Pokarna Limited

21st November, 2024

To
The Deputy General Manager
BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P.J. Towers
Dalal Street, Mumbai – 400001
Maharashtra, India
Scrip Code: 532486

To
The Listing Manager
National Stock Exchange of India Ltd.
Exchange Plaza
Bandra (East)
Mumbai – 400051
Maharashtra, India
Symbol: POKARNA

Dear Sir/Madam,

Sub: Transcript of the Analyst/Institutional Investor Meetings/ Earnings Call under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations").

Reference the captioned subject, this is further to our letter dated November 04, 2024 and November 19, 2024, with respect to the Q2FY25 Earnings Con-Call with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Second Quarter ended on September 30, 2024.

The aforesaid Transcript will also be uploaded on the website of the Company i.e. https://www.pokarna.com/

This is for your information and record.

Thanking You,
Yours Faithfully,
For Pokarna Limited

Pratima Khandu Gulankar
Digitally signed by Pratima Khandu Gulankar
Date: 2024.11.21 12:57:12 +05'30'

Pratima Khandu Gulankar
Company Secretary & Compliance Officer
ACS:66794

Pokarna Limited

Q2 FY25 Earnings Conference Call
November 19, 2024

Moderator: Ladies and gentlemen. Good day and Welcome to Pokarna Limited Q2 FY'25 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, sir.

Gavin Desa: Thank you, Neerav. Good day, everyone and a Warm Welcome to Pokarna Limited's Q2 & H1 FY'25 Earnings Conference Call.

We have with us today Mr. Gautam Chand Jain, the Chairman and Managing Director, Mr. Paras Jain, the Chief Executive Officer at Pokarna Engineered Stone Limited and Mr. Viswanatha Reddy, the CFO.

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 Proceedings of the Call and Share Perspectives on the Business and Outlook. Over to you, Paras.

Paras Jain: Thanks, Gavin. Good morning, everyone.Thank you for your continued interest in Pokarna. It's a pleasure to connect with you today and share updates on our performance and progress. I am pleased to report that Pokarna Engineered Stone Limited, the wholly-owned subsidiary of Pokarna Limited, has delivered another strong quarter. This reflects the success of our targeted sales strategies, operational efficiencies, and disciplined cost management. Our performance in the first half of FY25 underscores the resilience of our business and our ability to adapt to evolving market conditions. Let me now walk you through the consolidated financial highlights for the half year and second quarter ended 30th September 2024.

For the Half Year (H1 FY25):

- Total Revenue: INR 450.80 Crore, a growth of 22.47% compared to H1FY24.

- EBITDA: INR 154.10 Crore, a growth of 26.55%.
- EBIT: INR 132.22 Crore, a growth of 31.04%.
- PAT: INR 78.05 Crore, a remarkable growth of 54.18%.
- EPS: INR 25.17, a growth of 54.18%.

For the Second Quarter (Q2 FY25):

- Total Revenue: INR 253.46 Crore, a growth of 24.33% compared to Q2FY24.
- EBITDA: INR 88.29 Crore, a growth of 20.67%.
- EBIT: INR 77.76 Crore, a growth of 22.44%.
- PAT: INR 44.96 Crore, a growth of 37.49%.
- EPS: INR 14.50, a growth of 37.49%.

This robust growth reflects the success of our ongoing efforts to optimize our product mix, improve operational efficiencies, and focus on high-value markets.

Macroeconomic Environment: In the U.S., we are observing signs of stabilization. The Federal Reserve's rate cuts totalling 0.75 percentage points, along with rising home equity values, could support economic activity and drive remodelling projects. We are closely monitoring these developments, as they align with opportunities in our industry.

Strategic Growth Initiatives: Our focus remains on sustainable growth. We are actively launching new quartz products and expanding marketing efforts to reach a broader customer base. At the same time, we continue to prioritize operational efficiency and cost management to effectively navigate pricing pressures.

Capacity and Technology Expansion: We are making significant strides in capacity expansion and technological advancements:

₹440 Crores Investment in Mekaguda Facility: We are expanding our state-of-the-art quartz manufacturing facility in Telangana by adding a third Bretonstone production line. Scheduled to be operational by March 2026, this new line will significantly enhance our capacity while maintaining high standards of sustainable manufacturing. The investment will be funded through a mix of debt and internal accruals.

Technological Upgrades: The Kreos Line is progressing toward commercialization in Q3 FY25, with exciting product launches planned for Q4 FY25. The Chromia Line, designed for high-definition digital printing, is expected to be operational by Q4 FY25, enabling us to deliver unique and differentiated products.

Market Opportunities: We are encouraged by growing interest in newer markets, including Canada, France, Mexico, and Russia, which present promising growth opportunities. However, we remain cautious in managing competitive pricing pressures from producers in India and Southeast Asia. Our strategic focus on innovation and differentiation positions us well to address these challenges.

Granite Business: Turning to our granite business, the environment continues to pose challenges, as reflected in this quarter's results. We are implementing cost-control measures and exploring opportunities to increase revenue in this division. While the near-term outlook remains cautious, we are committed to addressing these challenges with a focused and measured approach.

With PESL's robust balance sheet and healthy cash flow, we are confident in our ability to execute quartz business strategies effectively while delivering sustained value for our stakeholders.

Thank you for your continued trust and support. We look forward to addressing your questions.

Moderator: The first question is from the line of Naman Parmar from Niveshaay Investment Advisors.

Naman Parmar: So, sir, firstly, I wanted to understand, with the new capacity coming in, how much revenue potential can be done? And I think from existing capacity, you can do around Rs.1,000 crore of revenue if I am not wrong. Secondly, I wanted to know on the US demand side. As Caesarstone, the largest company in the US for the Quartz has announced its result, so it is not up to the mark. So, what's your take on the demand side on the US? And thirdly, I wanted to know the change in the presidential seat in the USA. So, do you expect any dumping duty to be on the Quartz to increase from current level?

Paras Jain: So, now coming to your first question, historically we have maintained that the asset turn is about 1x to 1.25x. So, depending upon that we will have revenues around Rs.450 crore to 525 crore is what we foresee at this time. But again, as you know, this plant is going to be operational about two years from now approximately. By the time we stabilize the capacity and everything. So, it would be too early to comment what that number would be. But typically, we have historically seen 1x to 1.25 x. Now, coming to the second question on the US demand, so I cannot comment on the results of Caesarstone. The results of our company are before you. So, you can understand that USA is our primary market, and we have performed relatively better than our competition in those markets. And definitely, the demand is not coming back immediately because over a period of time there has been inflationary pressure, the mortgage rates have gone up, and only in the last couple of quarters we have seen Fed has taken some steps to reduce the mortgage rates, but still if you look at the national average, the mortgage is about. 6.9%, which is historically very high compared to what USA used to have in the past. So, I think as the mortgage rates become more stable and come down, we will see more activities happening. But then as we are positioned on a different footing compared to majority of our competition, we are focusing on mid-to-top tier products. So, there, our differential strategy is able to bring us the faith of customer and also the related sales out of it. Now, coming to your third question on when Trump is back, what would happen? So, let me correct you. There is already an anti-dumping duty on our product. So, we have approximately about 2.34% countervailing duty, the anti-dumping duty for this POR was set as zero. So, there is a countervailing duty of 2.34%. Now, after Trump comes back, it would be premature for me to comment as to what he's going to do. But whatever happens, it's going to happen for everybody across board. So, I do not think only one country, or one company would be singled out. So, I do not think we have to worry at this point about Trump's coming back.

Naman Parmar: Any other economy that you think will be performing good like you have shown in the presentation that you will be tapping the Canada, France, Russia, so how much they will be contributing in the revenue?

Paras Jain: See, today, the USA is our primary market. These markets are promising and growing markets. Canada is growing for us, France is growing for us, Russia is growing for us, but again has the logistical challenges to service that market. So, I think for at least short to medium term, US will continue to be focused while we develop the markets like which we have mentioned a little while ago.

Moderator: The next question is from the line of Hrishikesh Bhagat from Kotak Mahindra Asset Management Company Ltd.

Hrishikesh Bhagat: So, the first question is now this expansion since you are pursuing, will there be any disruption to the existing line during the course of the expansion or do you foresee anything? Second, is it a Brownfield expansion? So, to that extent, could the asset turn be higher in this case?

Paras Jain: See, this facility is going to come up at our existing facility in Mekaguda, Telangana. So, when we had originally designed our Hyderabad Mekaguda facility, we had provided enough space for future expansion. So, this line is going to come there. But of course, having said that, there's going to be little disruption, because we are going to expand in the same facility and of course we are also adding couple more sheds so that once we have a two-line functioning, we need some space for our inventory and other work-in progress items as well. So, disruption will be minimal, so we do not see a very large disruption happening. So, that answers your first question. On the second question, while it is a Brownfield facility, but the type of technology what we are bringing in, so there are some more new additions what we are doing and how we work and bring out the product. So, at this time, we believe that it's going to be 1x to 1.25x, but then as we move closer, we can probably see if we are able to get some more benefit of expanding on a Brownfield side of it.

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

Dixit Doshi: In some of our previous interactions, you have always mentioned that when it comes to product mix, 30% to 35% high value, 30%, 35% medium and 20%, 25% basic plus hospitality, is a very good ideal mix. So, have we reached that kind of product mix in the second plant, because first plant was running at the ideal mix before the CAPEX?

Paras Jain: So, we are pretty close to the ideal mix except for that, the hospitality has still not picked up, but it is far better than what it was in last year same time.

Dixit Doshi: So, considering that, do you feel that from today to let's say March '26 when new plant will come, we are more or less at the optimum level in terms of revenue or do you feel that there is still a room for growth in revenue with some change in the product mix?

Paras Jain: See, always there is a scope to improve. So, this is always a journey. It's not a destination. So, depending upon how the new products come out, whether it is KREOS products and our printing products, there could be an improvement in the revenue possible, and also how the product mix continues to evolve over a period of time.

Dixit Doshi: So, the last question was, considering the raw material cost and the logistic issue, you feel that more or less we will be able to sustain our H1 margins?

Paras Jain: Yes, I think at this time, we believe that the H1 margins more or less are in line with our expectations, and we believe that H2 would also be pretty close to that.

Moderator: The next question is from the line of Vaibhav Gupta from Bowhead India.

Vaibhav Gupta: My first question is how is the freight rate situation -- has it normalized now and are we seeing ordering from distributors in US who were earlier deferring their orders?

Paras Jain: Yes, so I think the freight rate situation has definitely improved compared to what we have seen in probably two to three quarters back. And of course, because this is the end of the year now, so except for that situation where distributors typically say that we want less arrivals around Christmas and New Year. Otherwise, the ordering is not impacted by the freight rate situation anymore.

Vaibhav Gupta: How was the presence of new CHROMIA and KREOS lines change our product launch cycle for next year?

Paras Jain: The KREOS is under trials now, so our R&D team is making some trials and trying to understand technology better and develop products. So, we see that KREOS products effectively the large launches would happen in Q4 of FY'25. CHROMIA line is still to be installed. So, it's going to be installed and operational. We are foreseeing it in Q4 of FY'25. So, we expect that KREOS typically would help us sustain or improve our margins and realization and CHROMIA is more of a decoration and also looking to service some other segments. So, we will have to see how it evolves in terms of the realization. But KREOS, we believe is going to help us to definitely maintain and sustain the realization what we see.

Vaibhav Gupta: KREOS line is specifically for wall cladding and thin slab purpose, or it can also be used for countertops?

Paras Jain: It can be used for countertops, it can be used for wall cladding, depending upon what thickness of the product you produce from KREOS line, the end use application would be determined, and also the market is also a factor, because there are certain markets where they use even thin slabs for the countertop or the furniture tops and there are some markets where they prefer to use a thick material for the countertop. So, what KREOS is going to do is it's going to give us a slab of different thickness and now the application based on thickness will vary from market-to-market, application-to-application.

Vaibhav Gupta: Tax rate was a bit high this quarter. So, what would be the tax rate going forward?

Paras Jain: So, we are expecting 25% also for the full year.

Moderator: The next question is from the line of Kushagra Bhattar from Old Bridge Asset Management.

Kushagra Bhattar: Two questions. One is on the new CAPEX program. So, maybe if you can give us some more idea about from the third line, how different are your products going to be versus what you are doing currently and hence how different would be the profitability on that 1x to 1.25x which you mentioned? And the second question is, you said mix of debt and internal accruals. So, what kind of peak debt levels you are anticipating with this Rs.440 crore of CAPEX?

Paras Jain: In the first question you have three parts. So, basically the new CAPEX program is supposed to be at this time foreseeing to be completed by March '26. So, we are adding some new robots in this line, we're adding KREOS also in this line, and then with our experience of the existing production line, we have made some more improvements for operational efficiency as well. So, all these are expected to improve product efficiency and also probably help us to efficiently manage the cost and the other working environment. So, profitability is typically we expect that the EBITDA from this would be in the range of Rs.145 to Rs.165 crore is what we are foreseeing at this time and PAT also we are expecting it to be in the range of Rs.100 to Rs.110 crore is what we are expecting at this time, but as you know that we are two years down the line we're talking at, so there could be certain change depending upon how the markets perform and how the demand conditions pan out to be for. In terms of the investment mix, we expect to do about Rs.300 crore of debt and the balance Rs.144 crore we are expecting to fund with our internal accruals.

Kushagra Bhattar: The second question is on your industrial segment mix. So, you keep highlighting and talking about hospitality, retail and in certain cases in the office area as well. So, maybe if you can help us understand how that industrial segmental mix has changed for you, let's say in the last three years and given that you are launching newer products more on the high end as well, how do you expect that mix to change over the next few years?

Paras Jain: See, as this commercial segment improves, typically the demand for offices or hospitality and all that will improve. So, that's also an important part of our customers business. So, as a specification business, what we call it as where the products are specified and then they get used by the fabricators and installed. So, as that segment improves, definitely, the demand from our customers, those who are servicing in that segment would improve. And if you look before COVID, there was a good amount of improvement in hospitality, because lot of new hotels were coming up in the US and then their existing hotels were also getting refurbished. So, there's a lot of demand of renovation and remodeling, not only in the housing, but also in the hospitality which is hotels and that part of the business. So, post-COVID lot of projects got on hold and also coupled with the interest rates going up, a lot of builders actually shell their projects, or they kept their projects on hold. Now, with the change in the Fed's approach towards the markets and the rates coming down and probably with the Trump being back, there is some euphoria that some improvement would happen in the US economy and the construction and remodeling would start. So, if that starts typically that would help us to also tap into that growth opportunity. So, I think at least I would say that to really see the results, we have to spend at least three to four more quarters, because by the time projects are back on track and they need the material, it typically would take 12-months period. So, we all have to hope that the office construction, home remodeling, hotel constructions and all those come back.

Moderator: The next question is from the line of Shreyans Jain from Svan Investment Managers LLP.

Shreyans Jain: So, my first question is on the CAPEX. Sir, I just wanted to understand, so this is brownfield and we're doing about Rs.440-odd crore of CAPEX. So, my understanding was greenfield would require this kind of amount. So, if you can just explain greenfield and brownfield, sir, what would be actually the amount that you would need to spend, sir?

Paras Jain: See, it depends upon what type of CAPEX you are incurring. There are companies who have been able to also do the CAPEX at probably half of it or two-third of it and there are companies would also invest. So, it depends upon what you are adding to the line. So, if you look at when we originally started, we did not have KREOS, we did not have six robots what we have today. So, this facility what we are talking KREOS also from the time it is actually commercialized it would have six robots also in place. So, all that typically warrants this level of investment.

Shreyans Jain: I am saying if we were not to add robots and KREOS, then this amount would probably have been a little lower, right?

Paras Jain: Yes, of course, because there is an investment in the equipment. So, that is where the investment is higher compared to what you would be envisaging.

Shreyans Jain: This would be lower by how much, sir, if you could just give us some sense or it's on a per square meter basis, can you help us what is the CAPEX?

Paras Jain: I think I would refrain from answering that question because that's more on our commercial side of it. I am so sorry about it.

Shreyans Jain: Sir, my second question is in the past interactions you have suggested that peak revenues from our current capacities could be Rs.200, Rs.225-odd crore. So, this quarter we have done about Rs.250 crore. So, I am just trying to understand, was there a spillover of last quarter, because I think you had some freight issues in the last quarter, so out of this Rs.250 crore, is there some revenues which were pertaining to last quarter and which got actually booked in this quarter?

Paras Jain: Yes, so there is some spillover also, and then of course, it also depends purely on the product mix for that quarter. So, we had some benefit of the previous quarter also coming here.

Shreyans Jain: Last question is on the gross margin side. QoQ, we are seeing some dip. So, any reason for this? 67.6% has gone to 64%. So, I am assuming product mix would have been equally or maybe better than last quarter. So, what justifies this decrease in gross margin?

Paras Jain: I think this decline is not really a big number to be concerned, because it also depends upon what type of raw materials you are using in that particular period. Because if you are using a lot of your imported sand in that particular quarter, then it would be… so I think the number is very negligible in our view.

Moderator: Next question is from the line of Agam Shah, individual investor.

Agam Shah: As you said, freight rates are pretty much normalized right now, right? So, the freight rates are very much normal levels or just corrected from previous quarter? And the second question was, three years down the line, can we say that maybe 70% to 75% would be US and 25% would be including domestic? And third question would be so probably with the optimism you said for the first time you are seeing the U.S. market will stabilize and with the top line can we see about Rs.200 crore of quarterly run rate should be doable at least in the new facility when the CAPEX comes up and full fledge of the two new technologies commercialized. If you can throw light on these three questions that will be very helpful?

Paras Jain: I think the freight rates what we are seeing, they are pretty close to the normal levels for most of the US ports and there are certain ports where there is still not there. But I think if the situation continues like that, it should be pretty close across the US ports. Now coming to the market share, yes, of course, next three to five years, our idea is also that we have a good amount of rest of the world coming in. So, whether it would be 25% or 20%, I think time would say, but definitely our target is that we have 25% definitely coming from the rest of the world and 75% from probably. North America. And now coming to your quarterly revenue, I think we expect that the numbers should be in the range of Rs.200 to Rs.225 crore subject to of course the market conditions and the situations out there.

Agam Shah: Post the two new technologies, KREOS and the CHROMIA, once they stabilize the quarterly Rs.225 crore should also incrementally go up, right, once things stabilize?

Paras Jain: So, basically it depends upon how quickly we are able to stabilize it and how the product acceptance happens in the market, because there are two different bets. So, we will have to go and generate the product line also, because thinner slab, there is the market which we will have to go and tap and then create the category.

Moderator: The next question is from the line of Amey Chheda from Banyan Capital Advisors.

Amey Chheda: Sir, you mentioned that with this new CAPEX, Rs.145 crore can be the EBITDA on a Rs.450-crore revenue. I just wanted to understand how this Rs.145 crore EBITDA will translate into Rs.100 crore PAT?

Paras Jain: We will have a lot of efficiency also coming other way around. I said Rs.150 to Rs.155 I think.

Amey Chheda: So, the depreciation even if I assume like 5% and interest cost at Rs.30 crore, the PAT still comes at around Rs.74- Rs.75 crore. Just wanted to reconcile that.

Paras Jain: If you look at our current numbers also, we have EBITDA of around Rs.156 crore and PAT is close to around Rs.90 crore.

Amey Chheda: So, basically Rs.100 crore PAT on a Rs.450-crore revenue comes to 22% PAT margin. Currently, we are at 17%, 18%.

Paras Jain: Current is around 20% consolidated.

On a consolidated we are 18%, but if you look at the PESL, we are around 20%.

Amey Chheda: I can take this offline, sir. The next question is how do you expect the ramp up of this facility to be in the first year and onwards?

Paras Jain: See, the ramp up as we have had in the first line as well, we expect that the full optimal capacity would take at least 12 to 15 months to come, because then we will have to test several things. But the advantage what we're going to have it here was like, unlike the first line where we did not have experience of handling the robots or KREOS, by that time the second line is operational in Hyderabad, we would have already got the experience of robotics experience of KREOS as well. So, should be definitely theoretically better than what we had in the first line.

Amey Chheda: So, the bulk of the revenue can come in the first 12 months itself, at least 60%, 70%?

Paras Jain: Large part of the revenues can be seen in the first 12 months.

Amey Chheda: Our endeavor is to maintain consolidated margins even in this plant, 35% around?

Paras Jain: That is what our internal targets are that we have to look at that number and plus.

Moderator: Next question is from the line of Vinay, individual investor.

Vinay: Can you just give us what is the gross debt and the cost of debt? Second question is that we are coming up with this new capacity of Rs.440 crore at Mekaguda in Telangana. So, after this capacity comes up, do we have enough space for the plant to go for further expansion at the same facility?

Vishwanatha Reddy: So, the gross debt as on 30th September, it is Rs.228 crore, and the cost of funds is around close to 9%. Regarding the additional space availability for future expansion, we do have still some space available for further expansion.

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

Anuj Sharma: It is heartening to see our presence at the Acetech Expo. My question is while India revenues would be small today, how do you see the customers or the architects looking forward to the our products and the Quartz products and how big can Indian market be the initial salience on that?

Gautam Jain: The Acetech experience was very good honestly, but we will have to build up to grow in the domestic market. But the response from the entire fraternity, including various architects, builders and trade community also was overwhelming. So, we hope to build on this response, follow-up and repeat some more exhibitions in the future so that we can have a strong presence in the domestic market.

Anuj Sharma: But in terms of distribution, can you enlighten how do you propose to build the distribution in India and how long would that process be before you can really have a sizable presence? It's a question into the future, but sorry –

Gautam Jain: We will take about one year to identify the right business partners, because the response was too good, but we have to evaluate who will be the right business partners for the growth. So, in my opinion you will see numbers after a year of time, because first focus would be definitely on large distributors, but parallelly, we will also look at other options of increasing the market presence.

Moderator: Next question is from the line of VK KarthiKeyan from Suyash Advisors.

VK KarthiKeyan: One clarification. In the 12 to 18 months, two optimum utilization is very encouraging. Just wanted to understand whether you already have some kind of offtake arrangements in place where what exactly is giving you this confidence, some color on what has already happened would be helpful?

Paras Jain: See, basically in business there is always an element of risk, and we have to move on with that. So, we have customer base who we are confident we will be able to market. But having said that, we will have to continue to make efforts to do what we are saying we will be able to do. So, we have 18 months time and within that we will be able to build up the ramp up.

VK Karthikeyan: Somewhere in one of your releases you talked about 8 lakh square meters, if I am not mistaken, that's the number you had indicated as a new capacity. How does that compare to your current capacity because one was 15 million square feet, this is 8 lakh square meters. So, I am kind of confused.

Paras Jain: So, basically there are two different plants we have. One in Visakhapatnam and one in Hyderabad. So, this addition is happening to the Hyderabad facility, and this is basically certain capacities are nameplate capacities and then depending upon the cycle time and the product specifications they can relatively change.

Moderator: Next question is from the line of Naman Parmar from Niveshaay Investment Advisors.

Naman Parmar: So, I just wanted to know, we are going to launch any low silica products after CHROMIA and KREOS facility in that line?

Paras Jain: See, basically product development, as I said in my opening remarks, is a process which is a periodic process for us. So, definitely there are options which we are considering. But when will we launch? It all depends upon how our customers in the market ask for it. We are evaluating options. We are ready, but then we are just waiting for the right dynamics to be there in the market before we go on.

Naman Parmar: Lastly, I wanted to know how much EBITDA margin you will be able to sustain in the future? Currently you are doing 34%. So, it is sustainable you can do with the new facility coming in also?

Paras Jain: So, historically, we have maintained that our target is to be 30%-plus EBITDA. So, we think that 35% is maintainable, of course, subject to the market conditions, but that's what we are aspiring for.

Moderator: Next question is from the line of Shreyans Jain from Svan Investment Managers LLP.

Shreyans Jain: I have two questions, sir, first is on the India market. One of the players in the similar business has officially put in its presentation that India business will be 10% to 15% for them over the next three years. So, I am just trying to understand, sir, what's our India strategy? Obviously, you mentioned a few things, but being a pioneer and a leader in this category, do you think we need to put in more efforts, more capital, more bandwidth? I am just trying to get some sense how do you think about India as a business and when do you think you will actually ramp up your efforts in terms of hitting the pedal, just some sense on that, sir?

Gautam Jain: See, we do not want to compare with other players. Our strategy will be our own strategy. But having said that, the market has acceptance now for good quartz, high value products. So, we will definitely ramp up our domestic market sale. But then, there is no timeline. Like, as I said, we need to really identify good business partners and strategy of positioning different varieties of products in different price segments like we do not want to tell today what will be our strategy for the entire domestic market because for various competitive privacy, but we definitely will make sure that the percentage goes up gradually in every quarter on the domestic side.

Shreyans Jain: So, what would India be currently, sir?

Paras Jain: Minuscule number actually if you really look at it. So, it is we are building from a base which is pretty low.

Gautam Jain: Our focus is that always has been export market. Now looking at the Indian market and Indian growth story, we feel that the market is now right to accept our kind of product in the market. So, let's hope that we at least achieve 10% of our turnover on the domestic front. That's the first target.

Shreyans Jain: Sir, my second question is, we have done pretty well in this quarter and from Caesar's numbers, we understand that they were weak. So, I am just trying to get some sense, have we gained some market share there in the US, we're doing better than the other players, just some sense what is happening there, sir, and how are we doing versus competitors?

Paras Jain: I do not know what are the problems of my competition. So, I will not be able to tell that why they have not been able to perform better in the quarter, but every company has their own strategy. So, probably it is the strategy what we are following because our customers are succeeding, so we are succeeding, that's our bottom line. Since we do not go like caesarstone to the end consumer or to the fabricator, we work predominantly with the large distributors and their success is our success. And what I can say is that if they are succeeding, we are succeeding and that's the reason what you see is what is delivered.

Shreyans Jain: We are at a gross debt of about Rs.375 crore on September and you also said that we will be needing about Rs.300 crore of debt for the CAPEX. So, sir, in FY'26, what kind of debt repayment do you look at and what is the kind of debt repayment that we will be at '26?

Vishwanatha Reddy Next 12-months repayment is Rs.60 crore.

Shreyans Jain: Peak debt would be about?

Gautam Jain: It should be around Rs.350 crore by the time we take the new debt. By that time, we would have paid most of the debt.

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

Paras Jain: Thank you so much and we look forward to connecting again for the next quarter.

Moderator: On behalf of Pokarna Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.