

July 31, 2013

Moderator

Ladies and gentlemen welcome to the Q1 FY14 Results Call of Essel Propack Limited hosted by Emkay Global Financial Services. We have with us Mr. Ashok Goel – Vice Chairman & Managing Director; Mr. AV Ganapathy – CFO; Mr. MR Ramaswamy – President; Mr. Vinay Mokashi – Finance Controller; Mr. Roy Joseph – Regional Head AMESA and Mr. Amit Jain – Head, Treasury of Essel Propack Limited. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference please signal operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Prashant Kutty, Research Analyst of Emkay Global. Thank you and over to you, Mr. Kutty.

Prashant Kutty

Good afternoon everybody. Thank you for joining us today. We would like to welcome the Management of Essel Propack Limited and thank them for giving us the opportunity to hold this call. I would now like to hand over the call to Mr. Goel for his opening remarks. Over to you, Sir.

Ashok Goel

Thank you Prashant. Ladies and gentlemen good afternoon. Once again welcome to the Investor's Conference Call of Essel Propack Q1 financial year 14 results. I am happy to mention that it is a continuous fourth quarter where we have the results that are continued to strong growth.

In a net sale on a consolidated basis have grown up by 11.5% and profit by 38%. This represents margin growth of 210 basis points. The various initiatives that we undertook and I briefed you all in the previous quarters those are beginning to pay off. They being our focus on much more value added product category which is non-oral care, cosmetics, personal care, pharmaceutical, food etc. so those are helping besides we have asset productivity targets that we have undertaken and we are able to reduce the asset for worth Rs. 20 crores in spite of the sales growth over the same period last year. This also shows that the inventories have been reduced by 7 days on a consolidated basis.

The net debt on a constant exchange rate is 20 crores less than last year same period. As compared to March 2013 the Rs. 20 crores has been reduced to on constant exchange rate basis. In non oral care share as compared to March, in March it was 38.6% which is now at 40.1%. But if you compare it with June Q12 it was 43.8%. So seemingly it looks that our share has gone down of non-oral care but that is as I have been mentioning in the previous con-calls that the non-oral care target is a moving target for us because we continue to grow in oral care. In this particular case the additional volumes that we are getting in Europe on account of that large contract that we have been talking about so that is kicking in. Besides there is some growth in Americas in the oral care sector. But the trend is right. This was expected so therefore it confirms my views that the target for non-oral care is a moving target for us all the time and we are cognizant of that.

The CAPEX expected this year is about 140 to 150 crores. The depreciation would also be similar amount. Therefore we are not exceeding the CAPEX more than the depreciation. As for the future i.e. the next three quarters we will maintain the momentum and as I mentioned earlier our profits expected this year should be little north of 100 crores on profit after tax basis.

That's generally I can brief. Of course we are happy to answer any questions.

Moderator

Thank you very much sir. We will now begin the question and answer session. Our first question from the line of Ruchita Maheshwari from Nirmal Bang Securities. Please go ahead.

Question and Answer Session

Ruchita Maheshwari

Sir just wanted to know your revenue has grown by 11.5% so what was the volume growth contribution? And price hike if you have taken any in Q1 FY14?

Ashok Goel

Yes we have taken the price hike. It varies from geography to geography and also the actual effect of price hike is also varied.

AV Ganapathy

Ruchita the volume growth is strong for us and because unless our price revision normally happen only with changes in the material cost so most of our growth has been in volume terms. It is equal to the value growth.

Ruchita Maheshwari

Sir, how much would be the volume growth?

AV Ganapathy

It is around 12%.

Ruchita Maheshwari

12% is the volume growth.

AV Ganapathy

Yeah.

Ruchita Maheshwari

But 11.5% you have grown this quarter.

AV Ganapathy

Yeah. They will be more or less matching.

Ruchita Maheshwari

Okay sir you mean to say there is no impact of price hike during this quarter?

Ashok Goel

The effect of price hike will be actually seen in the next quarter, Ruchita.

Ruchita Maheshwari

How much price hike you have taken this quarter?

AV Ganapathy

It varies from region to region.

Ruchita Maheshwari

Yeah but what will be the average price hike?

AV Ganapathy

Ruchita let me explain. Price hike in our business is linked to the cost hikes. So the point is that the whole idea is to sustain the profitability. And second is that our focus would be lot on value as Ashok was mentioning to you. So it depends for instance if the oral care category has grown little faster like he was explaining in the opening address you might see a variation between the value growth and the volume growth. The volumes are strong. Business is in a firm footing.

Ruchita Maheshwari

I believe this 43.8% is the non-oral care you have talked about Q1 FY13, right?

Ashok Goel

No that's for June quarter last year, 43.8 which currently in June Quarter 14 it stands at 13 and stands at 40.1%.

Ruchita Maheshwari

The same I said, 43.8% was Q1 FY13.

Ashok Goel

Q1 FY13, correct.

Ruchita Maheshwari

Sir your Europe losses have reduced compared to the last quarter so what new strategies we have taken in place?

Ashok Goel

In Europe, first Germany has done the rounds and Germany is performing as expected. Poland is the one where we have implemented this project where the new contract has come in and that is giving us the effect and last time if you recollect we mentioned about reducing the plastic tube capacity, shifting to India. That has also helped. So going forward as we ramp up on to this new contract which the ramping was up to September or October and in the part of third quarter full of fourth quarter we should see full effect of it.

Ruchita Maheshwari

And any new customer addition on any of the new geographies?

Ashok Goel

Of course. In Germany we have added more customers. Poland as I mentioned the new contract has come in and we are retaining the old customers. Then of course there is always the churn of customers in the non-oral care category which is the DNA of this business so we keep adding more one or two keep dropping so that's okay. That's part of the game. But yes if you are asking on any geography then I can say in India we have atleast 300 active customers, by far the highest. We have added new customer in Mexico and Columbia. We are adding some in US. We are adding some in Egypt. We are constantly striving to add more in China. We have added in Philippines.

Ruchita Maheshwari

Sir what would be your top-line guidance for FY14?

Ashok Goel

Top-line charges Ruchita we will grow for rest of the three quarters at 14.5% to 14%.

Ruchita Maheshwari

14%.

Ashok Goel

Yes, 13.5% to 14%.

Ruchita Maheshwari

And operating margins, EBIDTA margins.

Ashok Goel

EBIDTA margin growth I can tell you would be about 20% to 23%.

Ruchita Maheshwari

20% to 23% growth.

Ashok Goel

EBIDTA growth, yeah.

Ruchita Maheshwari

EBIDTA growth?

Ashok Goel

Yeah. The current EBIDTA is about 17.4% and we expect 100 basis points improvement on that. But the exit rate should be at 19% as the absolute percentage of EBIDTA.

Ruchita Maheshwari

Sir, rupee has depreciated a lot. So our business is going to benefit the most. So if you can share some insight on the same.

Ashok Goel

First of all the hedging policy you all have to understand, right? All our non-capital imports are hedged expect for China where the Chinese currency is getting stronger against dollar and we keep the exports un-hedged in the rest of the geography and capital import exposure is kept open. So that's the policy, right.

Now the impact of it is mainly in India where we are asking for a price hike because of the input cost going up because of currency fluctuations.

Ruchita Maheshwari

And sir what would be the debt for the full financial year?

Ashok Goel

Debt as of now Ruchita our DSCR is 1.3 and we hope to maintain at it.

Ruchita Maheshwari

And total debt will be how much?

AV Ganapathy

The net debt in constant terms is around 850 crores.

Ruchita Maheshwari

Net debt.

AV Ganapathy

Yeah. It is constant because between March and June, Ruchita, but it is a very sharp movement in the rupee – dollar. What happens because of this my foreign currency loans in the dollar balance sheet gets inflated during translation. Therefore there is no economic impact for me. They will only create a translation impact. Therefore to make it comparable we have kept it at the same March 31 rate. In that case my net debt is 856 crores. It is net of cash and that is about 29 crores lower than what it was in March.

Moderator

Thank you. The next question is from the line of Divyesh Shah from Pragya equities?

Divyesh Shah

Sir my question is regarding our Europe operations. Sir last year we made a loss of about 25 to 28 crores in Europe. So what is the target for this year?

Ashok Goel

Europe this year except for Russia and Europe we have three countries – Russia, Germany and Poland so Germany as I said it is turned around. It is performing as expected. Poland as we go along we expect that it should stop loss this towards the. So Russia is the one which will make some marginal loss. Continue to make because they are not putting enough focus at this stage. But there again we expect some new customer to come in and thereby bringing it to profit neutral situation. So the closing loss Ganesh what would be for this quarter?

AV Ganapathy

For the quarter.

Ashok Goel

No for the year.

AV Ganapathy

For the year.

Ashok Goel

We don't have a ready estimate mentioned

AV Ganapathy

For the quarter.

Ashok Goel

For the quarter it was given in segment, right.

Divyesh Shah

Sir but can we breakeven against loss of 28 crores on PBT level for Europe?

AV Ganapathy

Yes by the end of this year.

Ashok Goel

By the end of the year as per our plan because once the ramping up is completed in Poland the European losses the Europe operations will turn around. That's the plan for the full year.

Divyesh Shah

And sir regarding our bottom-line of 100 crores which Mr. Goel told last in the media if we take out 28 crores of loss of Europe to breakeven in this year then do other regions will go for some losses because from 80 crores to 28 crores suppose.

AV Ganapathy

No the number is in bills and taxes of everything. But our main problem areas have been in these couple of units only. So our plans are essentially to ramp up that and the impact has already started because in this quarter itself compared to last year we have dropped the losses thereby 26% year-over-year. Now this is not a linear one because there are more volumes coming in those units will start giving the impact which we wanted to wipe of the losses there.

Divyesh Shah

But sir my question is regarding the bottom-line of from 80 crores to 100 crores for this year if you are projecting then if Europe breakeven than I think other reason will not show any growth? There is some misunderstanding.

Ashok Goel

This is quarter-on-quarter basis. Last quarter we will breakeven. Using the losses quarter-by-quarter...

AV Ganapathy

Early year we still show the losses have fallen but exit rate will be completely breakeven. That is what we are saying.

Divyesh Shah

And sir one more question regarding our mission of 5 billion by 2015. Will you please elaborate on it? How we can achieve that 500 million?

Ashok Goel

Mission I5 you are referring to is that our mission i.e. that we want to be at least \$500 million revenue company by 2015 and we are trying to put all the building blocks in place so that we are able to achieve those. So that's what you are referring to.

Divyesh Shah

Yes same thing.

Ashok Goel

Yes we have mission, what we call the mission I5.

Divyesh Shah

But sir with the dollar rate of 60 can we expect 3,000 crores turnover by 2015 or there will be any change.

Ashok Goel

That's what we are working internally also.

Divyesh Shah

How is the visibility for that target?

Ashok Goel

Visibility we have \$465 dollars.

Moderator

Thank you. Next question from the line of Prashant Kutty from Emkay Global Financial Services. Please go ahead, sir.

Prashant Kutty

I had just few questions regarding, firstly on the top-line side. If we look at our run rate of growth it's been in the range of about 14% to 15% odd percentage and if I probably look at this quarter it has been about 11.5% and now if I probably go deeper down into the segmental portion I see the growth in the AMESA region and especially the Europe region the growth has been muted. If you could just help me with regard to the same.

Ashok Goel

The tube business has grown significantly so what it has dented is, BIPL has not grown as we had expected so therefore because that will fall under AMESA therefore there is depreciation in the numbers.

Prashant Kutty

But sir can I know probably what is the growth in the oral care and the non-oral care? That's basically in AMESA region or across regions.

AV Ganapathy

In AMESA the non-oral care for this quarter is 51.5% in revenue terms against 49.5% during the previous March quarter. So as Ashok mentioned this is strong growth in tubing business. It and in AMESA what also happened was that we had extraordinary growth in oral care, January to March because some reasons from customers which I can't explain.

Prashant Kutty

You are saying oral care for the previous quarter, right?

Ashok Goel

April to June.

Prashant Kutty

Last year.

Ashok Goel

This year for the quarter for the results we were discussing. We had some extraordinary growth in oral growth coming in from one or two customers which was unexpected.

Prashant Kutty

So this might probably not be sustainable is what you are trying to say?

Ashok Goel

No what I am trying to say is that we therefore could not grow in non-oral care because we being a preferred supplier catered to oral care customers. They are continuing to ask for more but we are resisting because we want to cash the more value added products opportunity.

Prashant Kutty

But sir given the fact that non-oral care you probably would be earning more margins could have been the reason why probably would not push in more of non-oral care compared to oral care, yes I do understand the fact that we are obviously the preferred supplier for oral care as well but just a question on that where we are actually looking at increasing our non-oral care share.

Roy Joseph

Prashant the non-oral care the development cycle is the larger cycle so when the development starts take somewhere between 3 to 6 months for a product to get developed. We are continuously focusing on the non-oral care segment that is beauty care and pharma segments. The growth in India the pharma segment has grown close to 35% so as there are strong conversions taking place and this year strong pipeline of customers on pharma and strong development pipeline for beauty care. Over this quarter we saw strong growth in oral care too from couple of our customers and it is a cycle that continues and we see that in the next quarter we will see more of pharma and beauty care business coming. So it is a cycle that continues.

Prashant Kutty

So ideally we should expect this 11% to trade back to the 14% - 15%, one of the number?

AV Ganapathy

Yes.

Prashant Kutty

And on the Europe side what is the reason for probably muted growth because I guess over here anything below the new contract as to why we had a weaker growth from here?

Ashok Goel

Yes probably ramping up was not as fast as we had expected. That's the only reason fall is showing little lesser.

Prashant Kutty

So what will be your sustainable growth number in the year and Europe because actually we have seen almost about 30% - 35% of growth number in Europe there has been actually a severe drop down almost by about 7% - 8%. So what is the sustainable growth number over here?

AV Ganapathy

The impact will start coming from the next quarter as this ramp up gets completed. During this quarter we saw some very good growth in Germany. Poland as Ashok explained to you ramping up the process is over. There are slight degrowth in Russia. It is a huge one for us but definitely it has effect in percentage on a small basis but with the new offers coming looking at anywhere between at least 15% to 18%.

Prashant Kutty

Sir its full ramp up. How much would this new contract contribute to our top-line?

AV Ganapathy

€15 million.

Prashant Kutty

So this €15 million you could see probably by the end of the year you can see this number getting added to the European numbers or will it happen over two years?

Ashok Goel

This year you will not see the full 15 million. Next year, yes. Next year there is a attempting of this.

AV Ganapathy

In the second half you should start seeing the run rate.

Moderator

Thank you sir. Next question from the line of Akshay Shah from Quest Investment Advisors. Please go ahead.

Akshay Shah

Sir I just want to clear my math. You said that and as earlier Shekar also pointed out that this year you are looking at 100 crores plus kind of net profit and already last year we had done 80 crores profit that too after extra being 28 crores loss of Europe. So effectively we had about that was EBIT terms and this I am talking about PAT terms that means we already had 100 crores plus last year itself. And now this year also we are talking of 100 crores plus. The other regions are doing well. Europe is likely to break down and marginal loss will be there. Sir, are you trying to say that you are conservative in tallying rates is more than 100 crores or estimates for the current year profits. Can you just tell me that?

AV Ganapathy

Last year I think we had a tax benefit coming in. but this year we will not have that tax benefit so we are talking about profit after tax. The effective tax rate is going up this year.

Akshay Shah

But which tax benefit you are saying, sir?

AV Ganapathy

Income tax. The moment we talk about profit after tax then obviously we are talking about.

Akshay Shah

In Europe once Poland starts making profit you will start getting a tax?

AV Ganapathy

Yes.

Ashok Goel

But this year you are comparing. We had the benefit of 6 and 72A so therefore the bases are not comparable.

Akshay Shah

Because I think that we are conservative in our estimates may be it is better to be conservative. I am not telling anybody but do you think so we are conservative and we can do much better? I mean by going by our plans. You may not like to disclose but still I have the gut feeling.

Ashok Goel

Yeah we always like to do better and we know we could do it but when it comes to commitment.

Akshay Shah

It is better to be short on our promises and long on delivery.

Ashok Goel

Exactly.

Akshay Shah

Sir my another question is 465 million visibility that you said on a prorata basis do you think that things in the last quarter we will be seeing that visibility of 465 million which you already got?

Ashok Goel

That is 2015, my friend.

Akshay Shah

Yeah but now that the contraction will start from third quarter, fourth quarter it will start. Prorata I am saying.

Ashok Goel

What I mentioned is that if we are going to grow faster in the next few quarters then answer is yes than what we have grown in June quarter.

Akshay Shah

So, Poland when once it starts making profit what will be your effective tax rate be? Because then we will get some, I know in Poland we don't get the carry forward of losses advantage but once it starts making profits so what will be our tax rate basically because I think today we are almost (+30%) tax rate.

AV Ganapathy

Yeah in the near term we can work it at around 35%.

Akshay Shah

And after the Poland thing it should come down to what level?

AV Ganapathy

It can then start moving towards 33 – 32 sort of thing.

Akshay Shah

It won't be a major sub thing like sub-30. It won't be like that way somewhere at 25.

AV Ganapathy

Other regions are also growing. I can't stop growth in the other regions.

Akshay Shah

In America it is high tax region.

Ashok Goel

Exactly. You are right.

Akshay Shah

Sir given that your body language is very positive in what we are in track and asset utilization and everything we are doing and this is a getting reflected and you pointed out 100 basis point is provided in EBIDTA margin and by next year it should be 19 and all that. In this our entire scheme of things do we see the challenges anything which we still have to work out or there are no such major challenges anywhere but if a little bit comes out we can handle it.

Ashok Goel

Well I see these things in the other way round actually. These are exciting time for Essel Propack the reasons I explained in the previous con call was that you constantly asked the question that you are shrinking so what's going to happen to us. To me that's an opportunity because my market share is not huge in Europe and the competition is under stress for us in North America but certainly it will crystallize in Europe. So we are actually converting that into an opportunity and the fact that our strategy to convert these two ends of the spectrum in the sense that we grow the category itself in the two ends of the spectrum, one end of the spectrum was smaller tubes which typical was still in aluminium which goes in pharma so we are bringing that back in the form of laminated tubes. We are growing that category. On the other end of the spectrum are bigger diameters which typically uses bottles and we are converting them into tubes so we are actually leading the category itself to grow. Besides all the building blocks that we put in place now in the hindsight we can think and say that we were probably ahead of time in investing in those. Those investments are in place and we are now getting the fruits of them. So therefore I would say that these are exciting times at Essel Propack.

Akshay Shah

So according to you all challenges you have been surmounted and we are on a better growth visibility and on a good path basically that is what your body language says I believe.

Ashok Goel

That's what we believe.

Akshay Shah

And sir one last question you said that by this year end the exit EBITDA margins will be 19% so when FY15 comes and when our hi-fi plant that 500 million things and all those volumes and operating leverage spanning out and higher margin products, do you think there will be further betterment in the margins and only by FY15 we will be having something like (+20) kind of margin which in fact last year annual report not I am talking of FY13 it was in FY12 it was indicated we want to reach FY06 EBITDA margins of something like 20 or 22. So do you think we will be reaching in that direction?

Ashok Goel

Yes that's the direction we have taken Akshay and we are moving in that direction.

Moderator

Thank you. Next question is from the line of Mr. Prashant Kutty from Emkay Global Financial Services. Please go ahead.

Prashant Kutty

Sir I have a question with regard to the capital productivity measure which you have actually taken, the asset productivity measure which you just said. Could we know what are the measures that you have taken over here? Because you just spoke about inventory reduction? Apart from that what are the measures that have been probably taken in the quarter and what could be the possible measures that could be taken in the following quarter?

Ashok Goel

Prashant there are multiple measures within that. One is the inventory itself right from raw materials to the finished goods. There are huge efforts and the focus and sensitivity being created globally and we have strengthened the organization also that is the supply chain management. So we have been able to reduce the inventories by 20 crores then we are looking at account receivables. We are looking at lot of other money that is blocked here and there, what they are, why are they blocked and we have taken steps in those areas. And this is in spite of the growth. That means if we had remained in terms of revenues constant then the impact of this reduction is seen.

Prashant Kutty

But as far as the inventory is concerned and any of the account receivables is concerned is there a possibility of further reduction over here or most of it is being done?

Ashok Goel

Of course there is further possibility.

Prashant Kutty

So what would be like a steady state number in terms of inventory levels and probably the?

Ashok Goel

When we started the year Prashant we said \$5 million to be released on account of inventory alone. So this 20 crores let's say is about 4 million right now.

Prashant Kutty

So there is lot of scope for another million.

Ashok Goel

Minimum of it. We will have to see what kind of growth we get and what working capital gets blocked in the growth. So therefore we do have some scope we know for sure.

Prashant Kutty

And sir as far as the margins are concerned now I believe would like to state over here that we have been seeing some volatility as far as the margins in the EAP region is concerned and also to some extent in America region. What could be the sustain because if I look at the EAP region margins although on a YOY basis it has improved but if I look at the sequential basis it has dropped quite significantly. Any particular reasons for the same and what would be the sustainable margins in this region? Again in Americas we have seen YOY improvement of almost by 470 bps. This was against 4% - 4.5% by number. We have seen almost 8% number right now. So what are the sustainable margins over here in both the regions? And how would we achieve that?

MR Ramaswamy

As far as China is concerned the growth is happening on the high end toothpaste market as we explained in the last call. So we have newly launched a new variant to address this market. But those will improve the margins further. We are working on cosmetic segments. As we explained cosmetic and pharma segments are long gestation of development. It takes time but there is lot of work being done in the last 6 months in the hair care market as far as the pharma segment is growing. So we will see whatever the margins that we have at least we will be able to see about another 1% - 1.5% growth in the margins by the year end. We will see in these.

Prashant Kutty

From the current levels.

MR Ramaswamy

Current, yes.

Prashant Kutty

So you are to say that the margin which was clubbed in the last two quarters ie Q4 and Q3 of 21% those are probably not sustainable.

MR Ramaswamy

Yes.

Prashant Kutty

And how is the case with America?

MR Ramaswamy

If I may just add to this in the case of EAP it is also considered the fact that this quarter is normally slightly depressed. This is the usual trend. Last year for quarter 2, quarter 3 and quarter 4 they have moved from 19.2%, 20.7% and 22.3% whereas our starting quarter was 14.5%. So this quarter also there was an issue. One there was normally depressed one. There were also some down stocking by our customer. Its benefits will come in the next quarter.

Prashant Kutty

Down stocking by the customer.

MR Ramaswamy

Yes because of the quarter end and year end considerations for them. You must look at in totality of the full year basis the margins of the EAP region.

Prashant Kutty

Which would be somewhere in the region of about 18% to 19%, am I right?

MR Ramaswamy

Right.

Prashant Kutty

And how would it be in America?

MR Ramaswamy

In America we have one challenge. You see the margins in America is actually pulled down as a region in the country which is Mexico. It has reduced the losses but we are not out of it and once we believe in this quarter that we will breakeven in that country; once that happens you will see a natural growth of another 2% to 2.5% in the margin improvement in US. That will be from the third quarter onwards.

Prashant Kutty

So, you are saying from the current levels you might see a 2% to 2.5% improvement in the margins.

MR Ramaswamy

2%, yes.

Prashant Kutty

So you can say from 8.5% to about 10% - 10.5%.

MR Ramaswamy

Yeah again from third quarter onwards.

Prashant Kutty

And again this would be sustainable margins?

MR Ramaswamy

I think sustainable because we have brought in the newer margins it is one country we need to set it right we are on the course.

Prashant Kutty

And as far as the Mexican contract was concerned I guess that's on track, I mean, has it started effecting coming in to effect as far as the revenues are concerned or?

MR Ramaswamy

It is on track. It is delayed by 3 months but we will be on from September onwards. We have already started supplying in little quantities but September onwards we will be fully on.

Moderator

Thank you sir. Next question is from the line of Sunil Shah from Axis Securities. Please go ahead.

Sunil Shah

Just one question which is in context to the annual report that I was going through. Sir I believe there has been some inter-corporate transactions which have happened wherein close to about 95 crores has been given as loans and advances to couple of companies like Charu Trading and Prajamta Trading which is now got merged into Spirit Textiles. Could you give us some color of the loans and advances given, the purpose, etc.?

Ashok Goel

This is not a new advance. This is just because of their internal alignment of couple of companies getting merged into Spirit Textile, whatever so we had to take the effect of it. So it is not a new loan that has been given. It is an old loan which has been restated.

Sunil Shah

Sir the purpose of that old loan as well, meaning, expends therefore for long time or which has been given in FY12.

Ashok Goel

This unfortunately has been carried on for couple of years and we are trying to make sure that somehow we repay to.....

Sunil Shah

Because there has been interest receivables to the extent of about 13 crores also which is mentioned. That's in the amount that we would receive from Spirit Textiles towards the interest income so even that is the missing leg. We see that getting retake towards or it could be something like a bad debts that we will have to write-off eventually.

Ashok Goel

It will get paid, Sunil.

Moderator

Thank you. As a reminder to all participants please press "*" and "1" at this time to ask a question.

Prashant Kutty

Sir I just have one last question, Prashant over here.

Ashok Goel

Yeah.

Prashant Kutty

So, you have seen the capital employed in the major region rise by almost 40% - 45%. Any specific region is there?

Ashok Goel

We have invested last year on this expansion in India. The impact of that comes in this year. Thanks. Moderator, if there are any questions.

Moderator

Thank you. As there are no further questions I now hand over the floor to Mr. Prashant Kutty of Emkay Global for closing comments. Thank you.

Prashant Kutty

On behalf of Emkay I once again I would like to thank you all for joining the call and also thank the management for taking out the time. Thank you very much and have a great day.

Moderator

Thank you. On behalf of Emkay Global Financial Services that concludes the conference. Thank you for joining us. You may now disconnect your lines. Thank you.

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- Note:**
- 1.This document has been edited to improve readability.
 2. Blanks in this transcript represent inaudible or incomprehensible words.

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