Anti-Dumping Duties Hit Tile Imports From Four Countries," July 2026 (South Africa/ITAC); Ceramic World Web, "China: tile production declines domestically but grows abroad," June 10, 2026; Ceramic World Web, "Italian ceramic industry: energy and ETS charges squeeze margins," June 16, 2026; Mordor Intelligence, "India Ceramic Tiles Market" report (Morbi cluster data).

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Analysis of Profit and Loss statement and Balance Sheet based on standalone results is given below:

During FY 2025-26, your Company was able to achieve total revenue of ₹ 54,807.54 Lakhs. The Company is enjoying strong brand equity in the market. The EBITDA profit was ₹ 3,455.11 Lakhs.

EQUITY SHARE CAPITAL

The Company's equity share capital is stated at Rs 24,051.61 Lakhs as on March 31, 2026.

BORROWINGS

The total debt of the Company is as under:

Particulars	2025-26	2024-25
Non-Current borrowings	20,000.00	20,000.00
Current borrowings	4,340.70	1,154.05
Total Debt	24,340.70	21,154.05

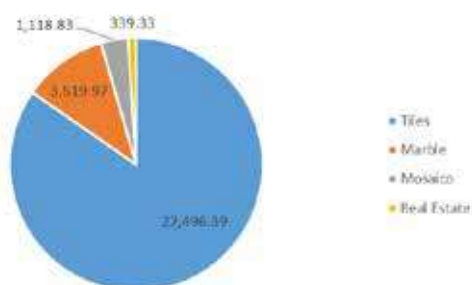
WORKING CAPITAL

- Inventory has increased from ₹ 6,283.51 Lakhs in 2024-25 to ₹ 9,807.20 Lakhs in 2025-26.
- Inventory –Real Estate has increased from 26,389.30 Lakhs in 2024-25 to ₹ 28,074.00 Lakhs in 2025-26.
- Total trade receivables have increased from 6,444.42 lakhs in 2024-25 to ₹ 16,836.69 Lakhs in 2025-26.
- Trade payables have increased from ₹ 9,250.37 Lakhs in 2024-25 to ₹ 11,192.92 Lakhs in 2025-26.

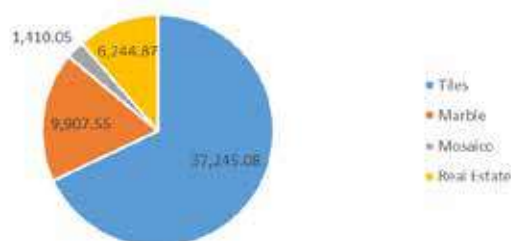
SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Total revenue – Product Mix on standalone basis for last 2 years:

FY 2024-25 Product Mix (Rs. in Lakhs)



FY 2025-26 Product Mix (Rs. in Lakhs)



INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has in place adequate internal control systems, including internal financial controls, commensurate with the nature and scale of its operations. The efficacy of these controls is continuously monitored and whenever required upgraded to meet evolving business needs. These internal control mechanisms ensure that the company's assets are safeguarded, regulatory compliances are adhered to and any pending issues are addressed in a timely manner.

The internal auditor periodically review the effectiveness of the internal control process and compliance framework on quarterly basis, and there finds are reported to the Audit Committee and the Board of Directors. The Audit Committee in turn reviews these reports on a routine basis, takes note of the observations, and where necessary recommends corrective actions. The committee also maintains a continuous dialogue with both statutory and internal auditors to ensure that the internal control system remain effective and reliable.

RISKS AND CONCERNS

At Nitco, risk management is a continuous process of identifying, assessing and evaluating risks and taking proactive measures to minimise or eradicate potential losses arising due to an exposure to particular risks. The consistent implementation of this framework is monitored through audits and reviews, resulting in an accurate understanding of the Company's competitive position. In doing so, the Company takes decisions that balance risks and rewards.

Risk	Mitigation
Perception Risk Inability to sustain historical growth rates could adversely impact brand perception.	Owing to a dynamic and sustainable business plan, continual innovation towards a prudent sales-mix and improving operational efficiencies, the Company will be able to better its sales in absolute terms.
Business Slowdown Risk Indian economy could create a widening chasm between budgeted and actual ground realities.	The Company has emerged as a one-stop shop for tile solutions, providing floor as well as wall tiles and marble. Metros and urban cities are majorly hit by an economic deceleration while in recent times a majority of the demand for consumer products is emerging from Tier-II and Tier-III locations, which usually remains largely unaffected by economic slowdowns. Thus, as a precautionary measure, the Company strengthened its distribution network in new demand pockets
Competition Risk Increasing competition can have an impact on margins.	Competition from the unorganised sector is expected to decline with rising consolidation, effected by organised players partnering with unbranded players (with low-cost manufacturing expertise) as a part of their cost-efficient expansion strategy. Nitco has developed relationships with several low cost manufacturers for outsourcing its product requirements

Risk	Mitigation
Technology or software obsolescence Risk Technology or software obsolescence may result in compromise of quality standards and losing out on the competitive advantage.	The Company invested in SAP ERP module, scaling up its IT infrastructure across its sales, distribution and manufacturing divisions and upgraded it to SAP S4 HANA in the FY 2022-23. Design technology will further be enhanced to further strengthen NITCO's aspirational brand position in the minds of the architect, builder, dealer and community in large.
Client Attrition Risk A substantial portion of the Company's total sales comes from retail clients and large key accounts. Hence, client attrition can impact both revenues and prospective growth.	Providing post-sale services to retail and key account customers and offering guidance programs for institutional customers have been an integral part of Company's initiatives to reinforce relationships. The Company also customizes products to cater to specific requirements. Some of its brand-enhancing customers include Tata Group, Reliance Group, Prestige, Rahejas, Godrej, Oberoi Construction, DLF, L&T, Shapoorji Pallonji Group, among others.
Human Resource Risk Attrition of key executives and personnel could affect the Company's growth prospects	Nitco has initiated various measures such as deploying strategic talent management system, training and integration of learning activities. Various HR initiatives were initiated to encourage staff towards enhancing productivity and building the spirit of team work.
Dealer attrition risk Dealers represent the Company's face to customers. Reduction in the number of dealers could affect sales and negate brand image.	The Company has introduced a fast-moving range of tiles new product launches, which has revitalised its distribution network and also has adopted franchisee model to expand its network of distribution partners

DEVELOPMENTS IN HUMAN RESOURCES

During the year, the Human Resources function continued to focus on strengthening people processes through digital transformation, compliance readiness, and employee experience initiatives. The Company progressed with the implementation of the Web Tree Applicant Tracking System (ATS) to streamline recruitment, improve hiring governance, and enhance talent acquisition efficiency. Preparatory work was also undertaken towards readiness for the implementation of the New Labour Codes through the review and alignment of HR policies, employment practices, and statutory processes.

The Company further initiated automation of employee lifecycle documentation through SAP, enabling standardized and timely generation of HR letters while improving process efficiency and governance. In addition, efforts were directed towards enhancing the onboarding experience by introducing a more structured and technology-enabled joining process, aimed at ensuring seamless integration of new employees into the organisation. These initiatives reflect the Company's continued commitment to building efficient HR systems, strengthening compliance, and delivering an improved employee experience.

DISCLOSURE OF ACCOUNTING TREATMENT

Nitco has prepared financial statements for the FY 2025-26 in accordance with the Indian Accounting Standards (IND AS) as specified under Section 133 of the Companies Act, 2013.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Sr. No.	Ratio Analysis	March 31, 2026	March 31, 2025	Variance	Reason
1	Debtors Turnover Ratio	4.64	6.14	-24.43 %	Increase in both trade receivable in 2025-26.
2	Inventory Turnover Ratio	4.31	3.97	8.56%	Increase in sales and reduction in inventory holding period.
3	Interest Coverage Ratio	11.32	(3.81)		Decrease in interest cost and positive EBIT in 2025-26.
4	Current Ratio	2.28	1.99		Due to proportionate increase in current asset in 2025-26.
5	Debt Service Coverage Ratio	0.70	(41.07)	101.70 %	There was decrease in borrowing in FY 2024-25.
6	Debt Equity Ratio	0.63	0.81	22.22%	Increase in equity.
7	Operating Profit Margin Ratio	12.77	(1.56)	905.80 %	Sales increased in 2025-26.
8	Net Profit Margin %	6.24%	-22.7%		Due to increase in operation income in Real Estate division and one time exceptional loss of Rs. 46184.53 lakhs in 2024-25.

Improvement in return on net worth

Following an exceptional loss of ₹46,184.53 lakhs in FY 2024-25, the company achieved a robust financial turnaround in FY 2025-26. This recovery was primarily propelled by operational improvements in the real estate segment. Due to the combined impact of operational growth and the elimination of the previous year's one-off expense, the company's Return on Net Worth (RONW) recorded a substantial growth.

Disclaimer: Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

This draft has been compiled from publicly available third-party industry sources (cited above) for management review ahead of the FY2025-26 Annual Report.



Corporate Governance Report

