

# Himadri Chemicals

## Q1FY12 Conference Call Transcript

4 August, 2011

### Moderator

Ladies and gentlemen good day and welcome to the Himadri Chemicals Q1 FY12 Results Conference Call hosted by Emkay Global. As a reminder for the duration of this conference all participant 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. Should you need assistance during the conference call, please signal an operator by pressing \* and then 0 on your touch-tone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Pritesh Chheda from Emkay Global. Thank you and over to you sir.

### Pritesh Chheda

Thank you Melissa, good afternoon everybody thank you for joining us today. We would like to welcome the management of Himadri Chemicals and Industries Ltd and thank them for giving us the opportunity to host this call. From management side we have Mr. Anurag Choudhary – CEO of the company. Mr. Choudhary would give his analysis on the quarter 1 results and share the outlook for the ensuing quarters. Thereafter we open the conference for Q & A. Over to you Mr. Choudhary.

### Anurag Choudhary

Thank you for this. Good afternoon everyone, I welcome you to the first quarter 2011-2012 conference call of Himadri Chemicals and Industries Ltd. We are pleased to announce our first quarter results.

We have achieved a growth of 49.22% in terms of top-line from 141.65 crores to 211.37 crores. We had been able to achieve 46.42% growth in our EBITDA, numbers from 40.03 crores during the corresponding quarter last year to 58.61 crores during the current quarter. If you look at the trailing quarter we had been able to achieve 4.76 % increase in terms of top-line growth and if you look at the EBITDA before other income we had been able to achieve an increase of 19.14% compared to prevailing quarter March 2011 EBITDA of 43.03 crores to 56.03 crores during the current quarter. The company has been able to achieve a profit after tax of 30.63 crores compared to 18.03 crores during the corresponding quarter last year registering a growth of 67.38%. We have been able to achieve a cash profit of 40.37 crores compared to 27.64 crores registering our increase of 46% over the corresponding quarter last year. If you look at the balance sheet numbers the total debt as on 30 June is at 930.92 crores compared to 595 crores during the corresponding quarter last year, and net worth of the company is at 877.84 crores. The cash balance with the company is at 344 crores compared to 229 crores. The interest in financial charges paid during quarter stance at 915 crores compared to 7.30 crores during the corresponding quarter last year.

With these broad numbers now I would like you to brief about the industry scenario for the various products manufactured by the company we are operating in one segment that is, carbon chemicals. Himadri is the largest manufacturer of coal tar pitch in India and the only player organized sector having 65% of the market share. Our growth in aluminium industry is very strong if you look at our global capacity we have around 42 million tons of aluminium capacity which is expected to increase to 52 million tons in the next three to three-and-a-half years. This additional increase of ten billion tons will translate into a two-million ton new distillation capacity. India is well positioned in terms of increase in aluminium capacity. We are expecting to increase the capacity of aluminium from around 1.6 million tons to 2.5 million tons in three to four years' time.

Looking at the raw material front the availability of raw material is also going to increase with the new steel plant coming up and expansion going in the PSU steel plants. However, during the current quarter and for the next two quarters we feel there will be some scarcity of raw material because of some delay in the expansions schedule of the steel plant by one or two quarter. During the first quarter of the current year all the units were running at 100% plus capacity utilization so we are pleased to announce that during the current quarter we are able to commission our carbon black plant well ahead of the schedule against projected schedule commencing of September 2011 we have been able to prepone it to July 2011. So the next quarter you will see increase in the top-line coming forward this additional capacity.

The other projects which the company is scheduled to start during the current quarter is setting up of a Greenfield Project in China. The project is on for green, we expect to commission in the month of September. Increased Power plant capacity from 12 megawatt to 20 megawatt, this also as per the schedule and we expect to commission this in the month of September. Expanding capacity of SNF from 18,000 to 58,000 and this increase is coming at the same site at our Mahesh Tikri unit which makes it a complete integrated site, this is also expected to commence in the month of September. So during the current quarter, we are going to have four projects which are going to be commissioned. This will have direct impact on the top-line and bottom-line of the company.

If you look at the volumes numbers during the current quarter the company was able to sell 51,880 metric tons of finished products at an average realization of Rs. 40,300 and the average raw material cost of Rs. 22,870. The company has been able to make its own position in the coal tar pitch and carbon business, with this we look forward for a strong and optimistic future for the company in terms of growing the business and profitability. We have an important announcement to make; the board has decided to extend the coal tar distillation capacity by 250,000 metric tons from current 250,000 to 500,000 metric tons. 100,000 metric ton capacity will be of Brownfield expansion at our existing site and 150,000 metric tons will be at Orissa. The work for the Brownfield expansion has already commenced and the company has identified the land for the Orissa Project, which once finalized, the work will start. So with this I will hand over the mike for question-answer session.

### **Moderator**

Thank you, ladies and gentlemen we will now begin with the question and answer session. We have the first question from the line of Paras Adenwala from Capital Portfolio Advisors, please go ahead.

### **Question and Answer Session**

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#### **Paras Adenwala**

The questions are one, you mentioned about the possibility of some scarcity in the raw materials over the next two quarters, so could you tell us about the implications of this scarcity as far as your margins are concerned. That's one; second, could you also tell us the volume growth that you've notched up in this quarter as compared to the last quarter. And third, is if you could tell us your working capital position in terms of receivables and payables.

#### **Anurag Choudhary**

If you look at our volume growth we were able to achieve 35% increase in volume compared to the corresponding quarter last year. If you look at the working capital cycle the company was having total inventory level of around 135 crores in finished goods and 50 crores in raw materials.

#### **Anurag Choudhary**

If you look at the working capital cycle the company was having total inventory level of around 135 crores in finished goods and 50 crores is raw material.

#### **Paras Adenwala**

Okay. About receivables and payables?

#### **Anurag Choudhary**

Receivables stand at around 78 days. Payables are, because the company is operating in segment where we have to make advanced payments. So there is not big payable in this account.

#### **Paras Adenwala**

I see. So I think that is one area of concern if I may use that word. I been looking at your numbers, receivable position with the last five years, five years back you used to be at about 27 days in terms of both receivable days, which has now kind of elongated to about 78 days. And this is despite your strong position in the market. So if you could just explain that please.

#### **Anurag Choudhary**

Historically when we were doing only coal-tar pitch business, the receivables were in the range of 40-45 days. But after addition of carbon black and SNF business and naphthalene, the credit period of these three businesses is 90 days, which has actually impacted the total receivable and because of this, the average receivables have come in the range of 75 to 78 days.

#### **Paras Adenwala**

But Carbon black, SNF and naphthalene started in September right?

**Anurag Choudhary**

SNF, we already have 18,000 metric ton in Vapi.

**Paras Adenwala**

But its contribution to the top-line would be very small isn't?

**Anurag Choudhary**

No, Together, carbon black, SNF, naphthalene contribution to the top-line is substantial.

**Paras Adenwala**

How much would that be?

**Anurag Choudhary**

If you add all three businesses together, it will be above 40%.

**Paras Adenwala**

Oh I see. And here you say that you are giving a credit of about 90 days.

**Anurag Choudhary**

Yes.

**Paras Adenwala**

I see okay. So is there an expectation of further deterioration in working capital from the current levels?

**Anurag Choudhary**

No we think that, with the additional capacity on a medium term basis, we are expecting the coal-tar pitch business also and carbon black business is also expanding. But yes immediately there can be some increase in the receivable period because carbon black capacity has come in before coal-tar pitch capacity but if you look beyond that period, in a medium term, and once we start our production of the expanding capacity then again it will optimize.

**Paras Adenwala**

So, do you expect deterioration from 78 days to about 100 days or something?

**Anurag Choudhary**

No we cannot go 100 days because the outer limit is 90 days. So, there can be two four five days difference that's all.

**Paras Adenwala**

That's about it?

**Anurag Choudhary**

Yeah.

**Paras Adenwala**

And the other question was about implication of scarcity of raw material on your margins.

**Anurag Choudhary**

The raw material company has also been importing from different geographies. So there can be a marginal impact which is already there in the first quarter also. And we expect that to continue for the next one or two quarters given the deferring in schedule. So this can have an impact of 1% or 2% in the bottom-line of the company.

**Paras Adenwala**

I see. So operating margins of 26.5% that you notched up in this quarter, that can drift down to about 23% 24%?

**Anurag Choudhary**

Yeah that can raise from 25% to 27%.

**Paras Adenwala**

That will increase?

**Anurag Choudhary**

It depends, like by quarter once we are able to get the raw material at high price then it will reduce because of the price in the international market keeps on changing. So like for the next quarter, there is increase in the price in the international market, but in quarter after that, if there is decrease then we can get the benefit out of it.

**Paras Adenwala**

I see. And how is the trend in carbon black and CTP prices now?

**Anurag Choudhary**

CTP pricing is based on the raw material prices, same for carbon black. So the raw material prices are steady over the last one quarter. So the trend is strong, the demand is strong from the industry both aluminum and the other sectors.

**Paras Adenwala**

Okay. And how much have you exported in this quarter?

**Anurag Choudhary**

We have exported around 12%.

**Paras Adenwala**

I see. And will it remain in the current levels for the rest of the year?

**Paras Adenwala**

We will increase it from 12% to 14%.

**Paras Adenwala**

Locally I believe, some of you customers are also setting up a distillation unit. So would that have any implication as far as the demand based concern for your products?

**Anurag Choudhary**

No, any of the customers setting a distillation unit.

**Paras Adenwala**

I gathered that Philips carbon black is setting up a huge distillation unit of 200,000 tones at Orrisa.

**Anurag Choudhary**

No I cannot comment on any one else's program but none of customers, they are not our customers. But there has been program for lot many companies to set up a plant, but given that I cannot comment on what is the probability and what is the impact of that. But yes, as far as Himadri is concerned, we have very strong positioning in our business in terms of quality. Coal-tar pitch there are 23 chemicals and physical parameters based on which customers buy the raw materials.

**Paras Adenwala**

I see, okay. And finally you had, in one of your interviews, mentioned that you would be growing at a clip of about 30% in top-line. So that seems to be achievable right, in current year?

**Anurag Choudhary**

Yes definitely.

**Paras Adenwala**

Okay and as far as the margins are concerned for the rest of the year, would you hold onto the current margins?

**Anurag Choudhary**

Yeah we will hold on from 23% to 27%.

**Paras Adenwala**

Okay. I'm sorry, the final one. As far as the debt is concerned, you mentioned about 930 crores of debt. So which have increased quite significantly as compared to the debt levels in the last year? Any plans to reduce the debt levels?

**Anurag Choudhary**

Actually, the company is setting up all the Greenfield and Brownfield expansion for which the CapEx is required. If you look at CapEx part of it, we have spent substantial amount in CapEx and that is the reason debt has increased. At the same time if you look at tax balance which has also increased from 229 crores to 344 crores.

**Paras Adenwala**

Okay thank you very much.

**Moderator**

Thank you. The next question is from the line of Neeraj Toshniwal from SPA Securities. Please go ahead.

**Neeraj Toshniwal**

Your carbon black capacity has come before schedule and through backward integration you use creosote oil. So the creosote oil through which the carbon black you make as a by product of the coal-tar distillation. So is that sufficient to support your carbon black capacity or you need to buy CBFS or carbon black feed stock from outside market?

**Anurag Choudhary**

Given the current year since we have expanded our capacity of carbon black from 50,000 to 90,000. We will need additional oil for making these volumes.

**Neeraj Toshniwal**

Yeah but capacity of the coal-tar distillation is coming later.

**Anurag Choudhary**

So definitely we have to purchase from the outside market.

**Neeraj Toshniwal**

So what is the procurement cost at the moment or how much, at what limits are you getting from the market

**Anurag Choudhary**

This varies, because its directed linked to the crude. So the pricing varies on day-to-day basis.

**Neeraj Toshniwal**

Okay. What is your revenue contribution, segment wise if you can just let me know?

**Anurag Choudhary**

We don't do segment accounting because all the products under the one classification of carbon business. There is no segment business for us.

**Neeraj Toshniwal**

Okay. So from one base of this coal tar distillation how much of the thing is used for internal accruals only?

**Anurag Choudhary**

We are using around 35% to 38% product for internal consumption.

**Neeraj Toshniwal**

Okay and this will remain going ahead also?

**Anurag Choudhary**

Yeah definitely.

**Neeraj Toshniwal**

Okay and can you just tell us about your new plan at the Brownfield recently you mentioned in the commentary?

**Anurag Choudhary**

Yes we are going to expand our existing capacity at Mahesh Tikri plant by 100,000 metric tons and we will be doing a Greenfield of another 160,000 metric tons.

**Neeraj Toshniwal**

Okay and this would be totally for the coal-tar distillation?

**Anurag Choudhary**

Yes coal-tar distillation.

**Neeraj Toshniwal**

And up till when this capacities will be up and running?

**Anurag Choudhary**

The Orissa plant, we will be up and running 18 months from the day we get our land and the Mahesh Tikri will be ready in the next 15 months.

**Neeraj Toshniwal**

Okay. And what is the planned CapEx for this year?

**Anurag Choudhary**

The total planned CapEx for the company has been at 934 crores.

**Neeraj Toshniwal**

And this will be including your plant expansion going ahead?

**Anurag Choudhary**

Yes.

**Neeraj Toshniwal**

How you are looking to finance this?

**Anurag Choudhary**

It has already been funded through debt and equity. The company is already having 350 crores of cash in the balance sheet and already out of which the project which we have to spend around 350 odd crores. So on balance already company has already tied up and internal accrual will also be there.

**Neeraj Toshniwal**

Okay and what will be the volumes in the first quarter?

**Anurag Choudhary**

Volumes at around 51,800.

**Neeraj Toshniwal**

Thank you and what will be the average realization?

**Anurag Choudhary**

Average realization was 40,300.

**Neeraj Toshniwal**

Including those of carbon black?

**Anurag Choudhary**

Yes everything.

**Neeraj Toshniwal**

Okay thanks a lot.

**Moderator**

Thank you. The next question is from the line of Avinash Agarwal from Sundaram Mutual Fund. Please go ahead.

**Avinash Agarwal**

What is the overall CapEx you have mentioned?

**Anurag Choudhary**

The overall CapEx the company will be having is 934 crores.

**Avinash Agarwal**

Okay and how much of this is for the Brownfield expansion 1 lakh ton?

**Anurag Choudhary**

Actually I do not have the figures project wise, which we can give you later. 934 crores is the total expansion out of which we have already spent 315 crores.

**Avinash Agarwal**

Okay. And sir, why is the shortage in raw material happening sir? What is the reason for that?

**Anurag Choudhary**

Actually there are few plants which were going to commence production during the current quarter, but has been delayed by one or two quarters. So we expect this to normalize by the third quarter.

**Avinash Agarwal**

This is in your SAIL and others sir?

**Anurag Choudhary**

Yeah SAIL and others. We are taking all the corrective actions. We are importing the material. So there is not going to be a substantial impact on the business segment.

**Avinash Agarwal**

Sir, price wise it is not too different?

**Anurag Choudhary**

No, there is no big difference, but since there was some impact so we thought it is prudent to tell this.

**Avinash Agarwal**

Okay. But we can pass it on sir...

**Anurag Choudhary**

Yes. We can pass in the domestic cost from the international cost, incremental, but we do not have any substantial or big impact on your business since our volumes are not that big.

**Avinash Agarwal**

And sir this 350 crores which you mentioned in terms of overall CapEx which we have spent includes carbon black as well right?

**Anurag Choudhary**

Yes it includes carbon black, SNF China.

**Avinash Agarwal**

Okay. And sir additional capacity which we are coming up with for coal-tar 250,000 will we have enough coal-tar for that, I mean...

**Anurag Choudhary**

Yes we have lot of expansion coming up the Steel Authority itself is improving the capacity substantially. Other than that they had host of private integrated steel plants which are going to commence their coke oven plants during the next year. So with that we expect, there will be enough coal-tar available to consume.

**Avinash Agarwal**

And sir this Brownfield expansion that we have planned, is there any delay in Orissa because of which you are doing this or do you see increased demand in this area during this?

**Anurag Choudhary**

There is increase in demand actually the aluminum smelters which we are at one point delayed; now we have much more clarity in terms of their commissioning. So with that we have to add this additional capacity in place before that.



**Avinash Agarwal**

Okay. But the land acquisition, in Orissa is it going smoothly or.....

**Anurag Choudhary**

Yes we have already identified land. Now we have to complete the formalities. So things are on track.

**Avinash Agarwal**

Okay. Okay sir that's it from my side. Thanks and all the best.

**Pritesh Chheda**

I have a question here.

**Moderator**

Please go ahead sir.

**Pritesh Chheda**

Sir which capacities are coming up in aluminum in the shorter term for production? And what sizes are these?

**Anurag Choudhary**

If you look at aluminum capacity in Orissa, the Aditya Aluminium is coming up and Mahan is coming which is like in next year. Then we have Vedanta which is coming up with the extended capacity. BALCO the second phase expansion is also coming. With this we have all the smelters which are coming up in next 12 to 18 months.

**Pritesh Chheda**

And what cumulatively these would be put together in terms of capacity?

**Anurag Choudhary**

Actually I think if you look at broader numbers we will be having 125,000 – 130,000 metric tons of pitch and a cumulative capacity that will be higher than 1.5 million.

**Pritesh Chheda**

Okay so all these four put together should be about 1.5 million tons?

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

Okay. In which Vedanta would be how much?

**Anurag Choudhary**

I think Vedanta is substantial in that. Vedanta will be 500+.

**Pritesh Chheda**

Okay. For Vedanta this proposed capacity is Greenfield right?

**Anurag Choudhary**

They have setup a smelter, but now they are ramping up. So that ramping up capacity will be there plus expansion part will be there.

**Pritesh Chheda**

So it is Brownfield further?

**Anurag Choudhary**

Not Brownfield. Already they have set up a smelter in Jharsuguda and now they are increasing the capacity every year.

**Pritesh Chheda**

Second if you could spend more time on the China model now since it's coming up for commencement of operation. So if you could refresh everyone in terms of the capacity there and the model there and what kind of return generation is possible in the China model?

**Anurag Choudhary**

China I think we are going to commence production from the month of September and it will take three months to optimize the production. So we expect from the last quarter, to have the plant running at higher capacity utilization. So from the current year we do not expect any substantial revenue in terms of top-line and bottom-line from the China business except the last quarter. And given the prices of raw material in China are high now. So we are yet to stabilize the business and understand the clear margins. So, that will be more clear once we are there in the market and able to procure our material because from our side the material cost changes drastically as we buy different quality of material altogether.

**Pritesh Chheda**

What kind of capacity are you creating and is it in subsidiary which is 100% owned by us or we still follow the old JV structure model?

**Anurag Choudhary**

No, in China we have 94% stake from Himadri Global Investment which is the 100% subsidiary of Himadri Chemicals and 6% is with the Chinese partner.

**Pritesh Chheda**

Okay and the capacity there?

**Anurag Choudhary**

Target capacity is 100,000 metric tons in two phases, 50,000 each.

**Pritesh Chheda**

Okay. So we are installing 50,000 right now, which would be scaled up to 100,000?

**Anurag Choudhary**

That is right.

**Pritesh Chheda**

And what is the scope of value addition that we are doing in China and do we intend to increase that value addition just like we are doing it in India or it is different?

**Anurag Choudhary**

I think it will be too premature to speak about value addition and the next phase of the strategy. First we want to stabilize this plant and earn profit after that we will be in a better position to reply on our future plans.

**Pritesh Chheda**

Okay. What will be the total capital employed in China in the first phase?

**Anurag Choudhary**

Firs phase will be around \$20 million.

**Pritesh Chheda**

That would be the capital employed in the business?

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

And what is the equity amount which....

**Anurag Choudhary**

\$10 million. We have already invested from our company around \$13 million.

**Pritesh Chheda**

The capital employed is \$20 million.

**Anurag Choudhary**

This does not include the working capital.

**Pritesh Chheda**

Okay and what we have invested from our books is \$30 million?

**Anurag Choudhary**

\$13 million.

**Pritesh Chheda**

And balance is your debt there?

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

So \$30 million is the project including working capital and \$13 million is the equity investment?

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

Okay. On full capacity of 50,000 tons, what kind of margin should one look at and the realization as similar here in China or it is different?

**Anurag Choudhary**

Realization in the India and China are different. At current levels we are not able to project the margins because the raw material prices are fluctuating and not like in India the selling price is not linked to the raw material price or you have a direct margin. But it varies. So we are not able to effectively pass on the increase cost of raw material to the customer on month-to-month basis. Once we are able to stabilize business. Then we will be able to give a clearer picture and a committed picture.

**Pritesh Chheda**

Okay. I will come up with the follow up. Melissa you can take the other questions.

**Moderator**

Thank you. The next question is from the line of Sagar Karkhanis from Nirmal Bang Equities. Please go ahead.

**Sagar Karkhanis**

I just wanted to know Greenfield Orissa plant, where exactly it will be located?

**Anurag Choudhary**

We have identified the plot. It is near to the raw material source and since we have not got the plot registered in our name, I would not like to comment on the location right now. But we have identified the plot and it is near to the raw material source.

**Sagar Karkhanis**

In the time line you said 18 months after getting all the land acquisition process completed. So how long do you think that will take for completing the land acquisition?

**Anurag Choudhary**

I think we will be able to complete this in the current quarter.

**Sagar Karkhanis**

In the current quarter itself? Okay so you mean in another 21 months you think the plant will be operational?

**Anurag Choudhary**

Yes.

**Sagar Karkhanis**

Okay and for the Brownfield another 100,000 ton do we need any environmental clearances or anything or?

**Anurag Choudhary**

We have all the clearances.

**Sagar Karkhanis**

All right okay thanks.

**Pritesh Chheda**

Sir just wanted to check further on the China side, what does the JV partner in China bring in for the 6% equity?

**Anurag Choudhary**

They are contributing land for setting up the project.

**Pritesh Chheda**

So their contribution is kind of the land and the selection of the JV partner, what was considered does he have raw material sources or any other consideration went into the selection of the partner?

**Anurag Choudhary**

It depends on our long standing relationship with partner.

**Pritesh Chheda**

Okay and lastly sir the client for the proposed capacity at China would be Chinese buyers there or the product will be eventually shift out from there?

**Anurag Choudhary**

It will be for the global market. We will be exporting to the Middle East market. We will be exporting South American market, to European market and also the domestic customers in China.

**Pritesh Chheda**

Okay so mix of all.

**Anurag Choudhary**

Yes.

**Moderator**

The next question is a follow-up from the line of Paras Adenwala from Capital Portfolio Advisors. Please go ahead.

**Paras Adenwala**

Could you just give me a break up of you sales in terms of customer segment wise, how much goes to aluminum how much goes to graphite?

**Anurag Choudhary**

We are supplying around 70% to aluminum and 30% to graphite.

**Paras Adenwala**

Okay. And in terms of client concentration, how does it look like?

**Anurag Choudhary**

Sorry, we will not be able to give the client concentration because I don't have the details.

**Paras Adenwala**

Okay. Thank you.

**Pritesh Chheda**

Sir the SNF capacity which we give in the initial remark which is coming up in September for commencement, what is the size of the capacity and from where to where are we scaling it up?

**Anurag Choudhary**

We are scaling up from 18,000 to 58,000.

**Pritesh Chheda**

And you said that it is at Mahesh Tikri that we are scaling it up.

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

So the old 18,000 which we had acquired stays where it is and the additional comes at Mahesh Tikri or the entire has been shifted there.

**Anurag Choudhary**

No the additional comes at Mahesh Tikri.

**Pritesh Chheda**

And there was one query for carbon black how much of dependence do you have on your internal raw material at this juncture and how much you have to procure as a percentage of your requirement from out side only expanded capacity.

**Anurag Choudhary**

It will be around 65% on our own source and 35% from the out source.

**Pritesh Chheda**

Considering the current CTP expanded and the current carbon black expanded capacity?

**Anurag Choudhary**

No considering the current CTP capacity and extended carbon black capacity.

**Pritesh Chheda**

And the CTP capacity is 250?

**Anurag Choudhary**

Yes.

**Pritesh Chheda**

Okay.

**Moderator**

Sir there are no further questions, would you like to make any closing comments?

**Pritesh Chheda**

On behalf of Emkay I would like to thank every one for joining the call today. We would like to thank the management of Himadri Chemicals, Mr. Anurag Choudhary for spending time and giving us the update on the quarter 1 numbers and the out look for ensuing quarters. Over to you Mr. Choudhary, if you have any closing remarks and everyone have a great day.

**Anurag Choudhary**

Thank you everyone for joining the conference call and for your continuous support to the company. We appreciate your interest and commitment to Himadri. And our vision is to transform Himadri into a carbon corporation. Our idea is to create the company with a difference in terms of carbon potentials. We have been working hard over the years to achieve high value added products from coal tar and that has helped us to manufacture advanced carbon material. Himadri has successfully materialized intermediate advanced carbon material. Now we are looking forward and setting up our small capacity for finished materialized advanced carbon material. And with the completion of this facility, we expect there will be a big change looking forward in the years to come in the profile of the company. There are several other value-added products and synergies including other organic inorganic growth which the company is looking at. The company's business is derisk in terms of the various factors of the economy. Today company is serving right from aluminum, graphite electrodes, to automobile, to generating green and clean power, to infrastructure industry, to sunrise industries like lithium-ion batteries. With this diversified portfolio coming out of the single raw material coal tar we expect there to be a very bright future and strong growth potential in the years to come for the company which will translate into creation of strong wealth for the investors. I thank you for the continuous support and finally we remain committed to enhancing shareholder's value by recruiting our strategy of providing our customers with highest quality of products services and continued focus on our safety, health, and environmental issues. Once again thanks everyone for joining the conference call.

**Moderator**

Thank you. Ladies and gentlemen on behalf of Emkay global that concludes this conference call. Thank you for joining us you may now disconnect your lines.

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