

Updated: 31-10-2018 07:38
Tags: @vishnu570

85-108 minutes

Pune Oct 30, 2018 (Thomson StreetEvents) -- Edited Transcript of Finolex Industries Ltd earnings conference call or presentation Tuesday, October 30, 2018 at 5:30:00am GMT

* Anil V. Whabi

* Sanjay S. Math

Ladies and gentlemen, good day, and welcome to Finolex Industries Limited Q2 FY '19 Earnings Conference Call hosted by Investec India Private Limited.

(Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mr. Aditya Bhartia. Thank you, and over to you sir.

Thanks, Armen. Good morning, everyone. On behalf of Investec India, I welcome you all to Finolex Industries' Q2 FY '19 Conference Call.

We have with us the senior management team of Finolex Industries. We have Mr. Sanjay Math, Managing Director; and Mr. Anil Whabi, Director, Finance and CFO. We will start with the initial comments from the management and follow it up with Q&A.

Over to you, sir.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [3]

Hello. Good morning, everyone. I welcome you, on behalf of Finolex Industries, to this Q2 FY '19 Investor Conference Call.

I'll give you the highlights.

The sales volume of PVC Pipes & Fittings was at 45,000 metric tons, which is slightly lower than the last quarter in FY '18, which is by -- lower by about 4.2%, whereas on the sales volume of PVC resin has grown up by 7.2% to 43,000 tonnes against 40,000 tonnes last quarter in FY '18.

The total revenue has grown to INR 5.4 billion. Actually it's INR 542 crores, against last quarter in last year. It was INR 480 crores, so there is a rise of about 14.2% over the last year. The PAT has grown to INR 0.8 billion. Actually it is about INR 76 crores, INR 77 crores, which is 170% higher than the last quarter of the last year. So that was only INR 28 crores, so there is a growth of 170% on PAT.

The EBITDA of the company as a whole is up by 151% to INR 124 crores against only INR 49 crores in the last year, in the same quarter.

Having -- I need not say that PVC resin as well as pipes segment have continued to perform well in this particular quarter. And when we compare this on last quarter, for particularly for the pipes segment, the growth looks to be lower at 5.1%, but it is higher than the last year's growth in the same quarter of 3.2%., whereas the PVC resin segment, the growth on EBITDA is about 29.5% against last year's 13.7%. Now the reason what -- is that pre-monsoon buying of raw material of PVC resins has been -- improved results in this particular quarter.

Now on the power plant sector, because of low generation and the increase in the global prices, international prices, there has been a small loss on the captive power plant.

I think these are the highlights. I will leave it open to your questions, to all the investors.

Thank you, gentlemen.

=====

Questions and Answers

Operator [1]

(Operator Instructions) First question is from the line of [Shi Vanth] from Sundaram Mutual Fund.

Unidentified Analyst, [2]

Sir, regarding the PVC segment, the margins seem to be at an all-time high, about 30%, so can you just get me through what has happened? Even if I look at the last year, we've been hovering around 13%, 18%. And suddenly the last 3 quarters have been really good for us, so just want to understand what is happening, as far as the PVC segment prices are concerned. How did these margins have grown? And they are sustainable (inaudible).

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [3]

Actually the EDC prices have, internationally, fallen in last year. And they have been on the level of around \$200, \$250 per tonne, whereas PVC prices have remained around \$950 to \$1,000. Over and above that, dollar has appreciated and rupee has depreciated, so there is a delta of -- this correction on dollar-to-rupee equation. So both together, they have increased the total margin on the PVC sector.

Unidentified Analyst, [4]

Okay, okay. So will that be necessary to cut the latest model, revenue in resin will fall because -- in line with the [fee produced]? Or they are going to be like this for the full year.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [5]

I think now that the EDC prices are coming up, so delta between PVC and EDC is slowly coming down. So it will not remain the same margins for the next 2 quarters. We don't expect that. Our -- we cannot predict how much it will be, but it is not at the same level. So there is the hardening of relative prices.

Unidentified Analyst, [6]

But have you seen the same kind of situation when the EDC prices have fallen and we've maintained the PVC prices? Or this is a one-off case. How is it happening, sir? Can you just briefly highlight the demand-supply scenario; or the mismatch, as to how there is a mismatch between to -- EDC and PVC? And...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [7]

I think both the sectors are a little different, but they are not following the same type of dynamics. EDC follow the dynamics of caustic chlorine, whereas the PVC follows the dynamics of maybe (inaudible) prices. Now EDC following the caustic demand -- caustic hardened last year, and that is why -- caustic was somewhere around \$600 plus, \$650 also. And that bear production of chlorine, and it has only one way to go in EDC. And so there was -- EDC got in the market, and then EDC prices have fallen. So if the caustic hardens, the EDC softens. So there is a different dynamics for EDC, whereas PVC is controlled in a different market segment. And that is where PVC remains in, whereas the EDC is fluctuating. Now caustic is coming down. EDC is hardening. So this is how it will go (inaudible).

Operator [8]

The next question is from the line of Chintan Sheth from Sameeksha Capital.

Chintan Sheth, [9]

On price realization, we are seeing both Supreme's as well as ours realizing at almost [103] (inaudible) for you and [20] for Supreme. How industry has been behaving with such high piping prices currently. And what do you think will close this year?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [10]

So PVC -- because of rising PVC prices compared to last year, the prices of pipes have gone up. It is not in isolation that pipes prices have gone up. To a certain extent, in our case, we have corrected prices as well a little lower last year, so realization was slightly better on that account also. That is why, compared to last year, the margin is better in PVC segment. But otherwise and except for this correction, there has been no price increase in the pipes segment.

Chintan Sheth, [11]

So it's basically they have been able to -- or industry has been able to increase prices, and therefore [inter price] has increased.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [12]

No. See, in our case, one change is because of, any movement in PVC prices, we have been passing on; and so does the industry. And another is because we had -- we were pitching, of course, higher volumes last year. The prices were slightly lower last year for us compared to a year earlier, FY '17. So that correction has been happening in the past few quarters. That is why you see the higher realizations.

Chintan Sheth, [13]

Okay. Have this covered the entire -- the price differential last year...

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [14]

That is happening progressively in small steps.

Chintan Sheth, [15]

Okay, okay. So there is still more room for us to get back to our pre '17 level, pre-GST levels.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [16]

Positively.

Chintan Sheth, [17]

Yes, okay, okay. And sir, on the capacity, one, where are we right now on the pipelines in terms of volumes?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [18]

Capacity, we are building up every year at least 10% to 15%. In 2017, we were at 290,000 tonnes, 2 lakh. And in year '18, we were about 330,000 tonnes, and now this year in 2019, we'll be touching around 370,000 tonnes.

Chintan Sheth, [19]

Okay, (inaudible), okay, right..

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [20]

Almost, 10% to 15%, every year, we are adding capacity. And we are also increasing our product SKUs, particularly on fittings.

Chintan Sheth, [21]

Right. I think, as you mentioned in the opening remarks, that profitability was driven by (inaudible) raw material buildup after more margin (inaudible). And that has helped us to report a better margin this quarter. I know you also mentioned that the trend has been reversing on the EDC side, and we might see some pressure on the raw materials coming back to us. So how do you see -- how [do we] building in terms of raw material -- like most of the margin increase this quarter was driven primarily because of the gross margin expansion. Do you see this trend reversing back to 60% [we have seen for more than that] in the second half? Or there is still some margin benefit we can accrue because...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [22]

See, one thing I can tell you, that PVC sector may have maybe margin skids, but on the other hand, on the pipes and fittings, we will have a volume growth which is coming after monsoon. So there will be an increased volume. We will bring in some better margins also for pipes and fittings. So it may be at crossroads that this is going down, that is going up. So maybe we will see that still maybe on margins overall.

Chintan Sheth, [23]

So first half margin can be sustainable overall (inaudible) even though...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [24]

I will -- can't predict all those things, but at least it may go down to an extent, whereas PVC resin contributes higher. But there is onetime other recurrings on pipes and fittings.

Operator [25]

The next question is from the line of Achal Lohade from JM Financial.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [26]

Sirs, I just wanted to check first on the CPVC volumes. How are they for the quarter, as compared to the last year same quarter?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [27]

CPVC volumes -- this quarter, CPVC total is about 2,000 tonnes, whereas last quarter it was 1,700. And last year, the same quarter was 1,400. So there is 600 tonnes more in this particular year-on-year. And even on quarter-to-quarter, it is about 3,000 tonnes more. Now going ahead, with 2,000 in this particular monsoon season also, I think CPVC 2,000 per quarter. We feel good growth over the last year's. Last year was only 4,000 tonnes in our overall year, so there has been a growth [that you see in that].

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [28]

And well, could you help us with the revenue number [LFL] similarly?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [29]

Revenue number is INR 53 crores for CPVC in this quarter.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [30]

Okay. And last year, same quarter?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [31]

Last year, same, was INR 36 crores, so about INR 17 crores, INR 18 crores less. There is about 44% growth in revenue.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [32]

Okay. And in terms of the pipes and fittings business, is there any inventory gains or anything of that thought in the second quarter?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [33]

I'm expecting there not much change.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [34]

Not much change, sir.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [35]

No.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [36]

Understood. And in terms of the margins, typically, second quarter is a low quarter for us in terms of seasonality, right? From here on, you did indicate that the volume will pick up, and hence it will be margin improvement, but in terms of the -- your discounts and the, as you highlighted, that you were pushing higher volume, have we gone back to the pre-discount levels? Or the discounts are still continuing and hence still some more...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [37]

We have almost recovered all those discounts, more or less, as the PVC prices went up last year. And we have passed down the -- whenever there are PVC prices going down, we don't reduce it. Whenever they are going up, we pass it downwards. So that is how we have started improving our discounts overall in the last [10 years].

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [38]

Got it, got it. And just last question, in terms of the volume growth outlook, how do you see this from here? And how is the plumbing on the construction segment playing out?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [39]

I think plumbing and the non-agri segment is growing much faster than agri segment, but I will say that, whatever shortfall we have seen in this quarter, that there is a de-growth of about 3% to 4%. (inaudible) next 2 quarters very clearly that we can say the trend even in October itself is quite encouraging to us. And year-on-year on October, we have grown much, much better. So I think that excites us that, yes, we will be able to maintain our predicted growth rate of double digits an overall in the year.

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [40]

Understood. Just last clarification, sir. If we look at what Supreme has reported as 7% kind of a volume growth, is it a case largely explained by the agri? Or you think there could be a somewhat market share loss as well.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [41]

We can't say what Supreme had done, what -- because they have much bigger market in terms of various other industry products and other products...

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [42]

No, I was comparing the same pipe and fittings, sir.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [43]

For us, I think we will see that, in next 2 quarters, [same amount]. And I can't say about Supreme and why we...

Achal Lohade, JM Financial Institutional Securities Limited, Research Division - VP [44]

Or maybe in other words, if I could ask, is that the industry decline you feel in a first quarter? Or the industry could be flattish and we had a marginal dip which we will recover.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [45]

I think the margin on that being much aggressive in first 2 months, during July and up to the middle of August. And later on [it has been trending]. Now at that time, the demand last year was better. In other words, the margin was delayed last year. So the [demand over price] last year was better in July, August, whereas this year it was poor. And that is how the second quarter results in agri and particularly. I think -- more than last year. I think now, once the monsoon is over and, I think, [the monsoon at all] is complete, the demand for agri pipes will definitely grow.

Operator [46]

The next question is from the line of Bhavin Chheda from Enam Holdings.

Bhavin Chheda, [47]

Your fittings as a percentage of overall sales, what's the target there over the next 2, 3 years? It has been hovering about 10-odd percent, so how is it expected to increase over a period of time?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [48]

I think we are increasing our SKU also on fittings, and so the percentage of fittings to pipes is slowly increasing. Our percent here in this quarter, about 10% of the pipes, which was last quarter only 8.5%. So there is an increase which can be seen. So we also are trying to increase our SKUs during the offerings to the customer so that the total fittings component in our total product split should go up.

Bhavin Chheda, [49]

All right. And so what's your pipe volume target for this FY '19?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [50]

Last year, we were [2 52]. I think we are seeing uplift to double digits on that.

Operator [51]

The next question is from the line of Ronil Dalal from AMBIT Capital.

Ronil Dalal, AMBIT Capital Private Limited, Research Division - Research Analyst [52]

Sir, I just wanted to ask you that you mentioned in your analyst presentation that you're following cash and carry, but is that the same for CPVCs?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [53]

I think, for all products.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [54]

Except in this year we did start with a credit basis of 30 days, which continues.

Ronil Dalal, AMBIT Capital Private Limited, Research Division - Research Analyst [55]

Okay, so CPVC is still on credit period and 30 days.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [56]

As in credit basis we are giving, of course, with PVC only.

Ronil Dalal, AMBIT Capital Private Limited, Research Division - Research Analyst [57]

Okay, okay, sir, but usually like CPVC demand should be better, right? I mean I assumed so. And how come we are...

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [58]

Our [grade] is so small. So you'll see good grade -- growth, but it's small volume that we are doing.

Ronil Dalal, AMBIT Capital Private Limited, Research Division - Research Analyst [59]

Right, right, right. So this is to incentivize [probably].

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [60]

And be with the market. Because that is also market functions in that.

Operator [61]

The next question is from the line of Maulik Patel from Equirus Securities.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [62]

On the [Supreme] side, I understand that PVC, EDC [cross] was approximately \$600 or \$650 for you in this quarter. Is that an correct assessment?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [63]

At present, it is about [600 and] -- in quarter 2 was 641. Presently, it is still lower, less than...

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [64]

I think it's -- that leaves about \$550 somewhat or around...

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [65]

\$560.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [66]

\$560.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [67]

So now you have been buying (inaudible) in month of September probably at the level price which was developed in month of August. And as the -- that gets consumed, the spread will normalize to the -- to large extent.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [68]

Yes, it will be the new trend, yes. But presently, we'd always buy at [ITS] price of -- at 1 month moving knowledge.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [69]

Okay, all right, sir. Sir, how -- besides that -- or on -- or as you have seen historically, trends [in some relation] that sometime ago (inaudible). We've seen improvements sometime ago, so -- and more people coming on the VCM to PVC route. And sometimes, more it's probably EDC to PVC route. Is there any way that investors can take another call on that? Or it's only in [as insight]. We'll come to know that.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [70]

I think we always maximize our -- whatever capacity we have for VCM in PVC route. So there we always work out the maximum. So there is nothing -- no change in this type of thing, make or buy. VCM availability will decide how much VCM we're building. We also maximize whatever available VCM and make it to PVC. So we would -- depending on VCM availability, the total quantum will vary from [2 50]...

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [71]

[2 70]. (inaudible).

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [72]

Okay. And (inaudible). Well, we always maximize production. There is no, nothing like -- not the price (inaudible).

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [73]

Sir, now on the fittings side, I'm just trying to decide. I mean, the last time that we present, the argument was clear also, but just one thing, though, from a state perspective, which state is doing bad for you in this particular situation? Because some of the states got impacted, particularly Maharashtra which is your largest state (inaudible). And there are (inaudible) restriction certain state. Is that another impact of [just one motion we'll be doing more] in the coming quarters on your pipe volume?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [74]

I think normally what we see is all the (inaudible) states. And where there is a rail somewhere around 500 to 800 millimeters, these are the states where you will need groundwater. And that is a state for agricultural pipes. The main market is Maharashtra, Karnataka, (inaudible) and Gujarat. And now the going markets are MP and Andhra, whereas North India has got this water. And there you -- there is hardly any [feel] for agriculture pipes. So overall, real estate and construction. So it is non-agri pipes in Northern India. Eastern India also has got more water availability, but there is a growth in agriculture sector also. But Eastern India has -- overall has the lower sides, whereas South, particularly Tamil Nadu and Karnataka are the major states where you have more agricultural pipes. On the non-agri sector, it is all geographically increasing in turn, depending on the city and urbanization. And there are many cities which are there which are now coming into a smart city level, so the growth is widespread. It is not specific to any [region offsets]. It is more specific to metros and Tier 1 cities.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [75]

Sir, so on the pipes side, as earlier mentioned, your realization results are -- mostly are rupees per kg partly because there is more volume coming from the non-agri segment. But the same segment wise, if I look at (inaudible), on EBIT side per kg, if I look at, it has come down. So why (inaudible) on realization (inaudible) per kg but on -- EBIT per kg has come down from [8.5 to 5.3]. I understand [that non-agri has been a] more profitable business for us.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [76]

No, no. This is because of -- mainly because of lower volumes during the quarter.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [77]

So it's more about the operating leverage which has played out.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [78]

Yes.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [79]

Okay. So I think, what could be the rational number one could look at? Because historically we have seen a lot of volatility. The year, previous year, was -- there was physical discount [which was did well]. There has been discount (inaudible) and the margin improved. So what could be the steady number that the investors can look and work around in that side?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [80]

See, if you've seen earlier, this margin was about 8% to 9% in the pipes segment. So with the traction happening on annual basis, this is the number that we will get.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [81]

Okay. So I think 8% to 9% (inaudible) number to work around.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [82]

Yes. Today, yes.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [83]

Okay. But sir, I think with (inaudible) PVC, which I understand it's in higher-margin products, you've been trying to focus on the fitting. You have in this quarter -- got fitting volume have gone to almost 10% compared to the declines in an overall pipe volume. Doesn't this mix [should change faster]? Or is it like it will take a lot of time to improve the [fixed-line growth of] profitability?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [84]

No. The impact will be small because those volumes are really low.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [85]

Okay. And sir, the last question is on the similar type. Earlier, you used to [highlight what segment] the rupee depreciates. We got foreign exchange hit on our books, right? Now this quarter, it was not there. So I think, if you just can explain that relation (inaudible). Because we got that in EDC and VCM on dollar basis from the outside. So will you get any hit because of this foreign currency movement now?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [86]

No. See we have explained it here also. Because of import parity pricing of PVC, you have the potential hedge working for us. So we are not taking any artificial hedges.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [87]

Okay. So then currently you are not doing any of this hit on your comp for the government report.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [88]

Yes. Covered by this initial hedge, we don't have to. And we don't take it.

Operator [89]

Next question is from the line of Abhishek Ghosh from DSP Mutual Fund.

Abhishek Ghosh, [90]

Most of my questions are answered. Just one thing, in terms of now whatever PVC Resin that we require, you could have -- even because of the capacity expansion, because of higher growth, you could have largely kind of consumed that. So are we looking towards capacity expansion that way?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [91]

On PVC Resin, well, we are not looking at any expansion in the near future. It will take some time.

Abhishek Ghosh, [92]

Okay. Sure. And what would be a overall CapEx for FY '19 and '20, and break up of -- into which segments?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [93]

In the (inaudible) INR 75 crores. INR 75 crores to INR 100 crores will come in this year. As in we all want internal accrual, it will not be from any [loss].

Operator [94]

The next question is from the line of Nehal Shah from ICICI Securities.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [95]

Sir, a couple of questions. One is what is your target for PVC pipes in terms of tonnage? And what has been the volumes for the first half?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [96]

Volumes in the first half are around 4,000 tons, and we expect the same momentum to continue also. You can even now predict how much it will be for the year.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [97]

All right. Okay. And sir, another question is more on the strategy side. So traditionally, your brand has always been the strongest brand in the agri space. It's the only brand which is supported by cash-and-carry model. Plus any farmer would be like -- would be working to all the brand like Finolex, it's brand of strong repute. Plus it has always been available in the market at a premium. What actually changed to -- what lead to change in strategy wherein we started cutting prices and went for volumes? And how would we believe that this would not come in especially against (inaudible) coming back to pricing premium or, say, increasing our prices, what would give us confidence as to you wouldn't do this again in the near future?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [98]

I think it's a marketing strategy. You know that the Finolex brand as such is having an unspecified sentiment of quality and trust. And that trust is not only on the product and the quality of the product that we sell, but is the relationship we build with our customers we actually do. And that is how we are able to maintain our brand repute. We don't compromise on quality in any way, and we don't use -- the formulation is so strictly controlled that our products are always giving a better result to the customer.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [99]

Absolutely. Like it's the best quality brand available in the market. Again, you sell it at your own thing -- you sell it without gaining credit, and still farmers would want to buy your pipe at any point in time. That is where my question is, as to why

would you -- why -- what was the strategy in terms of like you cutting on prices on every segment? There was -- so prior to this there's no need of doing that because you already were a strong brand. What lead to the strategy?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [100]

You see, Nehal, last year, it is because of this [lead] that we got 20% volume growth. From that high rate, now we are trying to grow into the current year, where we will be, possibly by the year-end, double-digit growth. So the only objective was to gain on volume where there was some issues in the market with the GST and demon and all that. So that objective was achieved in terms of volume growth.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [101]

But sir, as you would know that tinkering with prices generally with the deals doesn't happen that easily. So once you cut down on price, it a takes long, long time for prices to again...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [102]

You have seen this correction happening in last 3 quarters, wherein this better realizations have resulted in the margins coming back slowly to normal. So it is happening. I mean, it is -- we said it will happen progressively and it is happening.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [103]

Right. So I was only like puzzled because 3 years back also we did the same exercise again, and again, we are doing the same. So that was the only observation which I have.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [104]

Yes, but then within a short period of time, prices do come back to normal.

Nehal Shah, ICICI Securities Limited, Research Division - VP of Research of Midcaps [105]

Okay. So it doesn't take much time for prices to correct and again start moving up.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [106]

Yes.

Operator [107]

The next question is from the line of Harshit Dhoot from B&K Securities.

Harshit Dhoot, [108]

Just a few questions from my side. EDC/PVC CapEx, it is around more or less 41,500, the turnaround. So how much of PVC you'll need to manufacture this?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [109]

We don't manufacture PVC from...

Harshit Dhoot, [110]

No, how much of PVC you need to manufacture PVC, from EDC to PVC, please? Can you please quantify it?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [111]

About 830 kg per ton of resin.

Harshit Dhoot, [112]

It's around 116,000 metric tons, right, if you operate at 100% capacity utilization.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [113]

So we buy something like 130 kg of EDC in a year.

Harshit Dhoot, [114]

Okay. And what is the cost proportion of EDC to the total raw material cost?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [115]

Total raw material cost. Raw material costs, main thing is ethylene and EDC.

Harshit Dhoot, [116]

And what is the percentage of EDC to the total raw material cost?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [117]

Just a minute. EDC is \$200, \$400 -- around \$300 of EDC, plus ethylene will be around \$250 or so.

Harshit Dhoot, [118]

And then percentage of [EDC] is around 50% of total raw material cost?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [119]

No, 30% will be...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [120]

50% of raw material cost. Yes, we can say that.

Harshit Dhoot, [121]

Okay. Good. And how much PVC we use to purchase this quarter, sir?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [122]

PVC are only one small MOU with Reliance, and we buy it for our Vadodara plant from Reliance in Gujarat. So there, we buy about 2,000 tons a month.

Harshit Dhoot, [123]

2,000 tons a month.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [124]

Yes.

Harshit Dhoot, [125]

[But do you still sell on casting or on cast with this is] -- and are you...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [126]

It is economical for us to buy it at local level at Gujarat.

Harshit Dhoot, [127]

Yes, yes. I got it, sir. And now, on the key capital side, we are selling [normal cash, which is acceptancy to side], but their data has been increased around (inaudible) FY '18/'19. So is this because of the increased base for (inaudible)? Or what was the reason behind it?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [128]

No, we are trying to enter into the projects also, so in projects mainly it is for TPUs and SWR. So in some projects, we do build credit, and apart from that, wherever there is an end fee or bank guarantee available from the B level customer, we do provide certain credit. So if we see a number of days, it is not -- the change is not much.

Harshit Dhoot, [129]

Okay. Secondly, what is their [normal] working capital cycle days stood at the end of (inaudible) FY '19?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [130]

See, on the inventories, in the PVC segment, we carry almost 100 days of inventory. Because imported inventory, we always carry 2 months raw materials.

Harshit Dhoot, [131]

Yes, and (inaudible)

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [132]

It's around 30 to 40 days.

Harshit Dhoot, [133]

That's helpful. Okay. So can you please give me the figure of the PVC purchase for this quarter that you use for Masar plant?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [134]

That is about 5,000, 6,000 tons a quarter. This is a contractual purchase, so we have to maintain it. Otherwise, we also can supply PVC internally, particularly in monsoon season.

Harshit Dhoot, [135]

Okay, sir. Okay. And the last question, as PVC prices are going down. So sir, [are you thinking] that we have to pass on the PVC prices in plastic Pipes & Fittings segment. So can we see the still going forward as PVC prices are going down in the Pipes & Fittings prices will also correct? Or we would maintain the same prices of the last quarter?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [136]

I think as the PVC prices are going down, rupee has also decreased. So on the rupee terms, there have been a small change in terms of PVC pricing in domestic market. That is one. Secondly, we also are correcting overpriced discounts. And whenever there is the downside of the PVC price, we don't pass on the entire thing and we will secure our discounts because slowly we are increasing our (inaudible) and we will try to maintain the margins. This is how we are working at that.

Harshit Dhoot, [137]

Okay. And last side, currently the investment increased to around INR 1.9 billion, so it means the actual (inaudible) we are [targeting] we are investing in mutual funds kind of thing, right?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [138]

Yes, that's correct.

Operator [139]

The next question is from the line of Ravi Mehta from Deep Financial.

Ravi Mehta, [140]

So can you quantify the inventory gain in the PVC Resin segment in this quarter?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [141]

You know it is not possible, not possible to quantify.

Ravi Mehta, [142]

Okay. Because I will believe you were sitting on low-cost inventory...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [143]

Yes, yes. So that is why you see better performance.

Ravi Mehta, [144]

Yes, which may not be there in the next -- in this quarter.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [145]

Because of contraction in the space.

Ravi Mehta, [146]

Yes, okay. Okay. And another question was normalized EBIT in the Pipes segment you guided around 8% to 9%. Internally, don't you look at it as absolute rupee per kg kind of a number or rupee percentage?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [147]

It depends on rupee also. It is actually -- rupees is also [hoping to hit] INR 8.5 per kg. That's what we look at.

Ravi Mehta, [148]

Okay. So going by the strategy of correcting the discount, are we still 3, 4 quarters away, completing the correction in discounts and getting back to that INR 8, INR 9 a kg bit? Is that a fair sense?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [149]

I don't know how many quarter, but for (inaudible) I think about 3, 4 quarters. So, yes.

Ravi Mehta, [150]

I believe last quarter, again, there was an inventory gain in PVC Pipes, did you really saw that number coming in?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [151]

See, this gain or loss would happen normally whenever the PVC prices change. So unless they change very drastically, definitely in the small segments, it keeps on happening every time. You know that PVC prices keep on changing, may change 4 times or 7 times in a quarter.

Ravi Mehta, [152]

Yes. So I'm just talking a normalized margin of INR 8, INR 9 a kg, maybe 3, 4 quarters away kind of...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [153]

That's what I say. I do not know how many quarters, but yes, we will see it coming back to (inaudible).

Ravi Mehta, [154]

Okay. And one thing you mentioned that you're trying to get into projects. So is this done directly or through dealers?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [155]

Through dealers always.

Ravi Mehta, [156]

Okay. And it's only for this project you may exchange some credit?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [157]

Yes.

Ravi Mehta, [158]

Against the guarantee?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [159]

Yes.

Ravi Mehta, [160]

And lastly, I heard you in the call that you would not pass on if there is a PVC price fall in the Pipes segment. And you will pass on, again, the rise in prices. So...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [161]

No, no, no. It is not the entire thing that we pass on, that is how we progressively improve. So if there is a INR 2 fall, we may reduce the pipe prices by INR 1.50 or INR 1.75.

Ravi Mehta, [162]

Okay. And to correct the discounts, okay.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [163]

Yes.

Ravi Mehta, [164]

So does it mean that even the discount correction is going a bit slow in the sense that you're a little cautious when you're passing on the increase or decrease?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [165]

No, no. So it cannot happen in a single jerk. So if you see that is how it has been happening in past 3, 4 quarters. So slowly we are trying to bring back the prices to normal and the margin to the normal level.

Operator [166]

The next question is from the line of Dhiral Shah from Asit C. Mehta.

Dhiral Shah, [167]

Sir, I wanted to know where do you see those PVC/EDC spreading exactly out finally?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [168]

[Contradict].

Dhiral Shah, [169]

So the [size 16] will see...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [170]

Historically, it would be 550 to 600 as an average. It can go up to 700 also, like PVC prices running between 900 to 1,000. PVC price is somewhere around \$300 to \$400, maybe \$350 normally.

Dhiral Shah, [171]

Okay. So you feel this 560 per dollar could be settling at current level only in the future?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [172]

Most likely, here, normal average is (inaudible).

Dhiral Shah, [173]

Okay, okay. And sir, secondly, last year, we have done CPVC revenue of around INR 147 crores. So this year, we are targeting all INR 200 crore, right, looking at the INR 53 crore run rate?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [174]

(inaudible)

Dhiral Shah, [175]

Yes, so this quarter, we have done INR 53 crores. So you said around 8,000 ton, and so INR 53 in Q4.

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [176]

Yes, (inaudible).

Dhiral Shah, [177]

Okay. So sir, when we are increasing our capacity to almost 10% to 15%, so how much is your CPVC capacity?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [178]

CPVC, I am (inaudible) quarter change is different. So whatever we expand in the PVC, then CPVC also can manufacture it. Maybe just a slight change, that's all.

Dhiral Shah, [179]

Okay. And so what is the target for CPVC for next year, FY '20?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [180]

Target, since they have growing at 40% because the base is very small. And we have done about 2,000 tons this quarter, last year, we did about 6,000 tons. And so this -- percentage wise, it can look very large. Hopefully, we have a capacity of 30,000 tons, which we would like to achieve, say, in the next couple of years.

Dhiral Shah, [181]

Okay. And so what is the contribution from the plus one side? So what was the contribution in first half?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [182]

Contribution is -- no, we don't consolidate, it's only consolidated in year-end.

Dhiral Shah, [183]

Okay. So how was your performance there in micro irrigation?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [184]

Yes, we are growing slowly, that is not -- so I think last year they did about INR 340 crores, INR 340 crore -- yes, (inaudible) INR 340 crores, micro [irrigation] INR 17 crores.

Dhiral Shah, [185]

Okay. So this year, do you feel at double-digit kind of growth?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [186]

After the revenue growth of about 11%, so it should be.

Dhiral Shah, [187]

Okay. And sir, this 8% to 9% EBIT margin in the PVC Pipes & Fittings, that is a near term, right? But what are your long-term targets?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [188]

We are -- of course, I mean, the target is to improve that further, and obviously the increase in the Fittings proportion and the CPVC. But then what happens is, the agri part will move up the demand for agri sector is also huge, and normal Pipes & Fittings. Pipes also will go up. So while we are capitalizing on the improvement in Fittings than CPVC, I think with the volume growth there will be -- operating margins will be better. Yes, so we are looking at increasing that. Let's see how it ends up.

Dhiral Shah, [189]

Okay. And so lastly, sir, what will be your FY '20 CapEx?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [190]

Our CapEx would be -- normally, it's around between [INR 90] and INR 100 crores, against INR 80 crore to INR 100 crores is what..

Dhiral Shah, [191]

So next year also we are targeting to increase our capacity by around 15%?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [192]

Yes, since we are growing price by double-digit, we have to increase INR 5 crores capacity also in double digit every year. So it could be in 1 year, it could be an organic growth every year.

Dhiral Shah, [193]

So then why -- so why we are not expanding in PVC Resin capacity then?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [194]

PVC Resin capacity is capital-intensive and there are uncertainties about across about the [fixed terms].

Operator [195]

(Operator Instructions) The next question is from the line of Abhijit Sinha from Pi Square.

Abhijit Sinha, [196]

I just want to understand that explaining that the pricing will become (inaudible) and the margins would progressively improve. Apart from this, do you see any other [relating] to improvement in margins? Number one. And number two, I would like to understand R&D expenses, the advertising expenses that we are incurring in this year or this quarter.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [197]

I think margins, we are already talked a number of times here also that margins on PVC segment will be squeezed. But at the same time, we are expecting better margins and improvement in Pipes & Fittings segment.

Abhijit Sinha, [198]

And currently, this is the pricing. Right, sir?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [199]

These are volumes.

Abhijit Sinha, [200]

Okay. And the R&D and advertising costs, sir?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [201]

That is already in between 1% and 1.5%, and that is how it will be.

Operator [202]

The next question is from the line of Pankaj Kumar from Kotak Securities.

Pankaj Kumar, [203]

Sir, my question pertains to the -- because you said we will be reaching the normalized realization, say, in coming quarters -- in 2, 3 quarters something, that's what you're targeting. I just want to understand, to what extent do we need to take the price hike on the -- to achieve this normalization?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [204]

See, if you see the margin, slowly it is coming back to normal. Now if you see on Y-o-Y basis, in this quarter -- for Q2 last year, it was 3.2%, which is 5.3% this year. Last 2, 3 years, 2 quarters, if you see, we were already about 7%, 8%. So the prices are coming back to normal, maybe with some catching up to do in next few quarters.

Pankaj Kumar, [205]

Okay. Because if I look at your last 2 quarters, we were having a margins, I think, in the range of around INR 8 per kg kind of EBIT, INR 8.5 rupees something. So that is some -- that is a normal level that we have seen in the past. So...

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [206]

(inaudible) years.

Pankaj Kumar, [207]

Yes. So whether we have achieved this or we are (inaudible), or the (inaudible).

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [208]

The (inaudible) is almost there.

Pankaj Kumar, [209]

Okay, okay, okay. And sir, second question pertains to the CPVC side, what kind of margin that we get in the segment?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [210]

See, they are higher, of course, in nonagri, it's higher in agri; and everything nonagri, CPVC is higher. But it is not as high as it was probably 2 years back. But yes, it is higher. And giving percentage will not help because our volumes are so low, it doesn't really add effect on the total.

Pankaj Kumar, [211]

So once you achieve 20,000 tons, what is the result you're targeting in a couple of years, so probably that will give you the -- so at that level, probably what could be the margin?

Anil V. Whabi, Finolex Industries Limited - Director of Finance, CFO & Whole-Time Director [212]

Also, the EBITDA volume will be 5% of the total or better than that, I don't know. So it will not have a major impact on overall margin.

Pankaj Kumar, [213]

Okay, okay. And so, sir, lastly on the free cash flow ambition that we have. Of course, we increasing PVC capacity say 10% to 15% a year. But what are the other segment that we are looking at in order to diversify some, say, PVC base piping to other - or say, in what time frame we probably may look at something like that?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [214]

So we are concentrating on our pilot portfolio, increasing the Fittings portfolio. And we are consolidating the PVC segment and EDC segment. There in marketing so large that we are not -- in looking at other sectors at (inaudible).

Operator [215]

The next question is from the line of [Rushal Mehta] from Optimal Securities.

Unidentified Analyst, [216]

Just wondered the split for the PVC production through the EDC and VCM group? Could you give us the [level]?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [217]

Yes, it keeps on changing. Actually, it doesn't really matter. If you look at the annual figures, total 250,000 tons we will be producing, of it about 100,000 tons will be from the VCM group.

Unidentified Analyst, [218]

Okay, okay. So quarterly, there may be realization that annually around 100,000 tons will be from VCM?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [219]

Yes.

Operator [220]

The next question is from the line of Harshit Dhoot from B&K Securities.

Harshit Dhoot, [221]

Just my follow-up question, sir, one of my question is answered of the PVC break-up. And second, as you said, that we are maintaining 100 days of inventory for PVC, as PVC prices have declined. So can you see the inventory loss in upcoming quarters?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [222]

No, in fact, this keep from happening. Our 100 days of inventory normally is always there. So when there is a rise, there may be some gains; when there is a drop, there may be some loss. So it is normal. Unless a sharp, drastic fall or rise, it doesn't affect.

Operator [223]

Next question is from the line of [Ritul Shah] (inaudible) investor.

Unidentified Analyst, [224]

Your [competitor] Supreme Industries declared their results, and their operating margin in the 5 segments was 13%; and here, it's 5%. So how should we read the -- such a huge divergence and can you explain?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [225]

It is because of the products part. As you know, we are much higher in the agri segment, their margins are lower. Their Fittings volumes are lower. So normally, this 5.1% is -- in this [one strong] quarter. But if you look annually, our normal margins in Pipes & Fittings segment have always been around 8%. So 70% goes in the agri segment.

Unidentified Participant, [226]

Okay. But still that produced a gap of around 500 basis points over your normalized margin.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [227]

If you're comparing with Fittings.

Unidentified Participant, [228]

Fittings, yes.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [229]

Yes.

Unidentified Participant, [230]

Okay. And so what is this inverse relationship between EDC and caustic? Can you explain in some detail?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [231]

If you understand how caustic is made, caustic is made through sodium chloride by electrolysis. So when you make caustic, you also make chlorine. And chlorine doesn't have any one-off usage except of the major thing for chlorine EDC. So when caustic chlorine plants have had a very high caustic prices, they are tempted to make more production. So when caustic is produced more, chlorine is also produced more. Now you have to think it, and that is now it goes to EDC. And then the EDC volume also goes up, whereas there is something that (inaudible) in the market, the prices of EDC will come down. So at one point of time, what we realize is for making caustic, you are disposing of chlorine at subsidized prices, so that is how PVC prices fall, okay, and vice versa.

Operator [232]

(Operator Instructions) The next question is from the line of Praveen Sahay from Edelweiss Broking.

Praveen Sahay, [233]

Sir, I just wanted to know about the other comprehensive income that you have reported for the quarter. Can you explain a little bit on that?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [234]

If you see the main figure and -- that will be because of the investments, equity investment in (inaudible).

Praveen Sahay, [235]

Okay. It is because of equity gone down, so that's why?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [236]

Yes.

Praveen Sahay, [237]

That's why the (inaudible) happened?

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [238]

Right.

Operator [239]

(Operator Instructions) Ladies and gentlemen, as there are no more questions from the participants, I would now like to hand the conference over to the management for the closing comments. Thank you, and over to you.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [240]

Thank you, gentlemen, for all your questions. I think we have given you the answers to your satisfaction, and we look forward to your continued support to us. Thank you.

Operator [241]

Thank you very much. Ladies and gentlemen, on behalf of Investec and Private Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Sanjay S. Math, Finolex Industries Limited - MD & Whole-Time Director [242]

Thank you.

Operator [243]

Thank you.