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Department of Corporate Services, Bombay Stock Exchange Limited, Phiroze Jeebhoy Towers, Dalal Street, Mumbai – 400001	Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
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Dear Sir,

Sub: Transcripts of the Conference call.

We refer to above and hereby submit the transcripts of Earnings conference call Q1 FY18, conducted on September, 18, 2017.

This is for your information and dissemination.

For Pokarna Limited

Vinay Paruchuru
Company Secretary



Pokarna Limited

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Pokarna Limited

Q1 FY18 Earnings Conference Call Transcript September 18, 2017

- Moderator** Ladies and gentlemen, good day and welcome to Pokarna Limited Q1 FY18 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. I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you and over to you, sir.
- Gavin Desa** Thank you. Good evening, everyone, and welcome to Pokarna Limited Q1 FY18 Earnings Conference Call. We have with us today Mr. Gautam Chand Jain – Chairman and Managing Director and Mr. Paras Kumar Jain – Chief Operating Officer of Pokarna Engineered Stone Limited. We will begin this call with opening remarks from the management, following which we will have the floor open for an interactive Q&A session.
- Before we begin, I would like to point out that certain statements made in today's discussion may be forward-looking in nature and a note to this effect was stated in the con-call invite sent to you earlier. We trust you have had a chance to go through the result documents.
- I would now like to hand over to Mr. Paras Kumar Jain to make his opening remarks.
- Paras Kumar Jain** Thanks, Gavin. Good afternoon, everyone. And thank you for taking the time out for our earnings conference call. I will get into the brief of the results now. Revenue for the quarter were primarily affected owing to the planned shutdown of our quartz operations for maintenance purposes. The planned shutdown, including the post stabilization, went up to period of 45 days which impacted our financial performance.
- Now coming to our financial performance, excluding the discontinued operations and considering the restated financials as per INDAS. Of the total revenues of Rs. 68 crore, quartz business reported revenues were Rs. 33 crore as against Rs. 53 crore during Q1 FY17. The granite business generated revenues worth Rs. 34 crore for the quarter as against Rs. 36 crore registered during Q1 FY17. EBITDA for the quarter stood at Rs. 18 crore as against Rs. 34 crore, lower by almost 47%. Margins for the quarter stood at 26% as against 39% generated during Q1 FY17. PAT for the quarter stood at Rs. 5 crore as against Rs. 18 crore generated during Q1 FY17. We continue to work on improving our product mix and distribution reach in quartz business and are undertaking concentrated efforts towards increasing our brand visibility and connect with our customers.



That concludes our opening remarks. We would be happy to answer your questions now. Thank you.

- Moderator** Thank you very much, sir. We take our first question from the line of Viraj Kacharia from Securities Investment Managers. Please go ahead.
- Viraj Kacharia** Just had a couple of questions. Against the plant shutdown of 15 to 20 days that we had guided for in the Q4 call, the shutdown was pretty long in Q1. So, were there any major up gradation or changes which were carried out? And added to that, are we still holding to our annual guidance of 10% to 12% growth in quartz?
- Gautam Chand Jain** Yes. Before we took the shut-down we were estimating the time to be around 15 to 20 days, but when we brought down the machines the Italian technicians felt that there is a little more extra work compared to what we estimated. And since this was a first major shutdown after we started the production, that was almost more than eight years actually. So, we wanted to complete the entire revamping and also clean up the processing facilities, not only in the polishing line which was envisaged, but also in the pre-press area.
- Viraj Kacharia** Okay. And are we still holding to annual guidance of 10% to 12% growth in quartz?
- Gautam Chand Jain** Yes, we hope that with a little improved performance after the resumption we will be able to make up this loss that we incurred for 45 days productivity as well as the marketing and sales. So, we are hopeful that we will try to make it up in the next balance year of the financial year.
- Viraj Kacharia** Okay. Can you provide any update on the status of land acquisition and CAPEX update?
- Gautam Chand Jain** CAPEX, we have already tied up, but the problem is with the land yet, because originally the state government had allotted a piece of land where we were supposed to start the work, post finalizing the pricing, but then unfortunately state government decided to shift their collectors' office because they have divided certain more districts in our state, in Telangana. So, they wanted to construct a new government office complex in that area. So, they feel that that is not a right location for again having a production facility next to them. So, we are still scouting for a private land or a government land. Till we get a right piece of land with all facilities that we want, we will be waiting and we are scouting yet.
- Viraj Kacharia** So, we are holding on to our original guidance of completion of facilities in next second half?
- Gautam Chand Jain** Yes, we are still hopeful that once we get a land then we should take another 15 to 18 months, as what was told. So, as soon as the land comes then only we can give right guidance, but right now we still have to state the same thing till the land is not taken. It will be 15 to 18 months post land acquisition.
- Viraj Kacharia** And we are primarily looking in the existing state only, are we looking at other alternative states?
- Gautam Chand Jain** No, we are looking at Telangana only. The other option is to go back in Vizag, but we still hope that we will be able to get some land here.
- Viraj Kacharia** Okay, got it. And other than Ikea, are we looking at any other tie ups with other real-estate players in India or are we participating in events like to generate or create awareness of brand in the market place in India?



Gautam Chand Jain Actually we did a very unique sponsorship of the CREDAI event in London where all the big builders of India participated because of annual CREDAI event, where about 800 odd builders from India were there. Because the first experience for them about our quartz product itself, most of the builders did not even know about that. And that was one initiative that we took. But apart from Ikea we will also be looking at penetrating domestic market through various other kitchen and other bath uses, but we will also be looking at directly marketing to builders and architectural community also.

Moderator Thank you. We take the next question from the line of Dhruv Agarwal from Crescita Investments. Please go ahead.

Dhruv Agarwal Sir, my question is regarding the time period for which your quartz facility was shut, can you give the dates from what to what date it was shut down for maintenance?

Paras Kumar Jain We were shut down almost from May 10th to June 23rd.

Dhruv Agarwal Okay. So, for this quarter your operations should not get impacted and we should be back to the growth we were doing for previous quarter, so can we assume that?

Paras Kumar Jain Yes, we will be very near to what we have been doing.

Dhruv Agarwal And sir, what is your guidance for the granite business, do you see the competition intensity going down or are the headwinds you were facing previously still sustaining in the market?

Gautam Chand Jain There will be competition definitely. Actually, it all depends on what kind of product and customers will be having demand. We honestly cannot give you a guidance for granite because the market still is resisting the price as well as the product itself, because more and more customers move towards quartz. But then for outdoor use there is only granite which is the most appropriate product and then there is a shift happening for granite, moving from the kitchen counter top to the outdoor and textured material for cladding and commercial applications.

Dhruv Agarwal Okay. And sir one last thing, if you can give me product wise export - import percentage for FY17 as a whole?

Gautam Chand Jain Overall, our total percentage is about 80% of our turnover is coming by way of exports and it is more in quartz. This quarter was around 85% was from quartz and around 68% - 70% was from granite.

Dhruv Agarwal Quartz is getting exported 85% and granite is 75% of the total segmental?

Gautam Chand Jain 68%, yes.

Moderator Thank you. We take the next question from the line of Kunal Thanvi from Equity Master. Please go ahead.

Kunal Thanvi Sir, in our results presentation we have talked about the modernization in the current quartz plant, so can we throw some light on the same and the amount of CAPEX that we will require here?

Gautam Chand Jain Modernization of the current quartz plant, actually we do not have anything yet on the plan. But we will be looking at planning some little more investment to find that if we can avoid this kind of longer shutdown in future, as an alternate standby arrangement for polishing.



- Kunal Thanvi** So, other than that can we expect some efficiency improvement by way of that modernization?
- Gautam Chand Jain** Yes, actually modernization is not the right word for present plant, what we have done is revamped the whole line because it has been working 365 days 24 hours last eight years and odd. So, what we have done is revamped the polishing line and also backward cleaning of the pre-press line. But now what we are planning for new investment will be to put some additional polishing capacity which can take the load in case of some repairs we want to do in future.
- Kunal Thanvi** Okay, fair enough. Sir, any update on the apparels business?
- Gautam Chand Jain** Right now it is status quo, we are looking at various options. Once we get to some closer point we will let you know.
- Kunal Thanvi** And about granite cut to size business, are we seeing any traction there?
- Gautam Chand Jain** Cut to size is a thing that we are more interested in promoting because it is more value addition. And this quarter we had fairly good cut to size dispatches, even the last quarter actually. So, of course it is value addition, but the quantity will be lesser.
- Kunal Thanvi** And we have also been talking about efficiency improvement in our quarry for granite, can you throw some light on the same?
- Gautam Chand Jain** In quarries there are two things, one is improving the efficiency, of course that is unfortunately is not exactly in our hands, what we try to do is deposits which have more potential is what we develop. But then it all depends once we develop how the yield is coming out of those pits. But the other one was actually to start operating new quarries, so that will be additional yield coming from new pits and new areas. So, we have already started one new quarry, there was already some production reflecting in the last quarter.
- Moderator** Thank you. We take the next question from the line of Siddhant Maheshwari from Multi Act Equity Research. Please go ahead.
- Siddhant Maheshwari** Sir, my question is what is the price difference in the quartz from made Breton technology versus Chinese technology? I was reading on some blog that the difference is only 10% whereas the difference in CAPEX is close to 5x - 6x which is close to Rs. 60 crore only for Chinese capacities?
- Gautam Chand Jain** Actually, it all depends on what kind of facility somebody is putting from Chinese machines. It can be as low as Rs. 20 crore - Rs. 30 crore to up to Rs. 100 crore. Whereas the Breton plant, in today's time what we have envisaged is Rs. 325 crore, of course that includes the land and other building equipment. But coming to realization, the 10% margin is coming in the lowest end of the segment, the price difference realization can be as good as 200%. But there is a product wise pricing done even by the Chinese manufacturers or by Bretonstone manufacturers. So, it depends on the product and obviously the product depends on the yield that we get from the machine. Different products take different timings, also depends on the thicknesses. So, it is unfortunate that we cannot really substantiate or quantify what could be exactly the price difference.
- Siddhant Maheshwari** Okay. Sir next question is, do we expect any threat from the porcelain material as a substitute of quartz?



- Gautam Chand Jain** It is not a substitute, it is a new product which is already in the market from last two, three years, but there the investment is even higher than the quartz. But the price realization is not as good as quartz. So, I do not know, right now the market has few players who are selling these products made in Chinese in Italian machines in Italy, and now there are some Italian machines being installed elsewhere in the world. But the replacement is not the right word for quartz with these kinds of products because it is made out of clay basically, the raw material is different from what we use, 100% quartz or rather 92% quartz. But it will all depend, it is a print material, it is not the full body material. So, for kitchen counter tops it is more delicate compared to quartz.
- Siddhant Maheshwari** Okay. And sir the last question is, at present we understand there is excess demand of quartz in the US and we are running at full capacity, so can we expect a scenario that by the time our new capacities come into stream someone else captures the excess demand in the US market and we are not able to utilize our new capacities?
- Gautam Chand Jain** See, this market will always have new comers coming in, irrespective whether they are coming from China or coming from Bretonstone plants. So, market is very big. And obviously there will be new players coming in day in and day out, so we have to be prepared for that kind of a competition, we cannot say that nobody will come and we will have a field day and we will have a clean ground to play. There will be competition, there will be people coming in either with Chinese products or even including the Bretonstone technology people, who are more and more aggressive will probably put additional expansion. But that will not deter us from selling to our customers, we will have to find market for these products, market is very big.
- Moderator** Thank you. We take the next question from the line of Aditya Wagle from Aequitas Investment Consultancy. Please go ahead.
- Aditya Wagle** Sir, so like we are licensed exclusively for Bretonstone in India, is there any other technology finishing quality which gives us similar level finish as Bretonstone?
- Gautam Chand Jain** There is no other technology, either it is lot of Chinese machine manufacturers who supply the machines or it is Breton. So, the Breton was the company who originally invented this technology as well as they are known to be the best machine manufacturers in Italy. But there are now various players in China who make these machines, but not exactly the same concept.
- Aditya Wagle** And globally how many would there be, I mean Breton licensed players?
- Gautam Chand Jain** 25 companies with 65 lines working now.
- Aditya Wagle** Sir, any plans of refinancing the loan, our interest costs are quite high?
- Gautam Chand Jain** Yes, we are actually waiting for our banks because in the engineered stone plant we have a consortium of banks, and unfortunately some of the banks are sick banks now a day what we call, so they are not able to move to any financing. But we are working with our existing bankers who are prime banks and now we have to move, it is only our bank to take over or we find alternate banks to moving the whole loan into foreign currency loan where the rate of interest can be lower. We have been working on it for quite some time now, but unfortunately the other banks are not responding yet, because they themselves are not doing any new funding or rescheduling any other old funding.



Aditya Wagle Okay. But even domestically if we go to refinance our loans we could get it at a lower rate, right, because the consolidated interest rate I think for FY17 was 14%?

Gautam Chand Jain Yes.

Aditya Wagle So, what impact of rupee trending would we see on our margins?

Gautam Chand Jain We do expect rupee to be stronger as what we read, but it is not going to be really very big in terms of anything to worry about. But there will be definitely some effect of this strengthening rupee on our recoveries, we will have to either introduce some new products and replace some products because it is not possible to increase the prices. We will look at alternate means to improve our realizations.

Moderator Thank you. We take the next question from the line of Karthikeyan VK from Suyash Advisors. Please go ahead.

Karthikeyan VK How much land is required for this expansion and was there any kind of contingency plan already in place, when was this notice given? I am asking this because it seems like a rather sudden development.

Gautam Chand Jain No, the land requirement for this plant is much bigger than our existing line because of the new technology our line will be more longer, and also wider. So, we were looking at taking a land which can accommodate future expansions. And therefore, we were targeting for 50 acres of land which was allotted to us by Telangana State Industrial Development Corporation. And we will now look at some private land with the same measurement of around 50 acres.

Karthikeyan VK Where was this land allotted originally?

Gautam Chand Jain It is near Adibatla , that was around 20 minutes' drive from the airport.

Karthikeyan VK Okay. And how soon can you manage something else?

Gautam Chand Jain There are various options, we are looking at lands but we are not able to zero down to which land we will take, because it has to make commercial sense in terms of pricing, it has to be clear from legal litigations, also must have water source as well as power and everything, and also road connectivity. So, we have shortlisted a few lands already and it is under due diligence and we should let you know once we finalize.

Moderator Thank you. We take the next question from the line of Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta Sir, just wanted to understand on the demand side angle, US market. So, currently how you are seeing the demand and any other geographies that you are targeting, apart from US and Canada which is also growing quite strongly, and apart from this Australia and Israel have a lot of use of counter top. So, are you looking for diversifying away from US market?

Gautam Chand Jain Yes, the demand in US is still good, very good actually. The growth of quartz is much better than any other products. But we will definitely be looking at additional markets, we will not depend only on the US market. You said right that other important market, mature market for quartz is Australia, we are already in discussion with some customers in Australia. And not only Australia, we are looking at penetrating other newer markets too, definitely.



Pranav Mehta Okay. And sir, in the US market itself a lot of Chinese quartz has been coming in for last many quarters. So, actually all this is low end Chinese quartz or are they competing with you on the pricing front as well?

Gautam Chand Jain There are low end obviously but it does not mean that they are not able to sell, everybody is able to sell not only in US, in Canada and other markets too. But one good thing is that they cannot do bigger runs, they cannot have consistent product, and that is a disadvantage for them. Fortunately, most of the established network trust, Bretonstone plant to do a long-term marketing of their brand or other brand where they know that the product is far superior to Chinese plants. But then yes, China is really very aggressive in quartz marketing now, because the granite market there is little shift from granite to quartz, so Chinese are taking advantage definitely.

Pranav Mehta And sir, regarding the granite market, how is Brazil playing out currently, because I think Real has now stabilized versus US Dollar. So, you think the competition will still be there for next six months or you think that the competition will now stabilize and go down?

Gautam Chand Jain The competition was not from US, competition was from Brazil.

Pranav Mehta Yes, actually Real has now stabilized against the US Dollar, right?

Gautam Chand Jain See, it wasn't only related to currency factor, but there was also over capacity in Brazil which was a bigger problem, because they have lot of quarries but they have also increased too much of processing facilities. And for them US is the next market which is very closer, so they were dumping in the American market at much lower prices for the products. So, obviously that competition is still there, it is not gone. But fortunately, in natural stone each area has their own color, so once the color is required by a customer they have to source the color that are coming from Indian market to satisfy them. But the competition is still there definitely.

Pranav Mehta And sir one last question, are you seeing any margin pressure on the quartz side due to any price increase in resin or any guidance on the confidence in margin side?

Gautam Chand Jain Yes, that will be there because we need to always innovate new products to make up for the other events that happen by competition or by raw material increase or other thing. So, we are focusing on creating new innovative looks which can fetch as a better realization now.

Pranav Mehta Okay. So, sir any guidance on the consolidated margins, what we will be able to make, around 35% you made in FY17, so should we assume that much?

Gautam Chand Jain We should definitely stay in the same range always.

Moderator Thank you. We take the next question from the line of Pranoy Kurian from Ambit Investment Advisors. Please go ahead.

Pranoy Kurian Again more on the Chinese imports into the US, so if I see it probably the share of imports is right now around 45%. I just wanted to understand, what percentages would be Bretonstone from China, like plants with Bretonstone technology in China?



Gautam Chand Jain There are no Bretonstone plants in China actually. China shows the Chinese local machine made products being shipped to the US. So, all the Bretonstone plants are in other parts of the world other than China.

Pranoy Kurian But why cannot they, they can also have access to that Bretonstone technology, right?

Gautam Chand Jain No, Breton by principle do not want to sell anything to China because of the obvious reason that they will copy the whole machinery and so they avoid selling it to Chinese companies.

Pranoy Kurian Okay. But on a pricing basis we would be pretty much competitive with Chinese products, because I was just looking the average realization is somewhere around \$7.9 for Chinese imports. So, we would also be roughly competitive there?

Gautam Chand Jain No, I do not think you have the right number because the Chinese product pricing is not \$7.5 but...

Pranoy Kurian \$7.9 I was saying, for the entire country.

Gautam Chand Jain No, China makes a product as low as \$3.5 to \$4, going up to \$12 also they make some manual products, manual design they do which fetches them a good price. But then their productivity is very, very low. So, that pricing definitely Bretonstone plants products fetch better price than the Chinese products.

Pranoy Kurian Okay. So, suppose I look at it from the customer point of view, this pricing to the end customer will not really make that much of a difference, given that installation cost will be may be 90% of the overall cost, is that the right way to look at it?

Gautam Chand Jain No, because installation again depends on what kind of installation, but the end consumer pays anywhere ranging from \$50 to \$125 per square foot post install, of course it includes wastages, fabrication, handling, shipping and installation.

Pranoy Kurian No, so in that scenario then these Chinese imports are they being driven by private labels there who are keeping that extra margin or, I do not think end users are demanding Chinese products then why is this import showing such a big jump?

Gautam Chand Jain Most of the Chinese products sold in the American market are private label products, there are no established brands in China. More or less everybody brands their own name on the product, so a consumer does not even understand whether it is a Chinese product or a Bretonstone plant product. The only differentiator is the test results which are shown with different laboratories on the sample or the label. Otherwise the consumer cannot really make the product whether it is a Chinese machine-made product or a Breton machine-made product. The traders to somewhat level can easily make out, because trade has much more experience about the product. So more or less they can make out what is Chinese product or a Bretonstone plant product. But the certification is one differentiator because all the Bretonstone plants have all certifications required, such as NSF and Green Guard and everything. So, that is one differentiator, but mostly they sell in private label, yes.

Pranoy Kurian And what exactly, suppose this KEDA technology versus say Breton technology, is it a question of quality, is it safety?



Gautam Chand Jain Everything, because it is right from beginning of the mixing of the raw material to the press to the polishing, everything is different. KEDA is nothing but just a copy of Italian machines, but the difference will be definitely there.

Moderator Thank you. We take the next question from the line of Hardik Jain from White Stone Financial Advisors. Please go ahead.

Hardik Jain Sir, you said our average realization for a customer, the average price that a customer pays is between \$50 to \$125 per square feet, including the installation charges for a Bretonstone product. But what is our average realization for us?

Gautam Chand Jain We do not do any end-to-end consumer supply directly, we go through our distributors.

Hardik Jain Okay. So, when we go through our distributors what is our average realization for us?

Gautam Chand Jain In US market normally it is the large distributor who cater to the fabricator and it is the fabricator who caters to the consumer. So, there is this chain which is mainly making difference in the price, a fabricator is ultimate beneficiary of more margin and there are hundreds of fabricators attached to one large distributor who buy from this large distributor and sell to the end consumer. So, our realization more or less to distributors is from \$6 to \$8 average if you see, now it is going to go up a little more with new innovative products. But then right now the consumer, depending on the taste what he wants to buy gives the price on the look of the product.

Hardik Jain And sir, for a product made on Chinese machine I think the average realization will be half of that we get if someone goes to the distributor for a product that is made on Chinese machines?

Gautam Chand Jain Yes, obviously there will be much price difference for a fabricator to buy from Chinese machine manufacturers.

Hardik Jain And I understand sir resin is one of our major quartz, so where do we source our raisin from, is it locally sourced or it is imported or something?

Gautam Chand Jain Yes, right now the foreign companies which are the leaders in raisin manufacturing have their production facility in India.

Hardik Jain Okay, so it is locally sourced?

Gautam Chand Jain Yes.

Hardik Jain And sir, the current expenditure that we did on maintenance for which 45 days shutdown we took, what is the expense that we did on this?

Paras Kumar Jain Basically there was no major capital expenses there, it was a time which took. Because taking out those parts which have been attached to their machines and working for almost eight years, that is a time taking process. And then after that stabilization, polishing line is a different type of equipment, it requires a symphony to set and every component, because there are almost more than 100 components in a polishing line which actually have to come in symphony to make sure that the polish is coming out correctly. So, every small parameter after refurbishment has to be checked to make sure that everything is aligned perfectly to give what we are looking at. And also since our quality standards are significantly high when



compared to the market, it takes all the more little more time to see that we do not compromise on the quality at the cost of the volume.

- Hardik Jain** Okay. And you were mentioning you are planning to add one polishing line. So, how much CAPEX will it involve and will it add to the capacity?
- Gautam Chand Jain** We are yet to finalize everything, so we will let you know once we finalize everything.
- Hardik Jain** And my last question sir, the Rs. 325 crore CAPEX that we have planned for our Greenfield, how much would be the Bretonstone cost in it, I understand it is including the land and building and everything. How much is the cost towards the machine that we plan in this Rs. 325 crore?
- Gautam Chand Jain** I am sorry, I will not able to diverge this breakup for obvious reasons.
- Moderator** Thank you. We take the next question from the line of Yogansh Jaswani, an individual investor. Please go ahead.
- Yogansh Jaswani** Sir, as you mentioned there was delay in the new capacity expansion because of the land issue, so I suppose we must be having any internal timelines for us to when this capacity should come up. So, is there any revision to that timeline, could you provide us the timeline by which you expect this new capacity to come on stream?
- Gautam Chand Jain** Timeline is ASAP, as soon as we get the land we are ready to start.
- Yogansh Jaswani** So sir how much time will that capacity build up take?
- Gautam Chand Jain** It will take 15 to 18 months for entire erection and coming into production. So, unfortunately till we do not get the land I cannot give you the timeline.
- Yogansh Jaswani** Understood sir. And sir, few quarters back on a con-call we had mentioned that we were doing some debottlenecking on the quartz side and we were hoping to get, some balancing we were doing and we were hoping to get some better efficiency out of that. So, is there any further update as to what exactly is happening?
- Gautam Chand Jain** That process is on for improving the products, efficiency in terms of price realization as well as the product presentation. So, what work is going on. And in the near future you will see we will be sending you some information on what has been done on that front.
- Yogansh Jaswani** Sir, and in the balancing, you had mentioned I think Q2 of last year, Q2 or Q3 I am not sure of the exact con-call, but a balancing that we were carrying out...
- Gautam Chand Jain** That we have reinstalled already, that was the packaging line for efficient packaging and shipping of the material, we have a separate line now.
- Yogansh Jaswani** Can you quantify the benefit out of that?
- Gautam Chand Jain** The benefit cannot be quantified because it is improvement in presentation and product safety in terms of packaging. In terms of washing and cleaning the slabs which were lying for quite some time, and also polythene transfer on the slabs to protect it from the sea. There are lot of efficiency improvement in terms of look and presentation and safety of the product, but it will not increase the production. What



we have done, the investment earlier what you were mentioning was about the improvement on the mixing capacities, that is already working now, we have better efficiency in terms of mixtures.

Yogansh Jaswani And sir the last question, if I could slip it. So, just to get a sense of what is the pricing difference between us and the other Breton technology users? So far you have mentioned about difference between Chinese and us, that is well taken, but what would be the difference between us and other Breton technology users? Even on an average basis if you could provide some sense.

Gautam Chand Jain See, every company has a proprietary product or color that they develop. So, normally the pricing is a subject where every manufacturer looks at what other manufacturer is selling similar looking product for. And more or less, the price will be same from the Bretonstone plant manufacturers. Once the product is looking exotic which other people have not been making, obviously they price the product with a better realization or more price than what normally average price is. So, it is color to color, manufacturer to manufacturer, it differs from product to product and it is not possible to qualify at all actually. But more or less the pricing will be same from Bretonstone manufacturers, except few players who do not make the similar looking products and their product profile is totally different where they get a better realization.

Yogansh Jaswani Understood. So, basically the market share that we can gain is solely out of the product differentiation or a good distribution channel wherever we have the more..... is that understanding correct?

Gautam Chand Jain Yes.

Moderator Thank you. Ladies and gentlemen, due to time constraints that was the last question. I know hand the conference over to the management for closing comments.

Paras Kumar Jain We thank you for participating and we look forward to talking to you again. Thank you.

