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Dear Sir,

Sub: Transcripts of the Conference call.

BSE Scrip code / NSE Symbol: 532486 / POKARNA

We refer to above and hereby submit the transcripts of Q1 & FY19 Earnings Conference Call, conducted on August, 14, 2018.

This is for your information and dissemination.

For Pokarna Limited



Mahesh Inani
Company Secretary



Pokarna Limited

Q1 FY19 Earnings Conference Call Transcript

August 14, 2018

Moderator: Ladies and gentlemen, good day and welcome to Pokarna Limited Q1 FY19 earnings conference call. As a reminder, all participants' 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 of CDR India. Thank you and over to you, sir.

Gavin Desa: Thank you. Good day everyone and a warm welcome to Pokarna Limited's Q1 FY19 Analyst and Investor 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 conference 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 just point out that some statements made in today's discussions may be forward-looking in nature and a note to that effect has been stated in the con call invites sent to you earlier. We trust you have had a chance to go through the documents on performance.

I would now like to request Mr. Paras Jain to make his opening remarks. Over to you, Paras.

Paras Kumar Jain: Thanks, Gavin. Good afternoon everyone and thank you for taking the time out for joining our earnings conference call. Trust all of you have received the investor presentation sent.

I will begin the call by discussing our financial performance for the quarter. The key headline numbers post which I will talk briefly on the operating and the business environment.

Starting with the revenues, we reported a growth of 22% to a large extent which was driven by strong performance of Quartz business and also partly owing to the low base of the last year. Quartz business continues to see steady momentum on the back of strong demand and increasing acceptance of our design offerings.



Some of our recent launches have been well received by the customers. Business environment for Granite though continue to remain challenging owing to highly competitive intensity and currency headwinds. EBITDA for the quarter stood at Rs. 22 crore as against Rs. 17 crore higher by 27.4%.

Compared to historical performance we have seen some pressure on our operating profitability and margins largely owing to higher input cost and currency headwinds. Polyester resin key raw material input for our Quartz business has seen an increase in prices in recent times following the rise in crude prices. Further the currency depreciation is resulting in higher import prices in turn affecting the overall cost structure.

We are however working on ways forward to minimize the impact and preserve the margins at respectable levels. PAT for the quarter stood at Rs. 9 crore as against Rs. 5 crore generated during the corresponding period last year. We are working on ways towards improving the product mix which would help us maintain the profitability going forward. Granite business as well should start contributing positively once the macro environment starts to turn favorable for the industry.

Moving to the operational highlights, I would like to state that we have applied for requisite regulatory approval for commencing the work on new Quartz plant and civil work should start on the same shortly. As mentioned in our previous calls the plant will be situated at approximately 25 kilometers from Rajiv Gandhi International Airport and is close proximity to Inland Container Depot, Hyderabad which is well connected by roads to key domestic ports.

The facility will cater to both international as well as domestic demand which is witnessing encouraging demand trends. A quick word on the individual business environment post which we can commence the Q&A session.

Granite business as mentioned earlier is going through challenging phase at present. Realization remains under pressure owing to rising competitive intensity. Further the currency depreciation as well is causing certain challenge for the business. We are hopeful that our strategy of fine tuning our products mix and focusing more on the high margin products will help us negate some of the pain and deliver steady performance going forward in medium term.

Now moving to Quartz business in general the macro environment continues to remain positive. Demand for the product remains strong and also we have started servicing IKEA, Hyderabad.

That concludes my opening remarks. We can now start the Q&A session.

Moderator: Thank you very much.

The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: My question is on the Quartz business. Is there any scope for volume growth or expansion in the current capacities that we have? Second, what we are reading is there is some amount of tariff imposition on the Chinese products into the US on the Quartz side. So, does it have any form of tailwind for our product in terms of higher pricing or any other tailwind which can flow in which can top up the revenue growth?



Gautam Chand Jain: Current capacity, presently we work to full capacity. And we are exploring ways and means how till the new production facility come into operations, how we can if at all put some small investments to find if there is a way to improve the total yield at the plant. So, maybe in the next quarter earnings time I will be able to clarify what we will be able to plan to do to increase some capacity at the existing plant. Regarding Chinese tariffs, we are yet waiting because this is all paper news which is happening but no new tariffs have come yet.

But the market is expecting that by next month there should be some announcement of the tariff on Chinese products going into US market. Obviously, that will be a positive point for us. But we do not know how long and how much, so I think this call I do not think I will be able to quantify what will be the advantage we will be getting.

Pritesh Chheda: Just here if you could tell us what will be the market share of China Quartz into of imports of US?

Paras Kumar Jain: Today in the US market, the Quartz share of Chinese is in excess of 60% and rest all the countries including the US supplies make up for the balance.

Moderator: Thank you. The next question is from the line of Ravi Purohit from Securities Investments Management Pvt Ltd.. Please go ahead.

Ravi Purohit: Couple of questions. One is relating to your Quartz CAPEX. At what stage are we, if we get your clearances now how much time will it take for this to get commissioned? Second was moving our domestic rupee loans to ECB any progress on that because it is been stuck for more than a year now, so just wondering whether we have been able to move those loans to ECB loans?

Gautam Chand Jain: Regarding Quartz CAPEX we will continue to work on initial assumption of Rs. 330 crore and then regarding the timeline it should be 18 months which stands good even today. But we have already acquired the land and we have just started working on the land but the main time will be delivery of machines and then eventually erection of the machines. So, to safely say another 18 months from today is the right time that I should guide you.

Regarding rupee loan, we have already communicated earlier also that the banks have agreed to transfer that to foreign currency loan but only problem is one of the consortium bank has not been responding due to their internal problems and that is why we have not been able to achieve. But finally our lead bank has told us that this is the last month we will wait for them to respond otherwise we will convert only our portion and then IOB has also agreed to convert their portion except Bank of India, which we are still not getting any clarity.

So, I hope that the lead bank has promised that this month is the last month we will wait for their response but otherwise they will go ahead and convert their portion of the loan.

Ravi Purohit: Is it worth the wait? Why rely up on Bank of India when there are so many other bankers who can take this loan over from Bank of India?

Gautam Chand Jain: They are our consortium member from day one. So, for whatever reason and now for the new project anyway we are not going to Bank of India, the new project is being funded by Union Bank only. So, we do not want to change for a small account to any other bank today. So, since our lead bank has promised that they



will handle this or otherwise they at least, IOB has also has come forward already to sanction this.

And UBI is already sanctioned but they were waiting for the last chance to Bank of India, because in a consortium it always the consensus that they look for. But if it does not come, they have already given in writing that they will convert after this month.

Ravi Purohit: Any update on the apparel business closure or exit or sale out? It has been more than a year since the board approved it and we have been showing it as discontinued operations ?

Gautam Chand Jain: They are not getting any reasonable valuation or any customer so it will be status quo for some more time, looks like.

Moderator: Thank you. The next question is from the line of Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta: First question was regarding the raw material prices. So, how have they moved over last 3 to 4 quarters and what do you expect to over next 3 to 4 quarters in Quartz?

Paras Kumar Jain: So, the raw material pricing trend on the polyester resin side is slightly not as aggressive as it was before, but we see that at least some more uptake is there in the raw material prices to come. We do not see a major change happening in the raw material prices unless the crude goes and the other basic raw materials by products of the crude goes haywire. So, we believe that there is some more trend in the upper side of the raw material price to come.

Pranav Mehta: On the Granite front, what is the main problem you are facing? And what is the percentage of contribution from cut-to-size Granite that you were saying that it is going to improve the realization, so any uptick on that front?

Gautam Chand Jain: The problem in Granite industry today a universal problem not alone with us or not alone with India. Universally the Granite total overall business is not doing well. Probably one of the reasons could be the trend of Quartz being used bigger than the American markets and other markets. But the problem is also inherent problem of no new colors, then the colors are available at cheaper prices from Indian as well as other competitors. So, there is an inherent problem of the product itself today.

But we do not know, looking at the Chinese possibility of the tariff, the lower end priced product will probably again catch up in the American market because the Quartz coming at a low price will be again, I assume replaced by low value Granite. So, I am just looking forward just to that, that is my personal opinion and the margins will never be there because there are too many players now and too many options. And without any innovative product or any new colors available we assume that this is going to continue unless the American market comes back to Granite for cheaper end products.

Pranav Mehta: On the tariff front, we have been hearing that Chinese Quartz might be imposed with a tariff of around 25%, is it right or is it more than 100%?

Gautam Chand Jain: Actually nobody can tell today what will be the US Government doing. Only these are all assumptions, it can be 100%, it can be 10%, it can be 25%. So, I do not think we should talk about what is not in our control, we will have to wait for till the



American Government decides what they want to do. But surely there would be some tariff that is for sure looks like.

Paras Kumar Jain: Adding to what Mr. Jain said what you are reading in the daily newspaper is the tariff which is ad valorem tariff which they are proposing. But Quartz case is actually in a different category also which is more on the countervailing and antidumping. So, that case is a separate case and this ad valorem duty coming in is a separate case. So, which one will go through and what will be the level of duty is only once the US Trade Commission decides we should be able to contemplate. So, I think most of the talk today would be more speculative in nature.

Pranav Mehta: Apart from US, are we seeing any growth in our Quartz revenue from other regions?

Paras Kumar Jain: Basically we have been traditionally US exporter. While there is definitely a growth happening in the other trajectories also, but our focus continues to be US because of our traditional lineage and also because no market today has got that consumption which US market gives.

Moderator: Thank you. The next question is from the line of Jinal Sheth from Multi Act. Please go ahead.

Jinal Sheth: Just wanted to catch up on the point that you meant about the Chinese market share in the US of 60%. Can you highlight what that was around 3 to 5 years back?

Gautam Chand Jain: This is the growth what you see in the span of over 8 years. So, every year we do not really keep a track.

Jinal Sheth: Okay so over the last 8 years is where they stand today is around so they have gained share?

Gautam Chand Jain: Yes, because they were aggressively selling products which were very low priced and that is the reason that the US Trade Commission has decided to act on it.

Jinal Sheth: I just wanted to understand from a demographic point of view and since US is your main market for Quartz, any thoughts any views on that in terms of the trends?

Paras Kumar Jain: As we mentioned at the beginning of the call, the trend in the US market for this product particularly Quartz is positive for various reasons as Mr. Jain mentioned also a little while ago, that it has got into some share of other natural stone market. So, amongst all the hard surfaces what has been reported is that in the US, Quartz is the category which is growing at the highest percentage points.

Jinal Sheth: And you believe that over the next 3 to 5 years you should not have any major hiccups over there?

Paras Kumar Jain: Yes, that is what our firm belief is that the business has got a strong momentum for at least medium term.

Jinal Sheth: So, there are lots of players supplying into the US, right other than the Chinese players?

Paras Kumar Jain: Yes, there are various countries that supply Quartz.



Jinal Sheth: And in doing so, where do we believe our edge is? Is it a designing or what would that be according to you?

Gautam Chand Jain: Obviously the first edge is obviously because of the Brighton Technology that we use because not many people in the world use this technology for various reasons. One of course expensive, number two, the capacities are high and also has own advantage of presentation possibility of products that we make. So, now there are other players coming from China, or Chinese machines, there are players who use Chinese machines, but they are into a different category altogether.

So, our advantage will be purely because of the experience that we have, the market that we have created in US for the last 25 years, and also the quality of the product that we make.

Jinal Sheth: From our past experiences when we got out of CDR and currently the way we are placed in regard to our debt and obviously we are waiting for the plant to come up, any learnings from the past experiences that would help you guys tread the next cycle better, any thoughts on that?

Gautam Chand Jain: Lots of learning. The learning in this business is on a day to day basis. Every day we learn something new. It is not typically the stone business, but it is a very different and also a very difficult business. So, honestly speaking 10 years' experience, in my opinion is no experience still. We have a long way to learn, so learning is a continuous process and especially in Quartz, we learn everything, every day something new or the other.

So, this process will continue also because the options, the technology keeps changing, the market taste and demand keeps changing and we have to adopt to that change as early as possible and be in the forefront before others can do or we can do better than others can do.

Moderator: Thank you. The next question is from the line of Shankar Munian, as an Individual Investor. Please go ahead.

Shankar Munian: My question is regarding the capacity utilization for Q1 of the Quartz business?

Paras Kumar Jain: Historically we have not been giving the exact number for competitive reasons. What we can say is that we are operating at an optimum capacity utilization and very little room is left to expand it further unless we do some sort of CAPEX there.

Shankar Munian: Okay, so when will be the new plant will be commissioned?

Paras Kumar Jain: As Mr. Jain just mentioned, that you have to look at about 18 months from today for the hot and the cold runs to start. So, we are looking at typically calendar year 20 Quarter 1.

Moderator: Thank you. The next question is from the line of Vatsav from Rare Enterprises. Please go ahead.

Vatsav: The Granite business actually makes up more than 40% of our sales. And the industry definitely seems in a bad shape which is reflective in our results. So, what are the chances of us losing this business opportunity? And what are we doing to avoid this circumstance?

Gautam Chand Jain: I do not think we have to lose this business opportunity but there is no growth opportunity when you compare to Quartz or other businesses probably. But Granite



is going to be there, it is going to continue, and it also depends on the new finds, the quarrying operations because we are a company which is into fully integration right from quarrying into processing and then marketing.

So, we are trying to maintain the profitability as well as the growth but unfortunately we do not see any additional growth but we are trying to maintain the past performances. But some quarters, for some reason or the other there is some issue and then the growth does not happen. But we hope that this number should continue without any big problems.

Vatsav: So, what is the Chinese market share in the US market for Granite?

Gautam Chand Jain: No, fortunately China does not produce much of the Granite, but they produce cut-to-size at a very low price. So, what happens is they buy raw material from India and do cut-to-size jobs at a very low price. So, to compete with them it is absolutely impossible because I do not know what is the costing systems they have, but it is impossible to compete with the Chinese in the international market on the price front.

Vatsav: So, what is your hope over here?

Gautam Chand Jain: The hope is that the quarrying operations will continue till we have the deposits and we are exploring new quarries all the time. We hope that some quarries or the others can. The colors can catch up with the trend and give a better profitability.

Vatsav: So, how much percent of your exports is to the US market in Granite?

Gautam Chand Jain: We do about 60% to 70% exports to US.

Vatsav: What level of the rupee are your exports hedged? Or is it hedged?

Gautam Chand Jain: No, we do not do any hedging.

Vatsav: So, then should you not get the benefit of a weaker rupee to negate some of the higher elevated RM costs?

Gautam Chand Jain: It is off setted with our earlier foreign currency loans where we have to account for today's price in the books.

Vatsav: Will there be any maintenance shutdown in the Quartz factory this year?

Gautam Chand Jain: I cannot tell when the machine will stop. There is no planned maintenance shutdown at least from our side but it is a machine.

Vatsav: Because last year you had indicated that there would be a maintenance shutdown?

Paras Kumar Jain: Last time we had a plant maintenance shutdown and also there was some bit of upgrade in the equipment what we were trying to do. So, this year at the moment we have not planned any plant maintenance because last year we had actually taken a plant maintenance after almost 8 years of beginning.

Vatsav: So, this year there is nothing planned as such?

Paras Kumar Jain: As of now we have not planned any maintenance which would have a larger impact.



Vatsav: And what is the total debt from Union Bank and the other bank that is due for changing your loan from INR to ECB?

Gautam Chand Jain: We have about Rs. 44 crore.

Vatsav: Total is only Rs. 44 crore? So, Bank of India holds the majority of this?

Gautam Chand Jain: Bank of India is only Rs. 14 crore; Rs 30 crore is already confirmed for changing.

Vastav: And what is your total debt?

Gautam Chand Jain: Rs 44 crore in foreign currency loan, the loan which is term loan is Rs. 44 crore and in addition to that in the Quartz business we do have the promoters' loan surrounding Rs. 85 crore which we had taken during the repayment phase of the CDR time.

Moderator: Thank you. The next question is from the line of Shrinath V from Bellwether Capital. Please go ahead.

Shrinath V: Just wanted to find out what is the progress with IKEA because we have been hearing that the new store has come online? Are we going to place product in the new store and if there is an 18-month timeline to the CAPEX, in this 18 months will we be diverting our export sale to the Indian market?

Gautam Chand Jain: We have already placed our products in the whole of IKEA Store. We have about 60 to 70 counter tops. And if you happen to come to Hyderabad you will be happy to see only our products on the counter tops as well as the vanity tops, in the kitchen tops as well as the vanity tops what you call. So, we have already started servicing IKEA and we are presently servicing from Vizag unit, till the volume grows. But we hope that till we do not have our new operational facility we will continue to serve them from Vizag.

Shrinath V: We have already setup an infrastructure for the installation process, so that will be taken care of by us in the IKEA arrangement, right?

Gautam Chand Jain: We have already completed about 80 installations.

Shrinath V: So, the revenues that we are looking at today includes IKEA sales?

Gautam Chand Jain: No, it is just done for their new store and some sample and trial stores what they call locations. So, the actual customer flow will start now. We have already received some orders from the new store but it will take time to ramp up.

Paras Kumar Jain: IKEA store opened on 9th August in Hyderabad, so we are just about less than a week from that.

Shrinath V: But we are still going with the commitment and we would kind of divert the capacity from our US business, because they had pretty strong forecast for their growth? So, I just wanted to find out how would you will be able to manage that in the coming year?

Gautam Chand Jain: It is the reason that we are ourselves in a hurry to put up the new plant and also they will also take time to ramp up the operations though there have big projections for the future. But right now they just opened one store, the second store will open after about 8 months and the third will open in another after 6 or 8 month after that.



Shrinath V: Wanted to go back to debottlenecking we did about a year back, when we did maintenance and debottlenecking. After that our revenues have not even gone back to what they were about two years back. Is there kind of samples or some kind of revenue that is getting missed out in the topline because of your IKEA tie-up? I am not able to tally the fact that our debottleneck capacity which is running at an optimal utilization is producing a lower topline than the pre debottlenecked plant. Am I missing something?

Gautam Chand Jain: I think I had explained this last time and I want to explain you again. This plant has never seen a shutdown for the last 8.5 years, 9 years actually. So, these are all machines, we need to do a shutdown. And when we do a shutdown, we also have to replace some parts of the machine which we think have been worn out. So, I do not understand the question that you said that how can the revenue be missing.

Shrinath V: No, it will be lesser is what I was saying.

Gautam Chand Jain: I think please understand a machine is a machine. And when we are working a machine also needs some time for replacement and refurbishment like any car or any vehicle will need. So, when we try to do refurbishment it means that we have to service the machine, we have to improve the product mix, we have to improve the new technology. So, obviously and then what we started making in Quartz in the beginning is different from what we make today based on the market trends.

And today the trend is very different from what it used to be and what the machine was used for. So, we have to update ourselves with the trend in the market, trend with the competitors and to be able to still get the price in the market. So, we do hope that there will be a time which will give us benefit of all this time of the shutdown and as well as the improvement and this is an ongoing continuous process.

Honestly nobody can tell when will the plant stop, when the machine can breakdown, what new technology will be improved, and we need to adopt it. So, this is the process of any industry I suppose.

Moderator: Thank you. The next question is from the line of Lakshman Padmaselvan from Wealth Advisors. Please go ahead.

L Padmaselvan: You have been very positive on the demand outlook in US for Quartz business. I would like to just understand if there are any new capacities that are being added by other supplier in other regions of the world to cater to this strong demand in the US? Are you seeing any incremental supply coming in significantly?

Gautam Chand Jain: This is also true fact that many competitors are in the same situation as we are in because the demand has grown so everybody will like to add the capacity, whoever can afford to add. But this is definitely true, today lot of people especially with the Breton Stone Technology are adding more capacity gradually but this is not such an easy thing. It takes time like it takes time for us it takes time for others but obviously when the business outlook is good people will try to add capacity.

L Padmaselvan: So, is there a risk of us losing market share? That is one. The second part to this question will be, is there a possibility that this incremental supply could result in pricing pressure in the US market?

Gautam Chand Jain: Today everybody is working on the assumption that the market will grow and everybody will increase their shares and that is what everybody works for when we work. But tomorrow nobody knows whether the market will really shrink again or



there will be a more escalatory growth for the same product. So, we assume that the market will grow and accordingly everybody knows what they are doing for expansion and then they have their own markets to penetrate and sell. So, we still hope that the market will remain intact.

Moderator: Thank you. The next question is from the line of Aditya Yadav from Transient Capital. Please go ahead.

Aditya Yadav: Sir, just wanted to get a bit of an idea on last year September you had conveyed that you had a new collection launch with Quartz, so how has the traction been on that in the end markets and the realizations and everything how do you see it shaping up?

Gautam Chand Jain: Traction has been good. But only thing is every product in this market takes time. It has a minimum period that it takes into the market because first we make products then we make samples and then the samples are distributed, then the product is made, then the product goes to the market and then by the time it generates the demand in my opinion it is about 12 months to 15 months till we really start getting more and more demand for the same product which is built up over the time.

At that time again, some products reduce the market share and we have to replace those products with new products. So, this is a fashion type of business where it will be continuous process bringing in new products, testing the markets then deciding on the future of the market and then continue to innovates the product and market them.

Aditya Yadav: So, please correct me if I am wrong idea so the idea I am getting is the collection launch you had last year the momentum will start building also in the sampling process was there and everything so the momentum will start building on from let us say now or probably 3 or 4 months down the line, am I reading it correctly?

Gautam Chand Jain: It is actually started building up but unfortunately, we have capacity constraints and we cannot give beyond a number to each product to each customer.

Aditya Yadav: Secondly, this raw material part. So, this is for all the players, whether in India or abroad, all the players have this crude oil linked raw material. So, is the industry as a whole not passing on increased costs?

Gautam Chand Jain: Obviously, yes.

Paras Kumar Jain: See what happens is, adding to what Mr. Jain said. In the US the pricing is not done on slab to slab basis or month to month basis. Generally, the price lists are prepared once in a year for the consumer or for the trade to happen. Unfortunately, the buying trend is always on the month to month basis or consignment to consignment on the raw material side. So, it is not easy that you can pass on the raw material cost every month or every day. At a particular stage we are able to pass onto the consumer and by that time the various factors would have also undergone a change. So, there is an ability to pass on the cost but it takes the time and it is a level up to which the cost can be passed.

Aditya Yadav: And what is the average inventory of the raw material you maintain in terms of months or if you can give an idea let us say we try to maintain a 3 or 4 month inventory in terms of crude oil linked raw materials or something like that?

Paras Kumar Jain: Basically, all these things you cannot store for a long term because of various reasons especially if it is crude based raw material thing because the shelf life is



not really long, if it is not under this thing. So, technically you should assume that the inventory levels there are negligible.

Moderator: Thank you. The next question is from the line of Nikhil Upadhyay from Securities Investments. Please go ahead.

Nikhil Upadhyay: Sir, in your opening statement you said there is good demand which you are seeing even in the domestic markets. So, if you can just highlight whether we are getting any lead generation from any new real estate projects or anything of that sort which you were highlighting or if you can just explain a bit on that part?

Paras Kumar Jain: See when we said a good demand in the domestic market was that one we were referring to proposed business which we may be getting from our IKEA sources and also because today because of the constraints in the US market for the supply our focus are predominantly diverted towards the export today. So, domestic market while there are opportunities unfortunately we are not able to grab them fully but whatever opportunities come if we are able to use some of our inventories, definitely it would be positive there.

Nikhil Upadhyay: Secondly, you mentioned that in the topline so when we would be contributing towards the revenue towards IKEA and we are already running at an optimum utilization and the run rate of Rs. 50 crore to Rs. 60 crore, would this IKEA business which would be coming in would be margin dilutive from here on like we are doing around 30%, 31% EBIT margin. So, with this IKEA business contributing, would it be the margin dilute to us or would it be equivalent on the margins?

Paras Kumar Jain: See we do not believe at the moment that this will be a value decreting business. That is what we have been holding on from beginning. So, whatever our 30% plus EBITDA margin what we have been always maintaining I think this should also be within that range.

Nikhil Upadhyay: Secondly, I think the duty which we are talking of in US it is on both Quartz and Granites and during the discussion you mentioned that in Granite also the Chinese are selling the products that cut to slab and putting it in US. If you can just help me understand what would be the pricing difference of our cut to slab in Granite vis-à-vis Chinese and similarly in Quartz what would be our pricing difference vis-à-vis Chinese?

Paras Kumar Jain: See this is a difficult mathematics to work out and also to comprehend for the simple reason that the Granites which are processed in China are of different patterns and types than what are processed by us because unlike Quartz the same thing cannot be produced in both the countries. In Quartz since it is engineered there is relatively higher possibility that white which is made in India can also be made in China. But in Granite they all process the materials which are predominantly from their own sources or from sources where the prices are lower.

So, giving a number that if India Granite is one what will be the number on Granite from China would be difficult. But what you can say is that on a cost perspective on the value addition which is mostly on the labor and the machine side there you will see at least 20% to 25% difference coming in.

Nikhil Upadhyay: And on Quartz what will be the pricing difference as of now?

Paras Kumar Jain: It is because raw material prices were more or less remain same. It is mostly do with the investment cost which is made to run the business and the processing cost. If you look there will be a delta again between 20% to 40% there.

