

16 February, 2012

### Moderator

Ladies and gentlemen welcome to the Q3 FY12 results call of Essel Propack Limited hosted by Emkay Global Financial Services. We have with us today Mr. Ashok Goyal – Vice Chairman and Managing Director; Mr. A V Ganapathy – CFO; Mr. Ramasamy – President; Mr. R Chandrasekhar – President; and Mr. Vinay Mokashi – Financial Controller; Mr. Ashish Patel – Treasury, Head; and Mr. Niladri Nandi – Investor Relations. As a reminder all participant lines will be in 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 call please signal an operator by pressing \* and then 0 on your touchtone telephone. 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, thank you for joining us today. We would like to welcome the management of Essel Propack Limited and thank them for giving us an opportunity to hold this call. We have with us Mr. A V Ganapathy CFO, Mr. R Ramasamy, President, Mr. R Chandrasekhar, President, Mr. Vinay Mokashi, Financial Controller Mr. Ashish Patel, Treasury Head and Mr. Niladri Nandi the Investor Relations. I would like to now handover the call to Mr. A V Ganapathy for his opening remarks, Over to you sir.

### A. V. Ganapathy:

Thank you Prashant, very good afternoon to all of you and as always it's a pleasure to have you all on the con call for our quarter results. Mr. Ashok Goel would be joining anytime in the meantime what I propose to give is a overview of our performance during this quarter. As you all know that last few months have been going through a lot of turmoil both in terms of economy in the Europe the talk of the recession, the volatilities in the money market ForEx market etc the tightening of interest rates and also the outlook for a lower growth in India all of this. I think the only satisfaction for us is that we have been able to grow the top line during this particular quarter for the quarter our revenues on a consolidated basis for the quarter three of financial year 2012 we posted a sales of 414 crores which represents about 13.7% increase over the last year and as 4.7% sequentially. Our operating profit for this quarter also grew in apt with the top line by 13.9% the operating profit was 38 crores and it has grown 6.5% sequentially. In that sense we have been able to maintain the operating margin compared to last year and actually we managed to improve it over the last previous quarter by about 20 basis points. The other good news for us is that the sales growth has been contributed across by all four regions for the company your segmental revenues would tell you that in AMESA we grew about 10.5% yoy and sequentially 5.2%. EAP where you would have noticed we had some difficulties in the previous quarter, we grew 9.5% yoy in this quarter and sequentially 3.1%. The Americas we continued to grow at 10.8% yoy compared to last year although it was almost on the same level as the previous quarter. The other satisfactory one for us was in Europe, where we recorded a very strong 45.3% growth and a 14.4% sequential growth. So its therefore, all the four regions have helped us in terms of keeping the growth momentum for the company and in terms of the operating margin, while we have maintained at the last year's level, we have seen some significant recovery in the operating margin compared to both last year as well as sequentially in East Asia Pacific as well as Europe and that has also helped us to keep the profitability up. Now you would notice however that in terms of net profit for the quarter it is at 13.7 crore, it would appear lower than what we had achieved in the last year of 16.6 crore, large part of this difference is arising on the exchange loss, where the last year because of the huge currency volatilities the movements the way they are taking place last year we had posted a gain of close to 5.9 crores again modest loss of about 52 lakhs which we have recorded for this year. That apart the interest cost have been impacted by the higher interest rate in India and that has also gone up sequentially as well as compared to the last year. On overall basis, that was our profit was a little lower at 13.7 crores, however sequentially the profitability has improved from 9.2 crores which we posted last year in the last quarter. Cumulatively, the sales for the company for the nine months is 1,169 crores representing close to 10% of the top line growth our operating profit is 104 crores it is virtually flat and you may recall that we had huge impact of cost increases impact of rupee depreciation which has significantly in the Indian context it has impacted our operating in margin compared to the last year therefore in PAT terms therefore overall for the nine months the PAT is 32 crores versus 37.7 crores recorded last year.

Now across the regions growth has been good for the nine months also MSR grew 11.4% America grew 5.6% Europe grew 20.1% East Asia Pacific as we had already taken you through in the last con call that there have been some off take issues they have crossed the region to be little bit muted at 1.3% overall for nine months also the story is strong for us in terms of the recovery in the operating margin in America as we have recorded about 1% positive operating margin compared to a minus

.5% and the improvement in the Europe is about 4.7 TP in terms of the operating level. So that then as far as the results are concerned and we would be happy to take any questions. Thank you very much.

**Moderator:**

Thank you so much sir. We will now begin with the Q&A session. We have the first question from the line of Ruchita Maheshwari from Nirmal Bang Securities please go ahead.

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**Question and Answer Session**

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**Ruchita Maheshwari:**

Hello, hi sir couple of questions like we are still posting losses in Europe so could you throw some light on what is the scenario in Europe?

**R. Chandrasekhar:**

Okay, let me just start off if you see our segmental revenue analysis in the Europe we have actually shown reduction in our operating losses compared to the last quarter where we were about 653 lakhs or 6.5 crores we are lower at 5.6 crores now this has happened across in terms of all the units there see what has happened during this quarter is that we have seen our bottom line improvement happening across all the units which is basically our tubing unit in the UK we have a laminate unit also in Poland and the plastic tube in Poland is still leading the whole thing in terms of the recovery the last quarter the recovery was about two third of that improvement in the most profitability has come from the Polish unit. Now the point which we would like to mention here is that as far as the Europe is concerned you know that we are in the process of consolidating our tube manufacturing facility and that is going quite on track and with the result that we are slowly consolidating our laminate tube capability which was earlier serviced out of UK into Poland. So that has given lot of what you call the exactly what we are looking for in terms of ....for our Polish unit and our infrastructure and operating cost are committed there with increase in the volume that is coming in that place we are able to see the profitability turnaround happening so despite a very, very muted performance by our Germany unit because that off takes have been under pressure in the last quarter the rest of the units have been able to pull up including Russia where we saw a very strong volume growth during this quarter and profitability also coming up Russian unit is also breaking even for us and Polish unit has in the consolidation we are now running to closely about 8 million plus tubes per month and you would recall in our meeting we used to say that the sort of level where we would be breakeven on cash terms which has already started happening and once we complete the full transition of our UK volumes you would be able to match about the 11 million even at the current level which is going to be a positive as far as the Polish unit is concerned. Now Chandra will brief you about the developments on the business on that side.

**Ruchita Maheshwari:**

Sir when we can expect Europe to be EBIT positive?

**R. Chandrasekhar:**

I think as the cash level as Ganesh mentioned it is already on a positive zone and I think the main loss making in the European unit was Poland plastic tube business. And that is where we are broken even now unfortunately when you compare it with the previous year's same period previous year same period we had a very strong performance coming in from Germany which is one of our most profitable unit we had we have been having some problem in terms of the last four to five months in terms of the sales in Germany which seems to be a overall part of larger macroeconomic issue in that region but I think I will be very happy to say that in going by what numbers of sales has come in the month of Jan and the order book for the month of Feb I think the German business is now back on track so hopefully in this quarter, quarter ending March you will see a more stronger performance coming from Europe compared to the previous quarter.

**Ruchita Maheshwari:**

Okay sir. Sir even if I see AMESA which is the strongest segment for you the strongest region for you, the margins have declined its 12.2% compared to 15.4% year on year, if you can throw some light on that and in the last con call, you have said that you have got facing some problems with the customer in China region some clarity on that as well?

**M. R. Ramaswamy:**

Yeah, this is Ramaswamy there are two, three things that have happened if you recollect what's happening in India to most companies we had raw material price escalation we went for a price increase we got those price increase then again dollar exchange rate has gone higher now those corrections will happen as per the agreed pricing formula with most of our customers there is a time lag of three months. If you see this quarter, we already got the price increase for the last quarter price escalation. There is a time lag but otherwise we will catch up. Volumes are probably growing in this region we will get much better results in the coming quarter it's only a time lag.

**Ruchita Maheshwari:**

Okay sir what price increase you have taken in the last quarter which you will be having the benefit in this quarter?

**M. R. Ramaswamy:**

Yeah, that's what compensating the exchange rupee depreciation where to the extent of rupee depreciation.

**Moderator:**

Thank you.

**Prashant Kutty:**

Sir could we know what is the volume growth for the quarter across regions if possible?

**R. Chandrasekhar:**

Okay just give me a minute, can I tell you for our tubing division first

**Prashant Kutty:**

Yeah, surely sir.

**R. Chandrasekhar:**

Cumulatively our lamination tube we have volume growth we have about 6% plastic tube we are growing about 29% right so overall on the tubing division we are growing about 9% on volume terms sorry, I am sorry I told the revenue growth volume growth is 5% for the tubing division

**Prashant Kutty:**

The laminate tubes

**R. Chandrasekhar:**

Yeah, laminate tube is around 5% plastic tube is around 19% and overall it should be about 5.5 to 6%.

**Prashant Kutty:**

5.5 to 6%. And as to what is our mix of our oral and non-oral care currently and is this the same as the last quarter?

**R. Chandrasekhar:**

So we have improved year over year in the mix also. In terms of I would say that improvement we will have to see in what you call the non-oral care right, so globally we have improved in terms of the total business our cosmetics category has improved by 3.3% pharmaceutical by 0.5% point. So which would mean that we are today at around 66% oral care the rest is non-oral care for globally.

**Prashant Kutty:**

On the Americas business, we have seen again a profitability continued to be a little bit a volatile in this quarter as well again we saw a loss being reported in this quarter could you throw some more light upon it?

**M. R. Ramaswamy:**

Yeah, if you would see the segment wise analysis of the numbers for the specifically to the Americas you will see that in this quarter that is the quarter ending December we lost around 76 lakhs and this if you were to compare with the previous sequential quarter of September we made a profit of around 3 crores and 6 lakhs. I will basically attribute this loss in the quarter ending December to two or three reasons. First is that our unit in Mexico underperformed substantially in this quarter and that was one reason and the other reason is our plastic tube business in US also did not meet our expectations in terms of the volumes. These are the main two reasons, which basically pull down the profit numbers in this region. Now going forward we think at least as far as the Mexico business is concerned we will be I think back in black in this quarter than to March and on the plastic tube business in US there will be a very sharp recovery but I think it will be at least it will be only in the quarter April to June where you will really see going back into a full profitable zone. But if you were to compare on a year on year basis okay up to December 2010 we possibly lost about 1.2 crores in Americas region and in the current year we are already plus by about 2.5 crores. So I think.

**Prashant Kutty:**

That's largely due to the last quarter reporting good growth?

**M. R. Ramaswamy:**

Yeah. So we will be trending on that positive zone only we are not going to end up with the loss in that region.

**Prashant Kutty:**

Okay and just to ask you the same question on the EAP region this year good growth coming up in this region also we have seen margin improvement as well any specific probably can you give us a reason for the same as well?

**R. Chandrasekhar:**

Basically we have got a price increase in EAP volumes are slightly under pressure because we told you last time that one particular contractual customer is not doing really well in the market so volumes are under pressure but margins are much better compared to last year.

**Prashant Kutty:**

When do we probably see this the customer which we are talking about to probably come back into a positive position or probably the volumes improving?

**R. Chandrasekhar:**

They are saying in the next year they should come back to the last year level, the last volumes they may not be able to fully catch up they will come back to the last year level but there are lot of efforts have gone into developing newer products both in pharma and in cosmetics which should start yielding starting April. So we should compensate for our side the volumes what we are lost by other customers.

**Moderator:**

Sure sir thank you. The next question is from the line of Pritesh Chheda from Emkay Global please go ahead

**Pritesh Chheda:**

Sir how are you sir. Yeah, just checking on one thing in the Europe operations if you could identify or tell us the significance of each of the country in the revenue and the profit mix which is Russia?

**M. R. Ramaswamy:**

We will give you for all the four business just Prithesh.

**Pritesh Chheda:**

Germany and UK

**M. R. Ramaswamy:**

UK and Poland

**Pritesh Chheda:**

Yeah.

**R. Chandrasekhar:**

Just give one second Ganesh is answering that quarter, for the quarter you want no.

**Pritesh Chheda:**

Yeah, it's okay for the quarter or the full year and if you could tell us which of the operations in those four is actually a loss making operation so we know about Polish, Poland which is a loss making any others?

**A. V. Ganapathy:**

Okay Prithesh you are looking for the relative revenue for this unit right

**Pritesh Chheda:**

Yeah related to revenue?

**R. Chandrasekhar:**

Sorry just come again that I give you the right numbers

**M. R. Ramaswamy:**

He wants revenue breakup.

**A. V. Ganapathy:**

Yeah. Okay revenue break up for Europe region in the case of Germany it contributes about 79 million UK is about 44 Russia 61 and Poland gives us about both including laminate and plastic 221 million. So you will see that Poland is large revenue contributor for us there. Followed by...

**Pritesh Chheda:**

Poland is 221 Germany is I just missed out on the number just if you could tell us again?

**A. V. Ganapathy:**

79.

**Pritesh Chheda:**

Sorry.

**A. V. Ganapathy:**

79.

**Pritesh Chheda:**

Germany is 79?

**A. V. Ganapathy:**

61 was Russia. UK I said 44.

**Pritesh Chheda:**

Okay, okay so the loss making unit is Poland?

**A. V. Ganapathy:**

Yes. Poland you took the turnover is 221 million rupees.

**Pritesh Chheda:**

Yeah, yeah and any change there will drive the profitability in the Europe operations?

**A. V. Ganapathy:**

That's right.

**M. R. Ramaswamy:**

No I think to answer your question Pritesh there are two main drivers in European operations okay first is Germany, Germany as I was mentioning earlier it used to be a very, very profitably operation last year around the same time and we basically had a distressed performance for the six months starting from July to December. Okay so any recovery which happens in Germany will immediately help you to recover your bottom line. The second of course is Poland, Poland has been like continuously reducing its losses and if you actually see the performance in this quarter for the first time in the month of January they have just been broken even on EBITDA term. Though they have been breaking even on cash terms they have first time broken even on EBITDA terms only in this month of January. So these are the two significant I will say drivers for change in profitability in the European region. Having said that I would also like you to flag one issue we are currently transiting businesses from EP UK to Poland. So you will see some disruption in terms of volumes happening because we are basically have to shift the capacity. Though we are managing it to the best of our ability to see that we don't loose the business or we don't loose the volume, there are some disruptions which will happen though January has gone by without any disruptions but when we come to the final closure progress which will be somewhere in the second week of March you will see some disruption happening in the EP UK number

**Pritesh Chheda:**

Okay, now I want to understand first what is the volume growth in some of these regions typically these industries volumes growth. Second, your business is outside India work the same way as they work in India in terms of large bulk contract or your not that way outside India?

**A. V. Ganapathy:**

Let me answer your last question first on the way in which the business is structured globally, okay. Now laminated tube business irrespective of whether it is India or outside India is structured around large contracts, now there can be some exceptions to this rule like for example if you take a business say in Russia or if you take the business in say Germany these are not structured on contracts but otherwise most of our businesses are structured around contracts as far as laminated tube is concerned. Now this is also again very specific in the sense that it depends upon how much you are relying on a particular sector? So your laminated tube business from oral care it will always have long term contracts understand whereas if it is from the beauty care or pharmaceutical you may not have very long term contract in laminated tube. Plastic tube is different in plastic tube we don't have any contracts in business at all usually it is in a PO or a purchase order basis maximum commitments are about three months not more than that.

**Pritesh Chheda:**

Okay and how about the volume growth?

**R. Chandrasekhar:**

One minute, Ganesh do you have the volume growth for laminate and plastic just one minute Ganesh will give you that number.

**A. V. Ganapathy:**

Volume growth as I said over the last year

**Pritesh Chheda:**

No, no sir I have those figures I want to know the industry volume growth typically in your EAP, Europe, and America?

**R. Chandrasekhar:**

Okay, let me give you the answer for Americas and Europe. Americas typically the industry grows by around 3 to 4% not more than that in terms of volumes. In Europe to be very honest I will not even try to guess okay but my guess is it is a flat or possibly even a negative growth in the current circumstances where there is a heavy recession okay. As far as EAP is concerned is reportedly its about 3% growth this last year.

**Pritesh Chheda:**

This is the tubing volume growth right?

**R. Chandrasekhar:**

Absolutely yeah, yeah right.

**Pritesh Chheda:**

Put laminate and plastic both?

**R. Chandrasekhar:**

Yeah, normally we include both together.

**Moderator:**

Thank you. We have a follow up question from the line of Ruchita Maheshwari from Nirmal Bang Securities please go ahead

**Ruchita Maheshwari:**

Sir you have not answered the question on one customer you were facing some problems in China region and due to which there was some deterioration in your revenue in EAP region if you can throw some light on that?

**R. Chandrasekhar:**

See this particular customer has lost some market share. Originally they were saying that they were tightening their supply chain so pipe line stocks are being exhausted so purchasers were actually low. For three consecutive quarters they were low even though they have improved compared to the last quarter in this quarter their volumes are improving but it is not still in the last year level okay. This is a large multinational they have their own marketing policies and things like that. They assure us that they will go back to the normal level in the next year starting April. Okay in the mean time what we have done we have taken lot of extra effort to develop export markets out of China which are showing a substantial growth for us if this customer comes back with the volume gain then it will be an additional one for the next year otherwise we would have already made up that volume loss by additional customers.

**Ruchita Maheshwari:**

Okay sir how many customers do we generally cater to China because if one customer has been stopped giving business to you then we are facing some such kind of a problem so how many customers we generally cater to in this region?

**R. Chandrasekhar:**

Right as Chandra was explaining most of the laminate tube business works around contracts okay this customer is an exclusive supply contract that we have so he reduces volume we will loose naturally the volume. So traditionally about 60 to 70% of our businesses are secured by contracts, about 40% will be open-to-market contract right. The growth if you see in AMESA you see in EAP or in US most of our growth what we need to put an effort extra effort is on this market so that's why you see over a period of time oral care to non-oral care segment that we are growing now we are currently at 35% of our business is in non-oral care. That's where the growth comes that's where the higher margin comes whereas the 65% the contracted customer gives you stability.



**Ruchita Maheshwari:**

Sir one general question what kind of growth you are expecting in FY12 and FY13 the revenue growth?

**M. R. Ramaswamy:**

I think this question was asked this is last year in the last call and we Ganesh has replied we will be in the same region of about 12 to 13%.

**Ruchita Maheshwari:**

Okay and what kind of margin we are expecting?

**M. R. Ramaswamy:**

The current quarter margin at the EBITDA level is about 16.6% and we hope to improve this further to around 17% to 17.5% in the next year.

**Moderator:**

Thank you we have the next question from the line of Prashant Kutty from Emkay Global please go ahead.

**Prashant Kutty:**

Yeah, thank you. Just on the margin front what we think would be our margin in the terms of what would be the key drivers to margin growth over the next year which you feel from here on?

**M. R. Ramaswamy:**

Two or three things one is that we were trying to explain with relation to AMESA specifically we are always in a lag game as far as getting price increases for material cost are concerned. It takes us earlier it used to take us about six months now we have narrowed the period to three months so any material price increase which happens in October to December for example we get the price corrections only in January to March. Now if we are able to if the material prices are stable and they move within a very narrow band it helps us to improve our margins because really there is no erosion which happens for that this is one. This one is reality of the business. Second is that we will continue to focus more on non-oral care business we have been driving very aggressively. Our market share in pharmaceutical and beauty care system globally or cosmetic business because these business tend to have better realizations and better margins so that process we will still continue to drive we have been doing that for the last two years and we still continue to drive that next year as a part of our overall margin improvement. The third part to the whole story is that we do have a lot of internal I will say process improvement program which are currently on whether it is efficiency improvement or scrap reduction or down time reduction, etc., okay so all these also these programs will continue and they will continue to add to our margins. So these are the main three drivers.

**R. Chandrasekhar:**

So if I may add one more usually as we recover our volumes in the Poland okay, the Europe strategy that we are seeing growth of course the base is not very huge but then there it is basically our cost and infrastructure is committed. So as we start turning down and improving the volume sales they show into the margin and they benefit the margins in a large scale.

**Prashant Kutty:**

Okay sir just on the non-oral care business what do we expect on the non-oral care business to be contributing to our revenues in the next year or so?

**R. Chandrasekhar:**

See non oral care as I said for current year 2011 have seen globally around in the region of about 32% okay that is between cosmetic and pharma and also in the other categories which adds up in the 2% okay so thrust on terms of the growth of the cosmetics we have actually grown during this year by about 3.3% point in cosmetics. It means that earlier we were 22% now we are 25.2% similarly in pharmaceutical we were last year at 6.2% and the year FY12 we are now at 6.7% so I think we will be able to maintain that sort of stepping up happening at least for the next couple of years to get that value shift happening in our portfolio.



**Prashant Kutty:**

So it could be likely you mean like 60:40 kind of ratio may be next year or is it too aggressive?

**R. Chandrasekhar:**

Yeah. 60:40 because when we set out the program two years back that was what we said by the end of the third year we will try to be 60:40 so I think we are moving in that direction.

**Prashant Kutty:**

Okay and there is another point which is mentioned in the press release which is there about the plastic tube business globally reporting almost about 19% growth so could you tell us which was the regions which actually helped this growth?

**R. Chandrasekhar:**

Yeah, okay in the case of plastic tube I think their performance has been contributed across all the three units, we have three units, in India, one is Poland, and one in the US. Okay so and this is where we are putting lot of focus to extract value out of it in India we recorded a growth of 24% volume growth in the plastic tube.

**Prashant Kutty:**

Volume growth was 24%

**R. Chandrasekhar:**

And we grew 39% and this year also we grew 52% that is in the quarter versus last year. Okay so because we are now able to fill up our lines much more in the US we also our volumes in Poland are stable and growing as far as plastic tube is concerned in India we had done this expansion if you remember last year that expansion occurred in March and we are now quickly ramping up those facilities.

**Prashant Kutty:**

how much was that in Poland you said?

**A. V. Ganapathy:**

Poland for the quarter it grew about 39%.

**Prashant Kutty:**

This is the value growth?

**A. V. Ganapathy:**

Volume growth.

**Prashant Kutty:**

and US volume growth was?

**A. V. Ganapathy:**

52%.

**Prashant Kutty:**

52% just another book keeping question sir what is the CapEx plan for the next year do you maintain the same as the last quarter?

**A. V. Ganapathy:**

See this is one area where until now our spend has been in the region of about 85 to 95 to 100 crores around that right, it just impact little less than our annual depreciation chart much of it we accomplished by redeployed some of the assets regions which had growth opportunity having done that we are now in a situation where we are now faced with new growth

requirements from lot of our customers. So seeing us going forward in the next financial year we may need to do a sort of a one more investment cycle we will need to go through so it might grow beyond depreciation.

**Prashant Kutty:**

But should be say in the range of about 100, 120 crores?

**A. V. Ganapathy:**

Yeah, little more say about 10 plus about say to 10 to 15%.

**Prashant Kutty:**

10 to 15% higher than the 12?

**A. V. Ganapathy:**

That will then help us to drive the volume for the next two to three years' time. Because we have to go through this investment cycle and when we have this demand coming up backed by a strong contract we are extremely careful in terms of assessing requirements and then we take it up so these are normally backed by strong contracts.

**Prashant Kutty:**

but which regions are we specifically looking at as far as the CapEx are concerned any specific region?

**R. Chandrasekhar:**

Yeah, we look at in India and we also in Europe also that we would be looking into both these regions.

**Prashant Kutty:**

So you would be adding up capacities?

**R. Chandrasekhar:**

Yes.

**Prashant Kutty:**

Sir one more question sir this quarter as far as the ForEx loss is concerned we saw about I believe a .6 crores loss or something .6 million loss in this quarter if I am not wrong?

**A. V. Ganapathy:**

Yeah, correct.

**Prashant Kutty:**

Yeah, now this vis-à-vis the last the previous quarter was almost about I think about 3 crores, 3.5 crores as far as the rupee depreciation is concerned I believe we saw the rupee depreciation depreciating in the last quarter as well but the extent of losses have reduced in this quarter so any specific reason for this year?

**A. V. Ganapathy:**

Let me first address the India one. In India for this quarter we have shown an exchange gain of 168 lakhs. And against what we showed last quarter of 106 am I right. Direction is still the same. So we had shown a gain last time and also this time also now how this happened it is essentially we are normally hedging our position without any large open position and then wherever for instance the exchange depreciation happens on the export side we only have premiums so those are also included in this line. This reflects the entire what you call the result of the exchange management operation.

**Prashant Kutty:**

So we have actually incurred losses in our global regions actually?

**A. V. Ganapathy:**

Yeah, but

**Prashant Kutty:**

More of a translation?

**A. V. Ganapathy:**

That also translation and lot of currency fall net basis that is coming to around 52 lakhs.

**Prashant Kutty:**

Finally just one last question sir what's the current debt on our books?

**A. V. Ganapathy:**

Current debt is 905 crores. Yeah, in current three term because we will recall there has been a huge rate fluctuation it would be around 865 crores. It is constant and in 31<sup>st</sup> March at the beginning of the year if you translate the same exchange rate constant terms it has gone up around 865 crores basically reflecting some of the investments and other things that we have to do.

**Prashant Kutty:**

That is it from my side any question that we can look for.

**Moderator:**

I will make an announcement once again sir. We have a question from the line of Alhad Mahagaonkar from Yes Bank please go ahead

**Alhad Mahagaonkar:**

Yeah, sir can I know the capacity utilization for different regions?

**R. Chandrasekhar:**

Last quarter AMESA will be somewhere around 73% and China will be around 68, average will be around 65 to 67 in Europe and US.

**Alhad Mahagaonkar:**

How is the same expected going forward in FY13?

**R. Chandrasekhar:**

As we explained to you in sometime last time the capacity utilization provide certain peak capacity for the market fluctuation. Our utilization would be anywhere between 68 to 75 that's the range that we do some months it should be slightly higher some months it could be slightly lower because we need to provide for certain capacity for the market growth for certain customer that's how it works. If we get into a higher number than we will get a CapEx probably. Then we add 73, 74 we incurred the CapEx volume.

**Prashant Kutty:**

One last question on the margin front as far as the AMESA region is concerned we have reported about 12.2 for the quarter and I believe for the full year its about 12.1 YTD do we believe this would be sustainable margins going forward or do we foresee an improvement because the price effects would I guess?

**R. Chandrasekhar:**

See this quarter it improve by 1.5 to 2%. There is a time lag which I explained assuming no other surprises that comes in foreign exchange or in material I think more or less stable this quarter we should get about a minimum of 1.5% more.

**Prashant Kutty:**

So this should probably be like so say about 13.5 to 14% would be sustainable for the next year?

**R. Chandrasekhar:**

Yes.

**Moderator:**

Okay sir there are no further questions at this time.

**Ashok Goyal:**

Before we conclude the call I think on behalf of Essel Propack, my colleagues, and the management team we really appreciate all the analysts taking time and joining us on this call and we also appreciate Emkay hosting the call on our behalf and even after the call, if there are any questions just feel free to send us a mail or catch us on the phone we will be more than happy to clarify any doubts.

**Prashant Kutty:**

On behalf of Emkay I would once again like to thank you for joining the call today. Have a great day.

**Moderator:**

Thank you so much. On behalf of Emkay Global Finances Services that concludes this 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.

**Emkay Global Financial Services Ltd.**

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: [www.emkayglobal.com](http://www.emkayglobal.com)

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