

01 August, 2011

Moderator

Ladies and gentlemen, good day and welcome to the Essel Propack Q1 FY12 results conference call hosted by Emkay Global Financial Services Limited. 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 you ask questions at the end of today's presentation. Should you 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. At this time I would like to hand the conference over to Senior Research Analyst Mr. Pritesh Chedda. Thank you and over to you sir.

Pritesh Chedda

Good afternoon everybody, thank you for joining us today. We would like to welcome the management of Essel Propack and thank them for giving us the opportunity to host this call. From the management side we have Mr. R. Chandrasekhar, President – Europe, America in PITL business, Mr. R. Ramaswamy, President – AMESA and EAP Region, Mr. Ganesh Ganapathy, our CFO Global Operations, Mr. Vinay Mokashi, Finance Controller and Mr. Ashish Patel, Senior Manager – Treasury. We would start the call with a review on the Quarter 1 performance and outlook on the ensuing year by the management. Thereafter we open the call for Q&A. I would now like to hand over the call to Mr. Chandrasekhar for his opening remarks. Over to you sir.

R. Chandrasekhar

I thank everybody for finding time to be on this call. When we look at the quarter April to June, there are some things which we need to bear in mind that typically this quarter is a muted quarter in terms of business for us. The peak period starts with July and runs possibly up to end November or early December. This is true across most of the regions, so you have to look at the results for the Q1 April to June in light of this fact.

In terms of what has happened in across the region, we have seen strong growth in revenues almost close to about 19% in India, 17% in the EAP China region, about 10% in Europe and as far as US is concerned, it's almost a flat growth. When you look at the margins and how we have performed, I think overall looking at the quarter numbers, our post operating margins at the EBITDA level have dropped by around 0.9, earlier period year was around 16.9 and now we have dropped about 60, mainly coming-out of certain raw material pressures, increase in the a raw material pressure and the time lag which we have in passing it to customers.

What I will now do is, I will hand over the floor to Mr. Ganesh and he will walk you through the result first so that we can then go through the Q&A.

Ganesh Ganapathy

Thanks Chandra. During this quarter our consolidated global operations posted a revenue of 360 crores and a net profit of 9.4 crores compared to a profit of 8.6 crore last year for this quarter and sequentially again our profits have been higher than the previous quarter, which was 8.4 crores. On an overall basis, the sales have grown 8.4% year over year and we are also continuing to grow sequentially and there is a 3% growth overall basis for the business. The net profit has grown almost in line with the sales for this quarter at 8% and sequentially it has actually been better than the March quarter by growing it 11.8%.

The only issue as Chandra has mentioned, there is a slight dip in operating margins compared to what it used to be in the last year, about 40 basis point dip to 8.5% of sales. Sequentially, the operating margin continues to be a little flat. What is heartening to us is that the business of tubing across the regions have shown very good growth both year-over-year, in terms of AMESA, we have a growth of 19.6% in India alone. In the EAP, we have grown 17.6% revenue. Even in Europe we have grown 10.6%, in the America the sales are a little bit flat, marginally lower at 1.9%. But really it just speaks that we are still faced with a growth opportunity in the market and sequentially again EAP has grown 18.9% in this quarter, Europe has continued to grow in this quarter by 8.6%. AMESA, although has been a little bit flat, which I will explain the reason, why it is and in Americas it has seen lowered at about 4% sequentially. Now if I analyze the sales growth, essentially in the case of AMESA, there are two aspects, one is the tubing business of India and Egypt and there is also the specialty laminate business in India. Now look at the specialty laminate business, sequentially the sales value revenue has come down and that is one of the reason why the Indian AMESA region has grown by 9.6 despite a strong growth in India of 19.6%. Now this is more a sort of a technical or a statistical number because there were certain realization sales price reviews which had been given to this company in the March quarter and these are one-off and thereafter the business is now regular and their volumes have actually grown sequentially during this period March to June by 8.3%. So on your whole event in AMESA, the underlying trend is that the volumes are continuing to grow and the revenues are also continuing to grow.

In America there has been some issue in terms of the off-take in Mexico, which we will explain during the discussion. This is the only reason why there is a slight decline in the sequential growth. So overall, what clearly emerges in this quarter is that our growth engine continues to tick and what has happened in terms of the operating margins, which has taken a hit of 40 basis points and is largely due to a sharp increase in the input prices. See, year over year our input prices have gone up by almost 16.5% and as you know that in a period when our prices go up, we go with a revision in the prices and, therefore, there is sort of time lag effect coming in. And that lag effect on the margins is what has been pushing us down both in the March quarter and the June quarter but as the prices stabilize, the profit margin will also stabilize and show the required numbers which we are working on. So that is the context in which I would like you to look at this one, that we have been prompt in passing on the prices, even sequentially our price growth has been there but importantly that correction has to continue for another quarter assuming the prices are going to stabilize at the current levels. So that is from my side.

Moderator

Participants, we will now begin the question-and-answer session. The first question is from the line of Ruchita Maheshwari from Nirmal Bang Securities, please go ahead.

Question and Answer Session

Ruchita Maheshwari

I just wanted to know why your Europe business has given more losses in this quarter compared to the last quarter and even in the last financial year?

Ganesh Ganpathy

In the Europe business, our profit for this quarter, there has been a loss of 503 lakh versus 411 lakhs for the last year. In Europe we have four businesses, one in Germany, Russia, UK and Poland. The Poland business is where we have been cutting losses year-over-year and that trend continues in that business. Actually Poland has improved during this period compared to last year. Now there are two other businesses, one is Russia and the other is Germany. There has been a slow down in the German sales operations during this quarter which has resulted in their profit, they continue to be profitable but it is lower than what it was in the previous year. The third aspect is in Russia, in Russia there has been a reduction in the profits causing the total loss figure for Europe to appear a little higher than what it was before.

Ruchita Maheshwari

Are we facing any business problem or there are no contracts you are getting or something like that? Why Europe is still in losses and in fact losses have increased compared to the last quarter?

R. Chandrasekhar

If you take Poland as a business, our losses during this quarter are substantially lower than the losses which we had in the same period last year. Now does that mean that the unit will continue to be in losses? The answer is, no. We are very close to the breakeven point, so I think it is a matter of time before the business turns around. I think what has happened in the case of Europe, as Ganesh was explaining is, in Germany our profit has fallen by almost close to 30% in this period compared to the preceding years same period. This fall in profit has happened for two reasons; one is that, overall the volumes in Germany have come down this quarter and this is also coinciding with an increase in the capacity, which has happened in the German plant. We expanded Germany in March and immediately in this quarter we are seeing some slowdown in the sales level. We have not lost any customer, so we think that this phase is mainly due to a lower business confidence which exists in that market because Europe being whatever it is and that is translating into lesser new products launches and lower sales, rather than any loss of customer for us.

Ruchita Maheshwari

Your AMESA has also reported less EBIT margins whereas like America is one of the top contributors in your consolidated revenue. So what is the reason behind that?

M. R. Ramaswamy

Volume growth is in line with our expectation, if we compare with the last year same quarter, 13% growth on volume. We also see that the revenue also has grown up. What happens is, there is a time lag in terms of price realization in the market and it has to be a very temporary for this quarter. We always have time lags and the price continuously increasing but most of the price increases are concluded. There is a very healthy business volume in July to the September quarter. So going forward this correction will take place automatically.

Ruchita Maheshwari

But as far as I know, you have taken the price increase in Q4 FY11, so if you are talking about a time lag, the impact should have been in this quarter but we have not been able to see any impact.

M. R. Ramaswamy

That is correct. We have taken a price increase on Q4, we have also taken a price increase on Q1 of this year also. The price is continuously increasing, the raw material prices have continuously increased, so we have taken another price increase. The price increase has been impacted between April to June in staggered basis. We have completed all the price increases in June. The complete impact will flow through into this quarter.

Ruchita Maheshwari

Are we able to pass on the raw material prices to the consumers or how is it?

M. R. Ramaswamy

There is no problem but it takes time to negotiate. Since we took a price increase only in the past three or four months back, going with another price increase is a challenge but 50% to 60% of our volumes are contracted which has an auto price correction after the quarter. So there will be a time lag of correction but correction automatically will happen. The remaining 40% is a question of negotiation. so it takes about anywhere between 30 days to 45 days after the price increase has actually happened. So that is the time lag you are seeing.

Ruchita Maheshwari

With whom you are negotiating are they easily absorbing the price hike which you are giving to them or are they saying you won't be able to accept that kind of increase?

M. R. Ramaswamy

Any price increase in any market is a question of negotiation, there are only up and downs but in general we are able to recover price increases. So that is why you are seeing growth in revenues compared to the volumes.

Ruchita Maheshwari

How you are seeing this raw material price increase or raw material prices going forward, say next three to six months?

M. R. Ramaswamy

There are lot of theories floating around in the market, people say for the next two quarters, since it has reached a peak, probably that it will remain for the next one quarter. A lot of capacity in Polymer is getting into the market, so probably we will see in the last quarter of this year a slowdown. But still it is a highly volatile situation, it is not easy to predict. The current condition says that this will not go any further more.

Ruchita Maheshwari

What kind of volume growth you are seeing in FY12?

M. R. Ramaswamy

FY12, we are seeing about 12% to 13% growth that we look into.

Ruchita Maheshwari

I am talking about the consolidated levels.

Ganesh Ganpathy

Yeah, the consolidated also, it is around the same number 12% to 14%.

Ruchita Maheshwari

What kind of margin you are expecting?

Ganesh Ganpathy

When we set out during the beginning of the year, we made a statement in the last call also that we will be looking at a 200 basis point improvement over the last year's margins. We still stand committed to that target and we have currently internal plans in place to work for it. So that target remains unchanged for us.

Ruchita Maheshwari

What is the CapEx for FY12?

Ganesh Ganpathy

Will be in the region of about 95 to 105 crores, still little less than the depreciation.

Ruchita Maheshwari

What is the total debt?

Ganesh Ganpathy

Total debt is around 830 crores gross debt.

R. Chandrasekhar

What kind of initiatives you are facing to turn around your company, as it was in the CY06 level?

R. Chandrasekhar

2006 levels you are asking?

Ruchita Maheshwari

Yes.

R. Chandrasekhar

I think, to answer your question you have to step back to 2007 and 2008. We had a very volatile 2008 and you saw a sharp recovery going forward and even for the financial year March 2011, we are close to around 44 crores, which I have mistaken as the PAT level. You see typically an EPS of around Rs. 3 per share and the plan in the current year is to target an EPS of around, north of Rs. 5. So that gives you a sense, the way in which we are going around to achieve that number.

Ruchita Maheshwari

How are you seeing the international business?

R. Chandrasekhar

Different markets have different trajectory. The focus is also very different for us in different markets. The focus as far as the US market is concerned which is a very large part of our business is to improve margins rather than to go for an aggressive growth. In Europe the focus mainly is on both growth as well as recovering from a loss position to a profitable position. And as far as China and India are concerned, these are the two main engines for aggressive expansions both at the revenue level and at the operating margin level. So in different markets we have a different plan.

Moderator

Thank you. The next question is from the line of Jayesh Shah from Reliance Mutual Funds, please go ahead.

Jayesh Shah

What is your plan strategy going forward for India's business? What kind of growth do you foresee in India's standalone business?

M. R. Ramaswamy

Tubing businesses will continue to have a higher trend of the double-digit growth, say about 12% to 14% is what we are expecting and there are lots of new markets, cosmetics and those conversions are also taking place. We are very active in pharma. Actually in the pharma market we have to bring around 20% to 25% year-on-year. So those are actually high margins, low volumes businesses compared to the oral care space, while we continue to have focus on, we are also looking into newer segments like cosmetics and pharma for growth. So we believe that we will continue to grow at 12% to 14% in India.

Jayesh Shah

So you foresee a 12 to 14% growth every year with the margin improvements?

R. Chandrasekhar

This year that is our forecast and next year it should also be in the same range that we will come out with that maybe in the 3rd Quarter of this year.

Jayesh Shah

What kind of CapEx do you foresee in India's business, what is the plan for the company from the CapEx point of view, from an expansion point of view?

R. Chandrasekhar

We have done a substantial expansion of about 40 crores in the last year. This year we do not foresee a huge CapEx outflow for India, maybe around 15 crores maximum in India.

Jayesh Shah

Regarding Americas business, the earlier there were some problems on the operating cost point of view, operating cost was very high in America. So what are you doing to deal with a high operating cost in the America segment?

R. Chandrasekhar

It depends upon how you look at operating cost. If you are looking operating cost as a percentage of revenue, it is more or less in line with the other markets because the selling price of fuel in that market is also much higher than the other markets. But having said that I think, in the US the problem which we primarily had is more in terms of capacity utilization. So we have on the ground the infrastructure in terms of people and machines to produce a certain volume and we were doing it fairly inefficiently. So the focus over the last one year has been to improve the efficiencies in the plants, which is what actually, if you see the segmental numbers, you will see that the American region has actually turned from a loss into a profit the last quarter.

Jayesh Shah

What is your strategy for America? When do you think America will start contributing to the bottom-line in a substantial way or you do not see any major growth from the American segment, which will remain at this level?

R. Chandrasekhar

To answer your question, there are two parts to your question, one is; you talked about growth, I presume you are talking about the top-line growth and margin expansion. As far as this year is concerned, we are convinced that the focus on America should be on margin expansion rather than top-line growth because we cannot do both at the same time, it becomes too risky. Now having said that in that region we have two businesses, one is the laminated tube business and the plastic tube business. The laminated tube business has done well compared to last year, both in terms of revenue and as well as in terms of the operating margins but the same area for us has been the plastic tube business in US, it continues to lose money. Going forward strategy for this was, we have to three things in place, one is that we have relocated the plant and merged both the plants together so that we can leverage on our operating costs. The second thing which we have done is, we have done some debottlenecking exercise from the land by shifting a few equipments here and there, so that we are able to produce more efficiently with less. The third thing is, we have managed to bag a long-term contract with a customer. This product is a high-volume product and hopefully the production of which should start from October of this year. So with that we expect the operations by and large to stabilize by the end of this year and become profitable.

Jayesh Shah

What kind of EBIT margins you are targeting from the America segment for this year end?

R. Chandrasekhar

Last year that is for the financial year ended 31st of March 2011, the year's operation which is the largest operation which we have was around 13% at the EBITDA level and this year we are targeting about 15.5% -16%.

Jayesh Shah

For the Europe segment, what is the strategy going forward because you have been facing some problems in Europe on and off for the past few quarters. So what is strategy going forward in Europe?

R. Chandrasekhar

In Europe, as Ganesh mentioned there are four businesses which we have and each one is very different. The first, let us start with Russia, Russia is fairly a small operation, so we will just continue to maintain where it is, it is no loss no profit. We do not plan to expand the business this year at least. The second operation is Germany which continues to be a very profitable operation. So there is a lot of pressure on the revenues to get new businesses and new customers because of the current economic environment in that region. The third business which we have is the UK part of the business, which is a very small business and really does not impact other than the currency fluctuation which we see because it's a pounds denominated business. The fourth we have is in Poland, in Poland we have substantially reduced the losses over the last 24 months and I think we are at a stage where we should be hopefully able to give the final push and bring it to a cash breakeven situation over the next three months because actually we are at a cash breakeven situation for the last one and half, two months but we need to stabilize it at that level before we start pushing the volumes once again. Also what we have done is to de-risk the business in Poland which is only a plastic tube business, we have also now started making laminated tubes in Poland and we have been fairly successful in quickly developing a market for those tubes. So that helps us to have a product portfolio in Poland rather than to give tubes, depending on only one segment of the business. So I think, whatever we have done, the efforts which we have put over the last 24 months in Poland has paid off and I think if we continue in the same path, in the next couple of months, we should be seeing the final turnaround of Poland.

Jayesh Shah

Breakeven in Europe will be at the EBIT level or the PAT level you are targeting in next few months?

R. Chandrasekhar

For Poland specifically the target is on cash because that is the biggest loss making business we used to have and Germany is anyway positive and EP UK is also positive at the EBTDA level, Russia is just marginally profitable because of certain currency fluctuations, so we will continue to keep that also profitable at the EBITDA level.

Jayesh Shah

My last question would be, what would be the key risk to the turnaround story in America and Europe, what would be key risk according to you for both the segments?

Ganesh Ganpathy

I think one of the key risk is our own ability to deliver internal efficiencies. It is not an external issue because we do have the customers, we do have the business. It is our own quality and service level, if we falter we run a big risk of again getting into a situation where customers are going to be unhappy and we will lose the business. So other than that we do not see any big external risk.

Jayesh Shah

In America you discussed about having a larger customer base, you still depend on one or two customers or you have a good customer base cover in America? Have you developed a customer base or you are just depending on one or two customers?

Ganesh Ganpathy

No, we have in US two parts of the business, one is, what we call as contracted business which is restricted to two customers and the other part is what we call as non-contracted business. The split between the business is roughly on a revenue term, today around 85 to 15. The 85 is the contracted volume or a contracted business and 15 is where we are non-contracted. So the non-contracted part has been steadily increasing for us. We will continue to reduce as far as possible to expand our customer base in that market.

Jayesh Shah

In the contracted business there is a risk of these customers not taking up the volumes because of the recession or because of any other problems?

Ganesh Ganpathy

Definitely, that is the part of the business risk but they are contracted business. In fact one of the reasons why you do not see a strong growth in Americas during the last quarter is because one of our contracted customers had to fall short, whatever be the reason in the market place and despite our efforts in expanding the other customers, the overall numbers did not stack up.

Moderator

Thank you. The next question is from the line of Sagraj Paria from Equatorials, please go ahead.

Sagraj Paria

I wanted to know about the specialty business in India that witnessed some downside this quarter what exactly was it, sorry I missed it?

R. Chandrasekhar

This is a flexible packaging business which is an India centric business we have. Now Ganesh was talking about referring to the quarter April to June in terms of the volume and the revenue and the fact that the volume and the revenue was lower in this quarter compared to the preceding quarter and the preceding year both. It is a very seasonal business in that sense and what is very important to note is that compared to the previous year, this year the revenue was low but the business is highly profitable. Last year revenue was higher but we were losing money. This year the revenue is lower but the business is highly profitable.

Sagraj Paria

In terms of Russia and Germany you said, the volumes were down that is why the profitability came down? What is the scene in Russia, why did that business suffer?

R. Chandrasekhar

The profitability in Russia is down more for translation losses arising out of exchange. The way the Rubel exchange and we had a lot of debt which is denominated in other foreign currencies as far as Russia is concerned, but post EBITDA level, that really pulled down our PAT. At the EBITDA level, it is positive.

Sagraj Paria

Overall this quarter, the growth was almost 8%. So how much was it was volume and value price if you can give some idea on that side? If you can give some roadmap idea on this 200 basis point improvement in EBITDA that we are looking from, where it is going to come, if you can throw some light on that would be a great help to us?

Ganesh Ganpathy

Basically, we have three businesses. In laminate tube, volume growth and the revenue growth are almost equal, say around 9.3% over last year and in the case of the plastic tube, we grew by 23% over the last year with the volume growing at 11% and the packaging business as Mr. Chandra just now explained that we had a reduction from the last year by about 5% in the revenue.

Sagraj Paria

In terms of product mix, would this remain same more or less over a YOY or sequentially basis or has there been any change?

Ganesh Ganpathy

Actually the plastic tubes were earlier at around 10%, they have gone to 11% now. As you know they are growing higher by 23% and SLT packaging has also been growing fast so they constitute about 14% because this time they have slightly declined in terms of revenue. so they used to be around 15% they have dropped to 14%. Rest is the laminated tube which continues to be at the same position of 75%.

Sagraj Paria

Lastly the question I asked about the margin side, if you can give some idea about how company plans to expand its margin by 200 basis points?

R. Chandrasekhar

There are three or four components to this strategy of margin expansion. On the first level there are two low hanging fruits where we see an opportunity and we are working on it. The first is US, we are committed to increase it to about 15.5% to 16%, which I mentioned to you from 13%. And if the numbers of the 1st Quarter are any indication, we seem to be almost there. That is basically the first part of the game plan. The second part of the game plan is Poland. The fact that today in Poland, we did have a couple of months that we had a positive EBITDA and a couple of months, we were just at a zero stage compared to the last year. So in that any turnaround which happens in Poland will significantly add to the EBITDA. That is the second focus area which we have for us. And the third area was that we need to somehow or the other be much faster in passing on raw material escalations or getting a price adjustment for the raw material escalations which are happening. Because as we mentioned during the beginning of this call, one of the challenges which we are facing is that the raw materials have been continually moving in a one-way, so we always seem to have this lag effect. And the more smarter we are in keeping this lag effect as short as possible, the more quicker we are in getting a price increase, we will be able to naturally expand the margins given the fact that our volumes are definitely growing by 12% to 14%.

Pritesh

I had a question, just to clarify the laminated tube volume growth for the quarter was 8%

R. Chandrasekhar

9.3% I said.

Pritesh Chheda

And plastic tube was 11%.

R. Chandrasekhar

12.2%.

Pritesh Chheda

So that means we did not have any price led growth in the quarter?

Ganesh Ganpathy

In the case of plastic tubes our revenue growth was 23%, there was a price adjustment there.

Pritesh Chheda

But the overall top-line overall growth in the quarter is 8.4% and our laminated tubes grew 9%, plastic tubes grew by 22% and the PIPL declined by 5%. So that comes up to 8.4%.

Ganesh Ganpathy

You are right.

Pritesh Chheda

Secondly, somewhere in the call America margin was discussed at about 14%.

R. Chandrasekhar

Last year about 13% odd.

Pritesh Chheda

This is US alone. Because in the segmental if you see America, has got an inbuilt profit which is about hardly any number, so you make loss in Mexico and you make money in US, that is how is it?

R. Chandrasekhar

No, sir. We make money in the US laminated tube, Mexico and Colombia. We lose money in the plastic tube business in America which is a big drag down for us.

Pritesh Chheda

When you say margin improvement you are looking at margin improvements in the.....

R. Chandrasekhar

Laminated tube part of the business. Plastic Tube, the story is that with the new contract which we have, which will go in place, we hope to get to a zero situation because that itself will add to the margin.

Pritesh Chheda

How much money do you lose in the plastic tube business?

R. Chandrasekhar

Overall for the financial year April to the March, we must have lost close to about \$3 million.

Pritesh Chheda

In the plastic tubes alone?

R. Chandrasekhar

Yes.

Pritesh Chheda

When do you think you can do a breakeven here?

R. Chandrasekhar

By December of this year.

Pritesh Chheda

So that means that 12 crores odd will flow down to you EBIT?

R. Chandrasekhar

Yes. What will happen is Pritesh, that the first part which will go in stream somewhere from October to December will be actually reduction in the losses. And by the end of this calendar year, hopefully you will see from January profits stacking. So, for the financial year 2011-2012, the entire \$3 million does not get reversed.

Pritesh Chheda

Lastly just wanted to understand in your initial comments, there were certain one offs you said in the specialty laminated and PIPL business in the quarter and one-offs was in the form of revenue or volume decline or something else?

R. Chandrasekhar

No, what Ganesh was referring to you was that during the period January to March, we got a price adjustment for the preceding period. So to that extent, there were one-off price increases which we got to compensate for us for the losses which he had in the proceeding period, that is before January 2011. Now what has happened is that, the numbers for the period for April to June and if you were to compare it with the previous quarter, when I am saying previous quarter, it is January to March, they do not become comparable because of one-off compensation which we received during the proceeding period, that is what Ganesh was telling.

Pritesh Chheda

That is on sequential basis?

R. Chandrasekhar

That is on sequential basis, he was referring. On a previous year basis, previous year the business was at a loss, this year it is at a profit.

Pritesh Chheda

So the reference is to one-off in the previous quarter which was not there now and the previous quarter number was higher and this time it is lower.

R. Chandrasekhar

That's right. So sequentially Pritesh, the volumes has grown by 8% in this business. So only one-off price adjustments relating to the past period, that is appearing as a denominator and so the sales appeared to be declining sequentially.

Pritesh Chheda

For the PIPL and henceforth the...

R. Chandrasekhar

So like tubing is also under growth track, there is no issue there.

Pritesh Chheda

So in laminated tubes we have not taken any price increase despite a 40 to 50 basis points reduction in the growth margin?

R. Chandrasekhar

As I said that price increases have been taken in some places. In some places they are still under review and completion. And also in some cases, there will be advantages in the cost because we are looking at a global number, when the currency has appreciated for example, it may not be necessary. So, on an overall basis you are looking at this number. The main impact is coming this time actually from India as we have highlighted in our note to you because that is where the complete revenue is under process now. So once that is through, we should be able to see the improvement in the price realization and therefore the market.

Pritesh Chheda

Okay.

Moderator

Currently there are no questions Mr. Chheda. As there are no further questions I would now like to hand the floor over to Mr. Pritesh Chheda for closing comments.

Pritesh Chheda

I thank the participants for attending the call and I thank the management of Essel Propack for giving us the opportunity to host this call. Over to you Mr. Chandrasekhar if there are any closing remarks.

R. Chandrasekhar

Thank you Pritesh and my thanks to Emkay and all of you for attending this call. As I spelt out in the beginning of our conversation for today, that we stand committed to whatever we have said in the beginning of the year, that we will be working for a revenue growth of around 12% to 14% and at the same time focusing on expanding the margins by 200 basis points for the year. The peak period for us has started with July and hopefully you will see the numbers stacking up as far as the July to September quarter is concerned. So thank you very much once again.

Moderator

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

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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.

Paragon Center, H -13 -16, 1st Floor, Pandurang Budhkar Marg, Worli, Mumbai – 400 013. Tel No. 6612 1212. Fax: 6624 2410

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