



## “Asian Granito India Limited Q3 FY-17 Earnings Conference Call”

**January 27, 2017**



**MANAGEMENT: MR. KAMLESH PATEL –PROMOTER, CHAIRMAN &  
MANAGING DIRECTOR  
MR. MUKESH PATEL – PROMOTER & MANAGING  
DIRECTOR  
MR. HIMANSHU SHAH – FINANCE (HEAD)**

**Moderator:** Ladies and gentlemen good day and welcome to the Asian Granito India Limited Q3 FY17 Earnings Conference Call. This conference call may contain forward looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict. 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. Should you need assistance during the conference call, please signal the operator by pressing ‘\*’ then ‘0’ on your touch tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Kamlesh Patel – Promoter, Chairman and Managing Director. Thank you and over to you sir.

**Kamlesh Patel:** Good afternoon and very warm welcome to everyone in this Conference Call. Today we have with us Mr. Mukesh – Promoter and Managing Director and Mr. Himanshu Shah, Finance Head. I hope all of you have received our presentation and results and if you need any further information on that you can visit our website. I would like to tell something about our company. AGL Asian Granito is the 4<sup>th</sup> largest player in the ceramic industry in India and largest in Gujarat amongst 700 industries. We are ranked amongst the world’s 50 most profitable Ceramic and Tile company in the world. Our product portfolio consists of Ceramic Tiles, Vitrified Tiles, Double Charged, Marble and Quartz. We have 8 manufacturing plants all across Gujarat. Over the time, we have upgraded our technology and have focused on product innovations. Recently, in the double charged segment we have done lot of innovations and rolled out 16 items in meter by meter category and the Big Crack Stone is a product which has helped us to create a brand all over India. Along with that we also have Carara white. We also have introduced a 40 X 80 and meter by meter wall tiles product. Bonzer 7, launched was in Bangalore and got a very good response. In the month of November, due to demonetization, there was a huge impact all over Gujarat. Out of the 700 manufacturing plants 50% plants were closed but we still saw demand generation in our company. In the coming times, a lot of these units will get converted into the organized way

Post demonetization the company still managed to achieve a growth of 6% for nine months and we continue to see growth in the coming times also If you go to see once the 7<sup>th</sup> Pay Commission becomes effective this would lead to rise in annual income of people and hence demand generation will be more. Housing for All by 2022 scheme will also lead to demand generation where we have concentrated more on products like 12 x 18 and 24 x 24 soluble salt and 24 x 24 double charged. We are also planning strategies for next year to increase volume of these products. Once GST is applied, the company will benefit all the more from that. Our major marketing activities, include screening 1400 theatre all over India. The 3 mega blockbuster movies gave us a good response. The brand power has developed further.

In advertising, we partnered with Top Flight and Architect Magazine. ACE TECH exhibition held in Mumbai & Delhi also gave a good response to us. Consecutively from the past 4 years we exhibit at the Dubai BIG 5 Exhibition and this year we saw better response at the International exhibition. We have done very good Branding at the Dubai International Airport. In Chennai & Uttar Pradesh where our market network was a bit lower, we did cab branding. Our branding cost last year was 1.65%, in this year we have pushed that further to 2.55%.

In the coming times, we want to focus on creating a brand for ourselves which will help us grow faster than other companies, for which this 2.55% expenditure is required. Branding will help us to charge little premium than other players. This expense is incurred to sustain and stabilise our brand position in the market.

We have 800 dealers currently present in our network, total touch points we have around 5300 and we have promised that by March we will make 120 exclusive showrooms of the company. We had around 72 to 75 exclusive showrooms at the start of the year and we have reached to 91 stores till now and the rest 29 will get completed by March 31<sup>st</sup> which will increase our showroom strength to 120.

We have started exploring ways to increase exports because once the Rajkot International Airport comes and many buyers will visit Rajkot and Morbi to increase our exports. our company has planned to establish a 45,000 square feet showroom in Morbi so that all 8 plants product mix can be showcased under a single roof at a glance. The drawings and workings for the same is in progress. For our existing network, to properly demonstrate product presentation and to focus more on the coming showroom, we are developing a 14,000 square feet showroom in Ahmadabad on SG highway.

Now, I would like to handover to our financial head Mr. Himanshu Shah to give you the Quarter 3 and 9 months' results, I would like to welcome you Himanshu Bhai.

**Himanshu Shah:**

Thank you Sir, thank you everyone. Thank you Mukesh Bhai, good afternoon to everybody. I would now take you all to through the Q3 financials of the company.

The revenue on consolidated basis for the quarter 3 is Rs. 247 crores, growth of 4.3% on year on year basis compared to Rs. 236 crores in quarter 3 FY16. Revenue for nine months FY17 has touched to Rs. 725 crores, a growth of 5.8% year on year compared to Rs. 685 crores in nine months FY16.

As far as EBITDA is concerned, in Q3FY2017 it was at Rs. 34 crores compared to Rs. 27 crores in Q3FY2016 and Y-o-Y growth of 25.3%. EBITDA margins for the quarter have improved by 230 basis points YoY, to 13.6% level. EBITDA for nine months' FY17, Rs. 90 crores, and a growth of 42.8% Y-o-Y compared to Rs. 63 crores in nine months FY16.

the major contributing factors for improvement in our margins is changing in the product mix in the high value product in our own manufacturing capacities.

Profit after tax for the quarter is Rs. 9.3 crores compared to Rs. 7 crores in the quarter last year, Y-o-Y growth of 33.3% and net profit margin is 3.8% after our minority interest as against 3% in quarter 3 previous year. PAT for nine months FY17 stood at Rs. 25 crores, a growth of 56.7% Y-o-Y compared to Rs. 16 crores in nine months FY16.

For nine months FY17, our revenue mix was 81% out of tiles and 19% from marble and quartz and in the tile segments;

The mix was 20% from PVT, 41% from ceramic and 18% from GVT, 23% from double charged vitrified tiles. And geographical revenue breakup is 34% from South, 34% from West, 21% from North and remaining 11% from East.

With this, I would like to open the floor for question and answer.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Dhruvi Vyas from PI Square Investments, please go ahead.

**Dhruvi Vyas:** The first one of the major questions that I have is; could you please repeat the revenue breakup and the PAT break up along with the segment?

**Himanshu Shah:** In the tile segments, the revenue breakup is 24% from PVT, 41% from ceramic, 18% from GVT and 23% from double charge. Out of my total revenue, 81% from the tiles and 19% from marble and quartz.

**Dhruvi Vyas:** And the contribution for same in profits?

**Himanshu Shah:** In totality, there was a volume growth of 5% in this quarter. Our EBITDA margin was largely driven by marble and quartz, in marble and quartz segment Nano crystal marble that we have imported had very good margin. The trading side also, is remained a good contributing factor but the exact number is difficult to arrive at this time.

**Dhruvi Vyas:** And talking about the rest of the tile players in the market who have shown quite a good more largely better than the expected numbers, what is your guidance towards the fourth quarter of FY17 especially when we have heard with demonetization, will it show some aspect thereby as well?

- Himanshu Shah:** After demonetization everyone was expecting a de-growth in the he volumes. But fortunately, as a leading player in Gujarat with our all manufacturing plants in Gujarat, we are not as much affected. We have actually done a good growth. Before demonetization, in the October month business remained subdued on account of Diwali festivals in Gujarat but in November and December we have seen a good growth hence topline grew by 4%. Going forward also, the GST which will be implemented from the 1<sup>st</sup> July 2017 will also be very important. In the last quarter of this financial year we expect a volume growth of around 5% to 6%, Post GST implementation, we are confident of growth. In the first quarter of the next financial year there will be some impact due to GST implementation and the volume might be subdued, but after the GST implementation there will be a good growth
- Dhruvi Vyas:** Sir we are expecting ourselves to be in the 18% bracket post GST?
- Himanshu Shah:** Yes, we are confident that it will be in the 18% bracket.
- Moderator:** Thank you. The next question is from the line of Anshuman Atri from Haitong Securities, please go ahead.
- Anshuman Atri:** My question is regarding Morbi, Sir once you mentioned that almost 50% of plants were closed, so what is the current situation and what do you expect, how many of them to come back and what would be the market share gain for Asian Granito going forward, if they are not able to restart?
- Kamlesh Patel:** During demonetization period, 50% of the plants were closed but now gradually those plants are coming back to their normal position. However, People's mentality is getting changed and now they have started selling with a plus price. Which has reduce competition in the pricing. Gradually in next three to four months all plants will start running, but they will come under the taxation structure which will result increase in the prices of tiles.
- Himanshu Shah:** To add to what Chairman Sir said, due to demonetization 60% of the Morbi units where were unorganised were shut. But there has been some recovery as they now plan to shit to an organised way. As they move to the organised way there won't be pricing pressure, rather it will increase and remain stable. It's a dual advantage – people working in an organised way and pricing remaining stable. We will also be able to take a better share of the volumes going ahead. The same happened this quarter and going forward we expect the same. Introduction of GST will also be highly beneficial.
- Anshuman Atri:** Thank you. And second question is regarding your gas pricings of, can you give more details on your current gas pricing and mix and have you seen any increase in prices?

- Kamlesh Patel:** We have also informed earlier that in the third quarter which ended, no further reduction or increase in gas price has come up. Our Himmatnagar based plants has got Sabarmati Gas Supply, in that its current cost is Rs. 24 per cubic meter and we use Natural Gas Supply in one of our subsidiaries Crystal Ceramic Private Limited which is Mehsana based, in this current cost is Rs. 7.80 per cubic meter. which is nearly 1/3of the cost. Going ahead, final selling price will depend on the price of crude oil.
- Anshuman Atri:** You will pass it on
- Himanshu Shah:** Some extent it will be passing on and some it will be kept in our internal margin.
- Moderator:** Thank you. We take the next question from the line of Dhiman Shah from Principal India please go ahead.
- Dhiman Shah:** What is the sustainable EBITDA margins that you think you can sustain despite needing to spend on the retail outlet and so on and so forth, so that is question number 1? Question number 2 is what is the mix between trade & non-trade meaning between builders and non-builders what is the overall mix in the sales and how do you plan to set off whatever you lose by way of sales to the builder lobby because definitely the construction activity will slow-down?
- Himanshu Shah:** Answering to your first question with regards to sustainable EBITDA margin, even after demonetization we haven't seen any pricing pressure. Instead we feel that the prices may also increase going ahead. We expect the trend to continue in the next quarter as well as in the following year. We have seen volume growth and no price de-growth. Therefore we should be able to maintain and improve our EBITDA Margins as the company has kept its focus on the high value product mix, GVT and double charged premium product where we get a higher profit margins since we are manufacturing from our own manufacturing plants. Our R&D teams always keeps a focus on where we can achieve highest realization and at the same time maintain sustainable growth in the market and the same can be seen in the Q3 Results. I am further expecting that with the introduction of GST we will be more benefited from that because the players in Morbi will start switching over under organized players and gradually they will have to increase pricing and they have to also started thinking on the lines of organized players So, indirectly benefit which we will get from that will continue.
- Dhiman Shah:** But at the time you will need to spend towards creating more retail outlets and so how do you plan to set it off, is sustainable margins more like 13-14% in percentage terms and balance would you like to spend towards opening of retail outlets because that will also incur costs for you?

**Kamlesh Patel:** Previously our company had a public image that Asian is a Project based company but now our company is shifting into a retail base and if you go to see from last year, we have started growing aggressively in retail showrooms and by March we will have planned 120 showrooms. One of our main objective is to increase our retail base and reduce our project based work hence we will maintain a balance between the two. After demonetization we have taken two steps - we have developed a BD Team in our company which will do corporate and architect approvals and secondly a government based team has also been developed. So, inputs from both the teams in the coming times will help us grow more in the government business as well. We have targeted to achieve 25% for the government business. And the project network we would want to ramp down and increase our retail base because the more numbers of showrooms we build, we will achieve volume based and value based business. We have a product line called Bonzer 7 in which meter by meter and 40 x 80 biggest wall tiles. We have also introduced meter by meter double charged products which we presented there. Recently a new product which we have launched is the 800 x 1600 GVT in the Grestek division. We have planned our mix of products in terms of own manufacturing and outsourcing, balanced our JV which will help us in sustainable growth and profits.

**Dhiman Shah:** So, is 13-14% a good?

**Himanshu Shah:** Yes, right, about 13-14% EBITDA Margins

**Dhiman Shah:** And what would be the mix between the government, retail and institutional

**Himanshu Shah:** Currently, Government is only 10% which we plan to increase to 15% by this year and then grow to 20-25%. There has been a slowdown in the projects due to demonetization. Our retail and architect base which we have focused, is presently at 30-35% that we will grow up to 50%.

**Moderator:** Thank you. The next question is from the line of Sanjay Shah from KSA Securities. Please go ahead.

**Sanjay Shah:** I have a question for Mr. Mukesh how are you feeling about this marble and quartz business which we have really down very good, margins are also very god. How do you see the future of that?

**Mukesh Patel:** In the marble and quartz segment we are now launching the 3<sup>rd</sup> line where erection and commissioning is going on and we are planning to launch it in April. So, in April we will invite our international clients and domestic dealers and will launch it on a big scale We have exclusive products which no one else is manufacturing in India like multicolor, and we are going to add the 30mm portfolio as well. Our focus is more on the exports front, like USA, Canada, and Australia. In our marble & quartz line we have recently introduced a polishing line and the overall quality is getting better. We expect that from the new segment we can

achieve atop line c of Rs.60 crores and EBITDA margin also we are expecting to maintain around 30-35%.

- Sanjay Shah:** Right, the top line from marble how much you said?
- Mukesh Patel:** Rs. 60 crores from the new line of Marble and Quartz
- Sanjay Shah:** So, going ahead what will be the CAPEX investment in marble division and overall showroom wise?
- Mukesh Patel:** At the moment, we are not doing any CAPEX in marble division.
- Sanjay Shah:** Now, about the general question what would be the overall CAPEX for the company to open these new dedicated showrooms?
- Kamlesh Patel:** The showrooms which we are developing all over India are with the dealers, so the Capital investment will be made from dealer's end. In 3 years whatever investment he has made, we will reimburse the amount in the form of credit note, discount structure or special scheme. So at present we do not have any capital investment. The showroom which we are developing in Morbi there we are investing CAPEX and at present it should be below Rs. 10 crores.
- Sanjay Shah:** So, any major CAPEX envisage for our company in next 1-2 years?
- Himanshu Shah:** No sir, we don't plan any major Capex in the next 1 year. With the existing capacity that we have, we will utilize the same by changing the product mix and convert into high value products and make maximum utilization of that. With some players in Morbi we will try and take maximum revenue in very less investment (asset light model). In future, we see good opportunity in South and we can invest further into a JV there but that is under process and we are exploring good opportunities for now. But in near future or in this quarter we do not have any plans for investing
- Sanjay Shah:** Regarding Jumbo Tiles have we started production or still?
- Kamlesh Patel:** We have already started production of Jumbo Tiles and we are almost completing the dispatch. For the next 3 months, the target which we have set for Jumbo, we will complete the same also.
- Sanjay Shah:** How is the response, Jumbo, Imperial...?
- Kamlesh Patel:** We have introduced the product for the first time and people also liked it very much.



- Moderator:** Thank you. The next question is from the line of Nehal Shah from ICIC Securities. Please go ahead.
- Nehal Shah:** Few questions, while we have growth at 3-4% in the current quarter, where have we exactly grown, is it in GVT more, Ceramic or PVT or double charged?
- Kamlesh Patel:** Overall, we have grown more in GVT, quartz and marble segment and double charged meter by meter product line. The 80 x 80 product which we didn't have in our portfolio, has increased recently and we do hope in the coming quarters that the product will do well. Currently, we already have orders booked for the next 3 months in double charged.
- Moderator:** Thank you. The next question is from the line of Jaspreet Sing Arora from Systematix Shares. Please go ahead.
- Jaspreet Sing Arora:** Just wanted to confirm you have mentioned the volume growth for the quarter was about 5%, if you could break it up between the tiles and the marble business?
- Himanshu Shah:** It was almost equal percentage in both the categories. 5% volume growth in marble, and quartz as well as tiles sector
- Jaspreet Sing Arora:** Sir despite this growth our net revenue is up lesser was there a realization pressure there or it is more got to do with the mix of tiles that you have sold?
- Himanshu Shah:** As such we have not seen realization pressure in this quarter because of the demonetization impact and we hope that the same will also continue. we can see 5-6% volume growth in the next quarter also.
- Jaspreet Sing Arora:** Sorry, I was not available the first half, so this 5-7% growth this quarter, how does it compare with the first half volume growth trajectory sir?
- Jaspreet Sing Arora:** I am saying this is the 3<sup>rd</sup> quarter performance that you are sharing the 5-7% volume growth, how was the volume growth in 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter historical number?
- Himanshu Shah:** Yes, it was 7% volume growth.
- Moderator:** Thank you. The next question is from the line of Bhagwan C from Investec Capital, Please go ahead.
- Bhagwan C:** Could you please share how the gas sourcing mix is for your company, as in domestic, short & long term contracts?

- Kamlesh Patel:** In Crystal Ceramic we have Rs. 7.80 gas and this is a contract of the government where we get 33,000 cubic meter gas per day and in our old plant at Himmatnagar and we are utilizing this gas at 60,000 cubic meter, so proportionate ratio nearly 35% is ONGC gas and other remaining is 65% is Sabarmati Gas.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** So, what experience d the rise in interest costs on the consolidated side and what are debt and the corresponding movement in debt?
- Himanshu Shah:** See, in the Crystal Ceramics we have made an expansion in the double charged vitrified tiles so for that there is a proportionate increase in the term loan and the working capital debt was also increased. So, in totality it was Rs. 160 crores and the debt was increased for the long term and the short term. Therefore, our interest cost is proportionately increased.
- Pritesh Chheda:** So, at the beginning of the year what was your consolidated debt, was it less by Rs. 160 crores?
- Himanshu Shah:** Yes, it was already being reflected in the September quarter result In totality consolidated basis due to this double charged expansion plans, working capital and term loan proportion debt is increased.
- Pritesh Chheda:** And what is the debt amount Rs. 400 crores?
- Himanshu Shah:** Yes. Rs. 213 crores in my standalone basis and Rs. 160 crore is debt, so it will be around Rs. 375-380 crores.
- Moderator:** Thank you. The next question is from the line of Neerav Sahai from Inga Capital. Please go ahead.
- Neerav Sahai:** Two questions one is one the premium product side, so roughly what must be the kind of contribution of the revenues the premium category of products?

- Kamlesh Patel:** Marble and quartz is 19%, GVT product is near 20%, so this altogether is a 39% and meter by meter and 80 x 80 double charged is near 20%. So basically just double charged, marble and quartz and GVT total is 50-60% which is high value product.
- Neerav Sahai:** Okay, so 50-60% overall revenue is from this high-end product. And second question is on the own manufacturing side because right now we are about 14% which comes out of your own manufacturing, so any future plans for the same or will it be more focused on the outsourcing side?
- Himanshu Shah:** No, our main focus is to manufacture the high value product in our own plant only and to maximize, utilize our own capacity that is being available for the manufacturing of high value product. The remaining low end product will be outsourced from the Morbi players and any such opportunity for having a good volume in the future that we can do a JV or any such association with the Morbi players by applying the asset light side.
- Moderator:** Thank you. The next question is from the line of Kritika Subramanian from IIFL. Please go ahead.
- Kritika Subramanian:** I just had one particular question could you please share the volume numbers in millions square meter terms for Q1, Q2 & Q3 FY17?
- Himanshu Shah:** Madam I will have to derive that figures. I will definitely give that number, you can just address me in my personal email ID and I can share with you, right now I am not having them.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from GEPL Capital. Please go ahead.
- Dhiral Shah:** Sir my question is that whether you are going to increase the outsourcing manufacturing from mass product and you are going to produce the premium end product in your own manufacturing sir?
- Kamlesh Patel:** In our own manufacturing in the Himmatnagar plant the GVT product is already being made in 2 manufacturing lines and in the 3<sup>rd</sup> line we used to make soluble salt for which our KILN was very old as it was from the time the plant started. We have done capital investment in that through internal accrual and have installed a new KILN according to GVT for which the erection of it is going on now. We hope that this KILN will start by March and our GVT manufacturing will be starting in the 3<sup>rd</sup> line also by April fully. Our GVT sales will grow by 33% in the next year. So with GVT, our company's margin ratio will increase will help us sustain and grow market share.

- Dhiral Shah:** That means you will outsource the Mass product and Premium product you will make yourself?
- Kamlesh Patel** Yes, our capacity is already of two lines now and in the 3<sup>rd</sup> line we are already making soluble salt. So for the line of soluble salt, we will outsource that and in our plant wherein we are applying technology with innovation, from April onwards, it will be converted into GVT plant completely. We have decided the size of 80 x 80 will be manufactured and new revenue will be generated with that in our company.
- Moderator:** Thank you. The next question is from the line of Pratik Singhania from Param Capital, please go ahead.
- Pratik Singhania:** Sir my question is; for Q3 FY17 if I were to say per square feet realization for tiles, specifically for the tiles excluding the marbles and quartz, so how much it would be in Q3 FY17?
- Himanshu Shah:** I am expecting that after the GST implementation, there would not be any such pressure on the pricing and with innovations in the high value product in our own manufacturing plant definitely the margin will improve.
- Pratik Singhania:** Sir I am not asking you the forward looking, I am asking you for the Q3 FY17, like I am asking you the company level, like we can include soluble salt, ceramics, GVT, PVT and High Value items combining for all these products, this entire tiles division.
- Himanshu Shah:** It came to 352.
- Pratik Singhania:** And the last year how much it was?
- Himanshu Shah:** It was almost at the same level, 355 and 350. So there is no such any decline in the average square meter realization because of the changes in the product mix.
- Pratik Singhania:** So you are saying 5% volume growth and the average realization has remained same?
- Himanshu Shah:** Yes, on the value side there is no any decline in the growth, as, before our soluble salt portion were much higher, now this GVT and Double Charge portion is high and soluble salt has decreased.
- Pratik Singhania:** So in that case, because over like past one year we have increased our share of value added products a lot, so ideally our sales growth should be then much higher than that, right?

- Kamlesh Patel:** At the start of this year the price of Soluble Salt was Rs. 25 whereas now its just Rs. 20 to Rs. 21, a decrease of 20%. Even Multi Charge product which previously people used to sell for Rs. 40, today its basic price is Rs.33. So we have increased value addition product but in one year but with the price fall that has taken place in the market in the products, we have been able to sustain that by selling more high value product. In the last one year the prices for GVT, Multi Charged Soluble Salt or Wall tiles have fallen After demonetization, people have started saying plus price in Morbi, so we are hoping that the price will be maintained.
- Pratik Singhania:** So demonetization and after GST, the prices obviously of the commodity kind of a product would say increase because the competition will be more aligning towards the organized market, so there the prices will increase a little. And because prices will not fall down, so the value added product margins, where good realization are taking place, its effect will also be seen actually.
- Himanshu Shah** Absolutely right.
- Moderator:** Thank you. The next question is from the line of Dhavan Shah from Indsec Securities, please go ahead.
- Dhavan Shah:** Just few questions; firstly what is our thoughts, I mean when are we planning to enter into JV with any South based company?
- Kamlesh Patel:** We are searching for South based company and we are searching for location also. We are searching for all that now and we are doing meetings with JVs also. So we will decide about it in the first quarter itself and may move further.
- Dhavan Shah:** And what is our overall logistic cost as a percentage of sales?
- Kamlesh Patel:** Our plant in South will be of Soluble Salt and 600 x 600 Multi Charge as its price is less and its transportation cost is comparatively 18% to 22%.
- Dhavan Shah:** 18% to 22% of overall sales?
- Kamlesh Patel:** Yes, that is the logistic cost of this product.
- Dhavan Shah:** And how much is it now?
- Kamlesh Patel:** At present it is 18% to 22%.
- Dhavan Shah:** Okay, now overall company's is 18% to 22%, out of which South is 40%, right?
- Kamlesh Patel:** 34%.

- Dhavan Shah:** And how much will be the savings in logistic cost?
- Kamlesh Patel:** No doubt we have seen in that the transportation cost is more in South, per square feet the soluble salt product cost is Rs. 5 to Rs. 6 and to transit from here to there it takes 6-7 days. When we give 30 days or 40 days credit to someone that becomes 47 days or 48 days. So we will save that time limit and there will be a profit in transportation cost. So, taking a bigger view, in the coming years the company should be benefited with a JV in South and the company is deciding the location for the plant be put up to get the maximum benefit.
- Dhavan Shah:** Okay, one more question is, now the government is moving for the mass housing and affordable housing. So maybe our institution mix is around 70%, whatever the overall revenue and maybe builders will afford to use ceramic tiles because PVT, GVT is like expensive ones, so in the affordable housing the ceramic proportion would be higher than the PVT, GVT, so what kind of the overall mix are we looking at maybe two years down the line because currently PVT, GVT may be contributing around 20% to 30%, so what are our thoughts, like the ceramic tile proportion will be increased over the period of time?
- Kamlesh Patel:** So affordable house which are being built by 2022, we have done a survey to check on which products are being used. The products used are the Soluble Salt and the 12 X 18 Wall tiles So the plant that we are putting up in South is for Soluble Salt where in the inventory should be the least and whose market should be huge in the coming times, that is the reason we are putting up the Soluble Salt plant.
- Dhavan Shah:** And what is our overall realization per square meter, if you compare it with I mean overall group including marble, quartz everything?
- Himanshu Shah:** I have told about this, 352 per square meter.
- Dhavan Shah:** And what is our sales per dealer?
- Himanshu Shah:** That figure we have to work out exactly
- Dhavan Shah:** How much was it in FY16?
- Himanshu Shah:** That number is not available right now; I can share it with you separately. You can email on my mail ID, I will just give you about the FY 16 number sales per dealer.
- Dhavan Shah:** And any guidance on overall operating margins?

- Himanshu Shah:** For operating margins, we are confident that we will be sustainable and it will be maintained in the next quarter also and the next financial year also. We are also confident that the marketing is also improving.
- Dhavan Shah:** So no guidance; 200, 300 basis points improvement over the period of 2 years?
- Himanshu Shah:** In the near future, I would say the 13.6% is our EBITDA margins that will sustain and definitely will improve in the next financial years. Exactly I cannot say how much basis points will increase but definitely it will improve on the positive side.
- Kamlesh Patel:** A lot of planning has been done for the next year. We have installed a new capacity in Marble and Quartz Segment which will be operational in April. Secondly, the third line that we are installing for GVT at present, it will also start with full fledged in April. And our meter by meter, 80 x 80 Multi Charge plant that is also doing well; At Crystal we will reach by 100% capacity So with all this palling, next year will definitely improve for us and will try and improve from the 13% this year.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question; I would now like to hand the conference over to the management for their closing comments.
- Himanshu Shah:** Thanks to everybody and with your guidance and support we have been able to achieve this growth and we are also confident with this support to continue in the next quarter also and in the next financial year also. Thank you very much, thank you to all.
- Moderator:** Thank you. Ladies and gentlemen, with that we conclude today's conference. Thank you for joining us and you may now disconnect your lines.