



Pokarna Limited

Date: February 27, 2023

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Mumbai - 400 001

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051

Scrip Code: 532486

Symbol: POKARNA

Dear Sir/Madam,

Sub: Transcript of the Analyst/Institutional Investor Meetings/ Earnings Call under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

Reference the captioned subject, this is further to our letter dated February 14, 2023 and February 20, 2023, with respect to the Q3FY23 Earnings Con-Cal with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Third Quarter and Nine Months ended 31st December, 2022.

Please find enclosed the Transcript of the aforesaid Earnings Call.

This intimation is also being uploaded on our website at www.pokarna.com.

This is for your information and record.

For Pokarna Limited

Piyush Khandelwal
Company Secretary & Compliance Officer

Encl: a/a



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Q3&9M FY23 Earnings Conference Call Transcript

February 20, 2023

Moderator: Ladies and gentlemen, good day and welcome to Pokarna Limited's Q3 & 9M FY23 Earnings Conference Call.

Please note that this conference is being recorded.

I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you and over to you, Mr. Desa.

Gavin Desa: Thank you, Neerav. Good day everyone and a warm welcome to Pokarna Limited's Q3 & 9M FY23 Earnings Conference Call.

We have with us today, Mr. Gautam Chand Jain -- Chairman and Managing Director; and Mr. Paras Kumar Jain -- Chief Executive Officer, Pokarna Engineered Stone Limited.

Before we begin, I would like to mention that some of the statements made in today's discussions may be forward-looking in nature and may involve risks and uncertainties.

I now invite Mr. Paras Jain to open the proceedings and share some perspectives on performance and outlook. Over to you, Paras.

Paras Kumar Jain: Thank you, Gavin. I'd like to again welcome all of you on this call.

To commence, I'd like to put our Q3 FY23 Performance into Perspective and share some views with regard to the Business Environment and our Outlook .

After a strong half year of FY23, our revenues and profitability declined in Q3, owing primarily to factors related to the US housing market. Building materials product demand in the US is fraught with uncertainty through FY'24. In our view, the US housing market has been one of the most significant casualties of the FED's aggressive interest rate hike policy to combat rising inflation. This has resulted in a



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sharp drop in new home Sales and renovations, resulting in lower spending on building material products, including Quartz surfaces. We see significant slowdown in new housing activity and any pullback in residential remodeling, pending may only offset modest growth in non-residential end markets.

New home construction is an important factor, contributing to building material sales. According to our sources, new home permits in the US are reported to be down by 11.2% in December. This represents about 22.4% year-over-year decrease owing primarily again to rising mortgage interest rates and price inflation. Further, as per our sources, housing starts in the US by 12.5% in November after falling 2.1% in October. The most significant drop is in single family starts which are down 4.1% in November and 32.1% year-on-year. Housing permits and starts are leading indicators and they are expected to continue to be soft in the coming months according to reliable Economic gauge.

In a gist, the current US economic situation is largely to blame for the declining housing activity. While the visibility and depth and duration of the cycle is limited, it has a sudden and direct impact on our sales and sales of our customers. Having said this, I would like to say that Pokarna has demonstrated on several earlier occasions its ability to manage downturns by leveraging on its strong industry understanding and capabilities. In the phase of these recent challenges, we are taking several proactive steps towards enhancing the resilience of our business and creating value.

First and foremost, we will be driving our innovation engine to deliver on our design, i.e., R&D roadmap. We are pleased with the recent release of a strong portfolio of new exotic designs. Our new portfolio of designs offers a compelling value proposition. While it is still early, customer feedback on the new designs has been very positive, with some saying that these are the best products we've ever launched. Given the positive response, we believe that these distinct new designs will protect margins in future.

Secondly, we continue to provide an exceptional product and service experience. The scope of our ambition, however, necessitates taking a long-term view, which we've always done since the company's inception.

A third standout area is clearly our infrastructure and team. We've made significant progress on design developments by combining robotic technology with proprietary manufacturing know-how. We are well positioned to deliver on our long-term value creation strategy with two state-of-the-art manufacturing facilities, and talented and motivated workforce and a portfolio of awe-inspiring design.

Lastly, but of no less importance, is our thrust on diversifying our geographic presence. This was unfortunately pushed back because of the onset of the pandemic. Our current focus is on penetrating our products in Europe, Canada and other markets. We have identified potential customers and have begun the sampling process with them. While I don't have a firm timeline yet for starting business with these customers, we are absolutely committed to penetrating these markets with our offering and we are working very hard to do so. As we look ahead and separate the signal from the noise, we intend to take material but thoughtful and targeted expense actions throughout FY'24 to build a stronger and more resilient business that can thrive even in these difficult times.



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I reiterate that our business is well-positioned to manage the current cycle and to drive future business and growth in line with our long-term vision. Thank you.

We can now move on to Q&A Session.

Moderator: The first question is from the line of Dixit Doshi from Whitestone Financial Advisors.

Dixit Doshi: Couple of questions sir, firstly, on the demand side. In the last con-call, you mentioned that, obviously, there was some slowdown due to the inflation and recessionary environment in the US. But there was also one reason that you were mentioning that, due to the uncertainty over the anti-dumping duty, some of the importers had imported much larger quantity and they were having a much larger inventory. So, how do you see that scenario panning out now, I mean, the inventory level has come down, and the reordering has started? And second question is this quarter, gross margin has improved quite a lot. So, is it due to the resin prices and how do you see the resin prices moving going ahead compared to what we have seen in Q3?

Paras Kumar Jain: On the inventory levels, what we are seeing in the US, see, as I said in my opening remarks, there is definitely a demand softening. So, the inventory in the channel still seems to be high. So, I don't think that the pain of inventory being dumped due to the dumping scenarios with the other Quartz players, has completely eased out in the industry. It could have probably eased out by this time had the demand factors also being equally good. But I think that's not the case. So, we think that there's still pain of inventory left in the channel. So, that's on your inventory side on the reordering level. Coming to the gross margins, it's basically a function of both the parameters; one is definitely the cost of the raw materials; and also, the product mix. So, we've seen a little softening of resin prices, that's also partially being shown in the margins what we have reported on the gross margin side, and also, with the certain new designs, which we have launched, which got shipped in the last quarter at the end, which is contributing to the product mix, is also resulting in a higher gross margin. And that's the reason if you look at my opening remarks, I had mentioned that we are happy with the performance so far, or the feedback what we have received from our industry on the new products, which can to some extent help us to insulate the margins in these uncertain times.

Dixit Doshi: Are the resin prices still coming down?

Paras Kumar Jain: It's not coming down steeply, I don't see any further down in the immediate turn, but it seems to be finding a reasonable stable level now.

Dixit Doshi: On this expansion to the new geographies, like Canada, Europe, Russia, typically, according to your experience, how much time it takes to get the feedback of the distributors, appoint distributors and get the reasonable volume?

Paras Kumar Jain: Typically, around six months of time just goes in developing the business to come to a potential where we can start shipping out. So, usually the turnaround time or getting the reorder or the second order typically takes about anything between nine to 12-months. So, we've done enough progress in some of the markets where we have crossed initial milestones. So,



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Moderator: The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors.

Sonaal Kohli: Three questions. Firstly, the freight rates have collapsed, whether it's \$80 or \$90 is debatable, and that was one of the key reasons for your lower margins. Have you seen the full benefit of that in Q3 or are you likely to see it in Q4, Q1 or Q2 going forward? Second, you refer to product mix improvement. Obviously, that has happened to a sharp increase in gross margin, but also happened because your revenues have fallen. So, in case your revenues were to revert back to what extent this kind of margins will be sustainable? And, as you mentioned you've been experimenting a lot of products. So, when do we see benefit of that, and whether this gross margin plus/minus 2% range could be sustainable or not sustainable? Third question is regarding the inventory levels. You mentioned that the inventory levels remain very high. But, at some point of time, the impact of this anti-dumping, something, once it goes away, do you see a better touching of revenues? Now, whether that takes one month, two months, three months is not what I'm trying to ask, try to ask whenever at some point of time, the anti-dumping inventory levels will obviously normalize, and US housing sales have remained on the same lines now for last seven, eight months, in fact they've been improving on a relative basis. So, if your sales been falling at that point of time, maybe there was some impact of this excess inventory, and if it normalizes, would it help you improve your revenues from your current run rate?

Paras Kumar Jain: So, let me start with your freight rate impact. In fact, freight rate has been a double-edge sword. So, if you remember what I spoke on the last call, the freight rate first is definitely is a pass on item, we don't actually benefit from the freight rate significantly, because it's something which we pass on to the customer which can be positive or negative, whatever, it is passed on. So, the negative impact of the dramatic fall down in the freight rates is actually happening at the customers end because all of a sudden, they are seeing that the inventory, which is actually on water is more expensive than the inventory, which is about to be shipped. So that's where they have taken little cautious approach and also had to put on certain orders on hold so that they're able to liquidate the materials, which they have in hand or there about to be receiving them. That is one side of it. And secondly, when the anti-dumping scenario happened, a lot of trade channel had imported materials at a very high freight rate, and then coupled with the other congestion problems, they had ended up paying a lot of demurrages on the containers also. So, that also created little stress in the system. So, overall, the freight rate impact typically has been more on the trade side than on exporters like us. So, that is one part of it. But the good part is that once the freight rate typically normalizes and all this pain which has got developed in the system eases out, it typically would give confidence to the trade to come back as soon as the demand factors normalizes. So that's on the freight rate impact. Now, coming to the product mix improvement, on revenue, definitely, if the product mix improves as we are expecting or targeting, definitely, the margins would be in the range which we normally enjoy unless otherwise like high raw material scenarios which we had in the recent past where everything was climbing up significantly. So, if product mix stabilizes as we plan to stabilize it in the near future, I think the margins would more or less be in the range-bound and probably will have a positive impact if there are no other challenges coming out from the uncertainty is what is wavering currently. Now, coming to the inventory level impact, definitely, once the hangover of inventory is eased out from the system, they would be impetus to the demand at least from the ordering side of it, and that will largely to some extent impact our revenues also positively. But I think, there is a question which is like a



crystal gazing today is to When will this inventory hangover be complete when the demand is little softening So, I think this is something which we will have to see in next one quarter before we can comment with certainty as to when will it happen and what impact will it bring on the revenues.

Sonaal Kohli: Just a follow up on your answer. Sir, on the freight side, in some of the past calls, you had mentioned that you had to take a hit on the margins, because you could not pass on the freight to the customers. So, wouldn't you get at least some benefit on your orders, where you're taking undue hit on your margins, because of freight rates and those having normalized you may benefit at least to some extent, I understand the demand is soft, so you may not benefit, at least to some extent, you will be able to retain? Secondly, on the product mix side, did you sell more of high-quality product mix, and the sales decline was more on the lower margin product mix and that explains your gross margin?

Paras Kumar Jain: So, now, coming to the first question first, in fact, your first question is interesting and a good one. So, basically the freight rate impact which we have on the imported items, which we buy from other countries, typically, there are some raw materials, which come from certain parts of Europe in bulk. So, to that extent, whatever normalization of freight rate has happened, that would positively add to our margin. Now, how much of that is it will all again depend upon a product mix, because not every product has that particular ingredient coming into it, but definitely whatever savings we have on the freight rate on the import side of it, will definitely add to our margins. That is on the product mix, yes, in the quarter under consideration, we had not a majority of high margin products being sold, but we had a good volume which got sold. So, if this volume typically improves, then to that extent, positively it will impact and it can be other way around also if it does not.

Moderator: The next question is from the line of Tushar Raghatate from Kamayakya Wealth Management Pvt. Ltd.

Tushar Raghatate: As you are working on new design, just want to understand, with this new design what will be the improvement in our margins and the boost to our revenue? Second would be what is the current average utilization in the Unit-I, Unit-II and combining this Unit-I, Unit-II capacity what will be the peak revenue from this capacity?

Paras Kumar Jain: So, coming to the new design, basically, again, as we have mentioned that new designs definitely have a higher gross margins, for the simple reason that these designs come with a very high level of design detailing and aesthetics, and, of course, it also impacts and gives a higher production cycle time. But I think in these times when capacities are relatively less absorbed, that typically does not completely create a negative factor, but at the same time, that is a factor which has to be considered. So, the average realizations can be very varying; the sale prices can differ anything between 50% and 100% also between a lower end design to a higher end design, but not everything is getting translated in terms of cost and the consequence. But, at the same time, both costs and consequences are also equally important from realizing the full potential. But it's very difficult to predict what will be the total peak revenue with the new designs because, see, the new designs are only a portion of the business, they are not the complete business. And it is not practical to say that overnight or a limited period, we'd be able to replace entire product portfolio with higher designs and only not have any other designs. So, in a best-case scenario, we have seen that the revenues can hover anywhere between Rs.650 crores and Rs. 850 crores, depending upon how the product mix and the demand



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scenarios taper out. So, this broadly answers your questions on how the new designs and what the average realizations can be. So, as I said, the demand is little soft, the capacity utilization for both the units is not at the optimum, we are definitely having a good amount of spare capacity, which will get used as the demand improves.

Tushar Raghatate: Any Capex plan for this new design for FY'24?

Gautam Chand Jain: Not any large Capex right now but depending on new equipment we may add some more new innovations that are possible.

Moderator: The next follow up question is from the line of Dixit Doshi from Whitestone Financial Advisors.

Dixit Doshi: Now that China has opened up, how do you see the granite business outlook I know it's a small part, but it started making losses, so, do you see it turn around and getting reasonable business?

Gautam Chand Jain: Though they talk about China opening, but no customers are yet coming into the race to mark the material. So, we'll have to wait. I don't think China has opened as what we see in the newspapers. Apart from the COVID effect, the market is still slow in China. So, I think probably that is the reason that Chinese buyers have not started coming yet. So, we hope that with this kind of limited opening also, in next one or two months, people should start coming in. But, right now the market is still as good as closed in China for granite business.

Moderator: The next question is from the line of V P Rajesh from Banyan Capital Advisors.

V P Rajesh: My first question is, if you can break down the improvement in your gross margin between the raw materials versus the new products which are higher value added?

Paras Kumar Jain: The majority of improvement what you see in the gross margin is primarily coming from the product mix side of it, and not completely from the raw material side of it.

V P Rajesh: And then the second question is, as you're going into these newer geographies, how is the competitive scenario there, because in the US, you have the anti-dumping on the Chinese duty, and I know you just said that the Chinese guys are not coming back to the market, but in the other markets in Canada and Europe, what is the situation on the duty side?

Paras Kumar Jain: I think the comment which Mr. Jain made, Chinese are not coming back, that is more related to India market and granite part of it, not Quartz. So, anyways, now coming and answering your question on the new geographies, after the dumping happened, Chinese influx into other markets has definitely increased, whether it is Canada, Europe or any other Southeast Asian countries or Africa. But as I said that our forte is basically a differentiated distinctive design. So, we are looking at marketing those designs in the new geographies and not compete at the lower pyramid level. So, we do have competition, but then the only way to fight the competition is to be innovative and give them distinct design, which will help us to keep our margins intact and also get some wallet share from the client.



- V P Rajesh:** On the debt side, if you can just give us a number at the end of this quarter, what is the promoter debt in that and what is the rest of the debt?
- Vishwanatha Reddy:** The debt is actually reduced by Rs.26 crores in the last nine months. The long-term debt outstanding is Rs.366 crores out of which that from promoters is close to Rs.90 crores.
- Moderator:** The next question is from the line of Hemal Jhaveri, individual investor.
- Hemal Jhaveri:** As I understand, countertops are classified into low, mid and high range. Where do we fit in? and what is our market share? And my next question is any plan for venturing into domestic markets?
- Paras Kumar Jain:** See, basically, we are in medium to high range of the pyramid. We don't compete aggressively at the low end, but we have to be at the low end because we have to complete the offering and take more wallet share from the customers. Now, coming to the domestic market, yes, as a retail brand, as a consumer-focused brand, we are already present in over 120 dealers in India. We are also working on aggressive institutional selling policy. So, I think as the year progresses much, we'll be able to give you more insight as to how we cater to the Indian market in the times to come.
- Hemal Jhaveri:** Do we have any exclusive EBO or something within our 120 dealers or we are just focused with the dealers?
- Paras Kumar Jain:** We do not have any flagship stores because our product profile is little different. Standalone product profile or having a flagship store on just one product typically will not be able to give you that return on investment. But we have different types of dealers, we have preferred dealers and premier dealers. Premier dealer is the one who predominantly carries our product and does not carry a large basket of our competition product. Preferred dealers are the ones who are carrying multiple products from multiple product lines and also from multiple manufacturers. But, of course, the focus is to capture more and more of premier dealer market where we get a higher shelf space and also the visibility at the store.
- Hemal Jhaveri:** Is there any plan for entering into solid surface countertop market?
- Paras Kumar Jain:** I don't know what makes you ask that question, but as of now, we have no other plans, we want to stay very close to our niche and focus on our existing businesses of Quartz.
- Moderator:** Next question is from the line of Kushagra Bhattar from Old Bridge Capital.
- Kushagra Bhattar:** A Couple of questions. One, if I look at the imports data and if I compare Pokarna's performance, there seems to be some higher or intense impact on Pokarna's numbers. Just wanted to understand, if there was some sort of a loss of market share for you guys?
- Paras Kumar Jain:** I don't know on what basis you say that we have been significantly impacted. If you look at the entire industry per se, like in the US 30% 35% month-on-month, there is a decline of Quartz, and which is largely in line with what has happened to us and to others also. But, if you look at our numbers, which we have access to in terms of the



realizations and all, we think we are better placed than what competition is doing. And as I said at the beginning of the call, our focus is to work largely on the differentiated design and not just work towards getting the market share where you will largely have to drive your numbers at very low margin products.

Kushagra Bhattar: Second, a clarification. You commented that Rs.650 crores to Rs.850 crores is on the optimal utilizations. Was that largely towards premium products optimally utilized on both the plants or a general mix of products with optimal utilization of both plants?

Paras Kumar Jain: When I say Rs.650 crore, largely means that the product portfolio remains largely very close to what we currently operate, and Rs.850 crore when we say that when we are able to bring in some products at the higher margin levels and replace that. So, while the capacity utilization more or less will be at the same level, but the numbers can change positively if we are able to add high margin products to the basket.

Kushagra Bhattar: Can you give us utilization levels of the units and share of premium products in both the plants?

Paras Kumar Jain: As I said, both the units are now below the optimum levels of capacity utilization because of the market demand getting softened and we had to also plan our production accordingly. So, we have an ample capacity to offer as soon as the market improves. So, largely our Unit-I facility has mid-to-higher end products and our Unit-II facility has largely low-end products.

Kushagra Bhattar: You spoke about exploring Europe and Canada and the initial things are happening over there. Just trying to understand, how different would be these markets with respect to the margin side and the share of Indian players which can be fetched in these markets?

Paras Kumar Jain: So, definitely, the markets are competitive as I said at the beginning of call while answering questions from the other participant. But again, as I said that when you try to enter any new market, you have to go with the strategy which is complete3 0 595.44 84



also taking market share from other categories of countertop. So, market share there for the category Quartz is actually growing, and we believe that Quartz as a category has got a very long run, even in the US and the non-US markets. So, at the moment, I don't have the exact numbers to say because not all the markets actively get dragged with these statistics. But I think those markets will definitely not be as big as the US markets are. But then it would be fair enough to say that they will be at least of 20%, 25% of the size of the US combined all the other markets and our idea is to at least get a double-digit share from this 25%, suppose, I'm talking about 10% of 25%-plus in next year.

Dhiral Shah: So, we are targeting around 10% of the incremental market share?

Paras Kumar Jain: Yes.

Moderator: Our next question is from the line of Abhishek Tandon from Bowhead Investment Advisors.

Abhishek Tandon: As far as the replacement versus new home demand is concerned, what was the mix pre-COVID when US housing sales were not booming, how much of your share pre-COVID used to come from commercial, such as hotels, offices, etc., and where is that mix, is there a scope of improvement in that? Would either anti-dumping duty on Malaysia or Vietnam, as and when if it materializes, impact us in any positive way? What would be your market share in the US market at a rough level -- would it be like 1% / 5%, some broad range would also really help us understand? And you also mentioned that in Europe, you're targeting a 10% market share. I just wanted to reclarify, were you trying to say that you'll get 10% of your revenues or were you saying gain 10% of market share of total sales in Europe?

Paras Kumar Jain: Let me come to your last question first. When I say 10%, it is 10% of our revenue and not those market share because I don't know exactly what those markets typically in terms of numbers look like. That's one. So, now coming to the hospitality, I think amongst all the segments, whether it is residential or within again commercial, and again within commercial office space, hospitality and other things, we see the silver line is still the hospitality, because after a long time, the hotels have not been in renovation, but now we see that renovation activities are slightly picking up. So, we see that hospitality is one positive side of the entire demand side softening. But then how quickly the renovations will happen? Because now the enquiry funnel is good, but everything has to finally get funneled down and the ordering and business. So, that is something which we will have to track and see. But, if hospitality goes well, probably at least 5% to 10% of the business which we are targeting in our total portfolio would come from the hospitality part of it and that can positively impact our numbers. As I said that we do not directly sell to commercial or residential projects all the time. It's our customers who directly go and cater to these markets. So, what we now understand is that our customers have a large portfolio towards commercial side of it, which can be the builder account to office account or any other construction account. So, I think, with the new homes getting little tied up and the office space and the other markets also being little soft, the renovation market, which is another important segment, where the high-end material gets used, is the only opportunity. But then that has still not picked up completely yet. So, I think the only two areas where the numbers where they currently exist would be the new home renovation on the high-end side of the design and from the hospitality side of it.



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Abhishek Tandon: And lastly, Malaysia and Vietnam impact? And our market share in USA, a broad range?

Paras Kumar Jain: Like with any other business, if there is a trade-related barrier established on one particular country, the demand spillover can happen to any other country, whether it would be India or whether it would be Philippines or Indonesia, you and I cannot really comment on it. But then as I said, we have capacity which we can use if there is a spillover of demand it comes because of any trade barrier. But I think we are not actively pursuing the opportunities which flow from the trade barriers. Our business model has been different. We try to focus on delivering what we can and other things if they come, we just try to see if we can monetize those opportunities. Now, coming to the market share, so we believe that our market share in the US is between 7% to 9% of the total imports what are happening into the US market.

Abhishek Tandon: 7% to 9%, you mean from India or do you mean overall US market?

Paras Kumar Jain: India will be in over 20%. I'm talking about that into the US.

Abhishek Tandon: The bulk of the business in the US would be imports or they will be large domestic business as well onshore business?

Paras Kumar Jain: They will be domestic business as such also there, but it is not as bulk as the import business.

Moderator: Next question is from the line of Anuj Sharma from M3 Investment Pvt. Ltd.

Anuj Sharma: I have two questions. You've talked about challenges on the demand front. But, if you could also share your thoughts on what could be the challenges in the next three, five years both from a production and basic raw material sourcing front, that be helpful? My second question is that post the determination of final duty structure, could you just talk a little bit about the competitive landscape both from India and non-exports perspective?

Paras Kumar Jain: Definitely, there is a challenge on the demand side. Once the things improve probably, I don't see major challenges for the product demand side in the US or the other markets, because Quartz is a product which is actually gaining market share from other natural and engineered surfaces. And three to five years, we think only the category of Quartz will grow more and more and it's only a matter of the demand scenario being little low now, for the reasons which I explained, whether it is FED's aggressive interest rate hike policy or mortgage rates, inflation and all that. So, I think once we normalize all those factors, we see that demand is definitely positive. And the raw material side, we don't see major challenges, because I think the raw materials are abundantly available. It's only the focus on quality of raw material, which will definitely be one of the prime areas where we would be focusing and also developing the raw material materials, which typically in the market in next three to five years will require, because as the product matures, I think there are several aspects on the raw material side, which one has to take care, also look into some regulatory aspects of silicosis and all that which is coming up in different markets. So, we are also looking closely on how we can work towards addressing the concerns which market may have today or may have in future. So, our R&D is also focused on developing new raw materials. We see there is an ample scope for improvement and there is also an ample opportunity to tap the available resources



in the market. The competitive landscape is getting little aggressive both in India and outside of India also. In India, with the dumping duties being not in the range of what the Chinese impacted, and of course, Pokarna doesn't have anti-dumping duty, we are at 0% in the BOR1 while others have some duties. So, that has given a little boost for other manufacturers to set up their production facilities in India, at the same time with the markets being good for the product, manufacturers in other countries are also setting up their plants. So, I think as the market matures, the competition will also get aggressive. But having said that, I think it is common for every product, once the industry starts doing well, you see a lot of manufacturers coming up. But then every manufacturer has their strategy and their execution game plan. So, anybody who has a right strategy and right execution plan will only be able to survive and that's when the Charles Darwin's theory of 'Survival of the Fittest' will again be proven right. That's what is on the competitive landscape side of it.

Anuj Sharma: Just a follow-up second question on the supply. If let's suppose we were to look at data five years ago and today, how would have supply expanded in the country from India itself and how easy is it for you to track this data?

Paras Kumar Jain: Today, I think India exports could be anywhere around \$450 to \$500 million to the US. So, if you look at five years back, probably these were, I think, a fraction of it. That answers the question.

Moderator: Next question is from the line of Muthu Kumar from Fidelity Ventures.

Muthu Kumar: I have two questions. First, what is the Capex that can be envisaged in next one to two years? And the second question, is there any idea to focus more on apparel business and augment that apparel business?

Gautam Chand Jain: I had already answered that. Right now, we don't have any large Capex on the radar. Of course, from time-to-time, whatever needs to be done to improve the product, we will be always doing that. Regarding apparel also, we don't think we would like to pursue that business right now, because our focus is primarily only on Quartz business and we don't see any big future for apparel to focus or grow that business more.

Moderator: I now hand the conference over to the management for closing comments.

Paras Kumar Jain: Thank you so much for having us on the call today and I look forward to catching up again in the next quarter.

