Ester Industries Limited
Q1 FY19 Earnings Conference Call
August 16, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Ester Industries Limited Q1 FY'19 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you and over to you, sir.

Gavin Desa: Thank you. Good day everyone and a warm welcome to Ester Industries Q1 FY'19 analyst and investor call. We have with us today Mr. Arvind Singhania –Chairman and Mr. Pradeep Kumar Rustagi -- Chief Financial Officer.

We will begin this conference call with opening remarks from the management following which we will have the floor open for an interactive Q&A session.

Before we begin, I would like to point out at some statements made in today's discussion maybe forward-looking in nature and a note to that effect was stated in the Concall Invite sent to you earlier. We trust you have had a chance to go through the financial presentation sent to you earlier. I would now like to hand over to Mr. Singhania to make his opening remarks. Over to you.

Arvind Singhania: Thank you, Gavin. Good afternoon, everyone and welcome to Ester Industries Q1 FY19 earnings conference call. I will discuss the key operating highlights, post which Pradeep will run you through our key financial highlights for the period.

We have started the new fiscal on a positive note, driven by improved performance across all our businesses. Improved performance of the films business, the dominant of all the three, drove bulk of the overall revenue and profitability growth for the quarter. Films business continues to benefit from the overall supportive macros following the attainment of demand/supply parity. Realizations continue to remain firm which in addition to the steady demand has been driving revenue growth at a steady clip. Further, our attempts towards improving the product mix by focusing on value-added products are helping us maintain the revenue momentum. We are also witnessing improvement in the margin profile of the business which is aiding the overall profitability. As mentioned in our previous calls, we are working towards increasing the share of value-added products in the overall mix.

Moving to the Specialty Polymer business: We saw steady improvement in performance. Some of the volumes we penciled in for the year have been pushed back. Given the customers appreciation and acceptance for the products, we are hopeful that offtake would resume in the near future. This business, as you know, is largely innovation-driven and mandate certain degree of patience. It is yet to reach a scale wherein we would be comfortable and confident in terms of providing quarterly guidance in terms of volumes. We are developing innovative products which involve large degree of back and forth, tweaking our products mid-way to meet the clients' requirements before seeing the final go-ahead. Some of our marquee products have been well received by customers and we are optimistic about ramping up the production soon. Margin profile of such products and this business in general is extremely rewarding compared to the other two businesses. We remain confident that the overall business and profitability profile of this business will undergo massive transformation once the Specialty Polymer business performance close to its potential.

As far as Engineering Plastics is concerned, the quarter continue to see a steady performance with revenue growth of 4%. Our strategy for the Engineering Plastics business is on similar line to our films business wherein focus is towards improving the share of value-added products in the overall mix.

Lastly, in addition to the above, we are also undertaking stringent cost rationalization exercise in an attempt to eliminate unproductive expenses. We are hopeful the exercise will help contribute positivity to the business overall profitability going forward.

With that, I hand over the floor to Pradeep who will run through the financial performance. Thank you.

Pradeep K Rustagi: Good afternoon, everyone and thank you for taking the time out for our call. I trust that all of you have received the investor document circulated by us earlier.

Let me quickly summarize the key financial highlights for the quarter, following which we can begin the Q&A Session. Starting with the top line, our revenues for the quarter stood at Rs.227 crore as against Rs.205 crore, higher by 11%, driven largely by strong performance of Films business. EBITDA for the quarter stood at Rs.27 crore as against Rs.16 crore generated during Q1 FY18, higher by 69%. Higher revenue growth coupled with focus on cost helped in delivering higher margin. Finance cost for the quarter remained steady at Rs.8 crore. Our total interest-bearing debt as of June '18 stood at Rs.290 crore resulting in debt-EBITDA multiple of 2.71x. We are working on ways towards lowering the debt and are targeting lower level by 2020. Depreciation for the quarter stood at Rs.8 crore. Profit after tax for the quarter stood at Rs.7 crore as against loss of Rs.13 lakhs reported during Q1 FY'18.

Moving on to segment wise performance: Films business continues to perform well, aided by steady demand and realizations. The business fundamentals have changed for the better, following the demand/supply parity and should help us in maintaining the momentum in near-term as well. Further, our attempt towards improving the product mix by increasing the share of value-added products should aid profitability and revenue growth especially Polymer business had a steady performance in revenue and EBIT of Rs.8 crore and Rs. 1 crore respectively. The business is picking up gradually and a pace slower than anticipated but we are hopeful that business will start performing close to its potential in near future.

Engineering Plastics business reported yet another steady quarter with remaining growth of 4%. Our strategy for the business as mentioned by Mr. Singhania earlier is similar to Films business wherein our efforts are directed towards increasing the share of value-added products.

To conclude, I would just like to state that improving fundamentals of the individual business bodes well for the future. We believe we are well placed to deliver steady performance going forward.

That concludes my opening remarks. We would be happy to answer your questions now.

Moderator: Thank you. We will take the first question from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Firstly, what has aided to this very good set of numbers especially in the Polyester Chips and Films segment – is it the price rise we have seen or the lower inventory we had earlier, how should one read into these numbers and the continuity of the same for the Polyester Chips and Films segment?

Arvind Singhania: Largely, these numbers are rising because of demand/supply parity in the Polyester Films business. Till last year, there was an overcapacity which were putting pressure on the margins. Polyester Films is experiencing very strong growth in demand at about 12%-14% per annum. No new capacities have come in, in the last year and a half or so and only one new line is expected by middle of next year. With about 12%-14% demand growth we expect the supply/demand parity to be maintained in the next few years and therefore this is what is largely aided in the prices and the margins for firming up. That is the main reason one can say for the improvement in the Polyester Films business. Apart from that, we have been working on converting more and more of our commodity business through value-added products. This has been the second aspect which has aided in the improvement.

Saket Kapoor: If we come to the Polyester Chips and Films segment altogether, there has been value addition also with this segment also?

Arvind Singhania: Yes, we have value-added product portfolio within the Polyester Films segment.

Saket Kapoor: If you give the mix sir, how much value addition out of the total turnover?

Arvind Singhania: It is about 20%-22% right now and our target is to take it up to about 35% by FY'20.

Saket Kapoor: Is it mainly catering to the Textiles industry as a whole or other….?

Arvind Singhania: No, it is largely packaging.

Saket Kapoor: Largest share is towards the packaging industry?

Arvind Singhania: Polyester Films is all almost packaging, that is a small bit that goes for textiles but largely it is all flexible packaging.

Saket Kapoor: This one-time plastic ban part also, does it provide any sort of comfort or attraction to our segment to the packaging industry as the ban on single use plastic come into force?

Arvind Singhania: The ban on the plastic is basically towards the one-time use plastics. That is where the authorities are focusing, for example, plastic straws, plastic cutlery, plastic trays, plastic spoon, plastic glasses, etc., Plastic used for packaging comes under the manufacturing process which is exempted from this. So we are not hit by this plastic ban.

Saket Kapoor: The main growth is led by fast moving consumer goods?

Arvind Singhania: Absolutely, if you want to know our growth, follow the growth of FMCG.

Saket Kapoor: How has the raw material basket played out for this quarter and what is the outlook going forward?

Arvind Singhania: Raw materials have strengthened over the last couple of quarters and prices have gone up because of crude going up and also because of demand/supply change in the paraxylene areas. But despite the prices having gone up, our margins have improved. So that means we were able to push through the increased raw material prices plus an additional margin improvement was also there. Largely, in our business, raw material pricing has very little effect on the margin. It is a complete pass-through. Basically, the margins are decided upon the demand/supply situation of Polyester Films.

Saket Kapoor: The major constituent I think will be MEG also in the raw material basket?

Arvind Singhania: MEG , PET are the two constituents.

Saket Kapoor: How have the MEG prices doing sir for March to June quarter?

Pradeep K Rustagi: If you look at the PET MEG per kg of chip /Films, it was about Rs.74 in March '18, now it is about Rs.78, 79 in June '18 quarter, since then there has been increase, currently it is Rs.83. Average PET price for June quarter was Rs.61.

Saket Kapoor: If we take particularly MEG prices sir, how have they moved over the quarter?

Pradeep K Rustagi: It has increased as much as PET has increased during the quarter.

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Saket Kapoor: Just for the investor continuity, is the business environment conducive enough for us for to post this kind of numbers going forward also barring unforeseen circumstances?

Arvind Singhania: Barring unforeseen circumstances, we would expect the rest of the year to be as good or better as far as Polyester Films business is concerned for sure.

Saket Kapoor: We are running 100% for the Polyester Films segment?

Arvind Singhania: Practically speaking, yes.

Saket Kapoor: For the Specialty Chemicals part, the pick-up is taking far too long, when are we going to see the results on ground sir… when the conversion will happen sir, that is the point?

Arvind Singhania: I can understand your frustration and you can imagine our frustration because we have been working on this for very long time and it always seems that it hit off but something or the other happens and it gets pushed back a little bit, but I do not think the wait is going to be too long anymore because we are not only a one product company in Specialty Polymer, we have a lot of products in the pipeline and we are very hopeful that within the next very short period of time we should start seeing some results.

Saket Kapoor: We did have a contract with one of the leading Global carpet manufacturer a That has remained valid or that has been nullified, I missed the point. Did some agreement with that with Berkshire happened?

Arvind Singhania: I won't talk client specific. There were some volume indication given in the beginning of the year. But that has been pushed back a little bit for some reasons which we are not entirely sure what the reasons are, certainly not quality but there is a little bit of pushback on the timing. So, it is a little bit open ended at this stage. But despite that we are working on many other products, specifically two products where we are very hopeful of concluding some good business for one product in the next few weeks and the other product in the next three, four months.

Saket Kapoor: This is pertaining to that specific client or other clients as well?

Arvind Singhania: Other cleint.

Saket Kapoor: The contract with them, is this pending enough or there is no traction on that? There was some noise about it sir earlier.

Arvind Singhania: The volume offtake has been pushed back like I said. The volume of MBO-3 which we were expecting to do this year is pushed back, so we have not really had any large volume that we were expecting on MBO-3. We are waiting and there will be more clarity over the next three, four months.

Saket Kapoor: What is the application of the MBO3? Where is it applied?

Arvind Singhania: For stain resistance to nylon carpets.

Moderator: Thank you. We will take the next question from the line of Aman Sonthalia from AK Securities. Please go ahead.

Aman Sonthalia: What was the average spread in the normal profit in Q1 and what is right now?

Pradeep K Rustagi: In June quarter, the non-metalized films, the value additions over the selling price and raw material difference was about Rs.45 in June quarter as compared to Rs.41 in March '18 quarter.

Aman Sonthalia: What is it right now?

Arvind Singhania: In the same region of about Rs.45-46.

Aman Sonthalia: Going forward, it is going to be better?

Arvind Singhania: We hope it will be better. Actually, it would have been better right now, but we got hit very badly by this 10-days huge transporter strike and then we have this kanwariya problem in North India. Basically, July was a bit of disappointment because of these issues. But we are seeing demand pick up. Diwali season has started for us.

Moderator: Thank you. We will take the next question from the line of Santosh Pajare, he is an individual investor. Please go ahead.

Santosh Pajare: My question is regarding the Specialty Polymer. Last quarter we had guidance, of Specialty Polymer doing a turnover of close to Rs.120 crore for the year, so approximately it should be Rs.20-25 crore in a quarter, but the Specialty Polymer business has done only Rs.8 crore this quarter. Any root cause for this or any analysis for this?

Arvind Singhania: Like I said earlier, some of the volume that we had penciled in for this financial have got pushed back. So that is the reason why we have not been able to do that volume.

Santosh Pajare: It has been pushed back or it has been like canceled?

Arvind Singhania: No, it would not say it is completely canceled, it is a push back. Again like I said, it is not because of any quality reasons for sure, because the other customers have product and the product is moving well, the small volumes with the other customers. So it was not because of quality or anything, it was the internal decision to push it back and we will wait and see what happens in the next few months from the larger customers.

Santosh Pajare: There are like different approved patented polymers also. So are we in talks with different other customers for long-term agreements kind of stuff?

Arvind Singhania: Yes, like I mentioned earlier, we are not a single product company in Specialty Polymer, we have got a big strong pipeline of products and we have some very strong products which are under discussions which we hope to close very soon in fact and there will be good margin, good volume product.

Santosh Pajare: The tonnage factor would be the same as the earlier agreement or it should be lower?

Arvind Singhania: No, tonnage will be higher.

Santosh Pajare: More than 2,500 tons?

Arvind Singhania: Yes.

Moderator: Thank you. We will take the next question from the line of Mitul Mehta from Lucky Investment Managers. Please go ahead.

Mitul Mehta: Sir, my question is pertaining to this particular contract which was announced by you about this particular like to the customer. Now, when you enter into certain contracts, there are certain fixed supplies which we have to deliver to the customers based on certain timeline. Now, when you say that I have pushed the volume, internally we are not pushing the polymer with the customer, but does that mean there are certain liabilities or penalties in the contract which is we have to …?

Arvind Singhania: It was not a formally signed contract, it was a forecast given by the customers according to which we have to supply and we had already started supplying, in early January I said we have already started supplying materials based on the forecast. But for some reasons they have decided to hold back for some time, I do not know why.

Mitul Mehta: How big was this particular quarter for us in terms of tonnage?

Arvind Singhania: Annualized it was supposed to be in the region of about 2,000-2,500 tons, so about $12, 13 million a year.

Mitul Mehta: Is it a multi-year contract or how is it?

Arvind Singhania: It was not a signed contract, it was a forecast given by them.

Mitul Mehta: Was it for one particular product?

Arvind Singhania: Yes, one particular product.

Mitul Mehta: Let us assume that you seem to have pushed it back and do not want to pursue with this particular supplies, so what is the roadmap going ahead let us say over two years, is the guidance given by you earlier, do you still stand by the guidance or you think it take some more time and maybe kind of unfold over next two, three years?

Arvind Singhania: First of all, we have not pushed back the supply, the customer has pushed back the supply. We do not know when but it may come back because the other customers continue to buy volume, in fact, now indicating increasing volumes slowly. This was a big one. They were very keen, they started taking supplies but for some reasons they said we want to push it back, we want to hold it for some time, so it may not happen. But as far as the turnover that was given to you was based on contract, volume were done with this particular customer which is not going to happen in this year at least not bulk of it, therefore the guidance as far as the Specialty polymer business is concerned, coming out of this business is going to be much lower. But as far as the Specialty Polymer business is concerned, we are still extremely positive about it because we have other products in the pipeline which have been undergoing trials and tests for the last two years, concluding some very good at least two contracts in the next, one in the next few weeks and one in the next few months which will start delivering very good business into the Specialty Polymer area.

Mitul Mehta: Also, for the similar stain remover product or these are different polymers?

Arvind Singhania: No, very different.

Mitul Mehta: So whatever you signed, will they kind of recoup whatever loss you had from the first customer?

Arvind Singhania: Yes, individually they are capable of recouping the kind of bottom line we were expecting from this particular last customer.

Mitul Mehta: Coming to your other segment, what is the outlook there and how do you see that panning out over next 12-18-months?

Arvind Singhania: Like I said, Polyester Films business is doing well. We have reached the demand/supply parity. I think it will be very good business for the next couple of years because no new capacity is expected except for one line coming up in the middle of next year.

Mitul Mehta: What sort of volume growth can we envisage there?

Arvind Singhania: Domestic demand is growing at about 12-14% per annum in Polyester Films. Local demand is about 420,000 tons per year currently.

Pradeep K Rustagi: Balance we export the Indian manufactures.

Arvind Singhania: This demand is expected to grow at about 12%. So we are talking about 50,000 tons per year growth in demand in Polyester Films.

Pradeep K Rustagi: That is the growth the FMCG sector has reported in. As you know read in the newspapers, Hindustan Lever, Dabur, etc., they are showing volume growth of about 12%.

Arvind Singhania: If you want to know the growth and demand for Polyester Films, look at the FMCG numbers, you will have our growth.

Mitul Mehta: What sort of volume growth are we estimating, we will grow as per the industry or we will grow higher?

Arvind Singhania: We are limited by capacity today. We are running at flat out, we do not have any more capacity available. Now if you want to increase, you have to put in a new line, we will take a decision on the new line in the next 12-18-months.

Mitul Mehta: How much investment would go into that line?

Arvind Singhania: About Rs.250-300 crore.

Mitul Mehta: How do you plan to fund this?

Arvind Singhania: No decision has been taken as yet. We will see how we are going to do it. Rest assured on one thing that it will not be overdebted funding.

Pradeep K Rustagi: Internal accrual.

Mitul Mehta: At some point in time we will have to come to the market?

Arvind Singhania: When we take a decision, at that point in time we will see what kind of funding is required and how to do it. I am giving you one very clear cut indication that it will not be a pure debt-funded thing so that we will not allow Ester to be caught in a debt trap.

Mitul Mehta: Actually, what I am trying to understand is your Specialty Polymers, Engineering Plastics business hardly throw cash at this juncture, maybe one or two years down the line we have some profits there but your main business which is the Polyester Films business that itself is not very-very profitable of that size to fund this kind of CAPEX, so I am kind of assuming that at some point in time you will come to the market for raising equity.

Arvind Singhania: Assumption making is your call, I cannot comment on that and if necessary we will of course have to come to the market. But what I am trying to say is that we will do a prudent mix of internal accrual, Equity and debt.

Pradeep K Rustagi: Our repayment obligation will reduce from April '19 onwards. So whatever profits we make, more portion of that will go for the repayments, cash profit that we have been generating in the company.

Arvind Singhania: This year we have repayment obligation of Rs.44 crore which we will meet completely, there is no doubt about it and from next year onwards our repayment liability is about Rs.22 crore a year only.

Pradeep K Rustagi: So the EBITDA would be used only for repayment of Rs.22 and interest payment, balance all these will retain in the company which will improve the cash flow and the kitty.

Mitul Mehta: How much total capital employed is there in the Specialty Polymer business?

Pradeep K Rustagi: Specialty Polymer capital employed is about Rs.60 crore.

Mitul Mehta: Engineering Plastics business?

Pradeep K Rustagi: It is about close to Rs.100-110 crore.

Mitul Mehta: This includes working capital also?

Arvind Singhania: Total capital employed.

Mitul Mehta: So, 110 plus 60 in the Specialty Polymer?

Arvind Singhania: Correct.

Moderator: Thank you. We will take the next question from the line of Nishit Kishore from Tashi Securities. Please go ahead.

Nishit Kishore: As you mentioned in the Q3 concall that revenue from Specialty Polymer business going to be around Rs.100-120 crore but now we are seeing in Q1 that there is no major spurt in the revenue from Specialty Polymer business. I want to know what is going to be the revenue driver for this FY'19 for Ester?

Arvind Singhania: It would not be Rs.100-120 crore in Specialty Polymer business in FY'19, because we got the pushback from this large customer, so it will be lower, all depends on exactly how much volume we can expect to get from them which we will come to know in the next three to four months.

Nishit Kishore: So you are just banking on just Films business?

Arvind Singhania: Films business is very large and is the largest portion in our portfolio. So certainly Films business is going to contribute a lot in this financial year but next financial year onwards I am sure that Specialty Polymers, with the work that is going on currently as I have already mentioned we are very hopeful that we will see some major improvements in Specialty Polymer.

Nishit Kishore: Sir, as you mentioned earlier that Specialty Polymer business is very high margin business and margins in Films business is little bit low as compared to the Specialty business and Engineering Plastics business. Can you throw some light on how much margin you are going to generate in this FY'19 from Films business?

Arvind Singhania: Films business we do a volume of about 55,000-56,000 tons and then we have some Chips sales also. So margins have improved over last year as you can see from the results, June quarter last year we had a loss.

Pradeep K Rustagi: June ’18 the EBIT margin for Polyester Chips and Films…because that is looked at as one segment, is about 15% EBIT margin on segmental basis. So this is likely to improve in the next following quarters.

Nishit Kishore: Do we see them increasing even more?

Arvind Singhania: We do not know, it depends entirely because it also depends on global demand/supply but we definitely expect it to improve over the current margin that we are experiencing.

Nishit Kishore: Last question is as rupee is depreciating. How is it going to impact the industry?

Arvind Singhania: Positively. We are exporters we export almost 25, 30% of our Films production, it is not going to be negative to us under any circumstances.

Moderator: We seem to have lost the line of participant, so we move to the next question. The next question is from Aman Sonthalia from AK Securities. Please go ahead.

Aman Sonthalia: My question is how profitability is it to set up new Polyester Film line?

Arvind Singhania: The demand in India is going very strongly at about 12% to 14 % per annum, capacities will have to be set up to meet its demand, and at the end of the day, demand/supply decides the profitability of any business, whether it is Polyester Film or anything else. It is cyclical to certain extent because of bunching up of capacities, but definitely overall in the long run it is a profitable business.

Aman Sonthalia: How is the international scenario, whether there is new capacity that are coming up in the international markets?

Arvind Singhania: Not very large capacities, only one line is expected in the middle of next year in India and we do not know very large capacity expansions in the International markets because China was the only country which is growing very fast in terms of capacity creation, but they have stopped completely, there is no capacity expansion coming up in China.

Aman Sonthalia: Right now, the International price is lower or the domestic price is higher, where the price is lower or higher?

Arvind Singhania: Please understand one thing that in a global world without any boundaries, domestic and International prices find its own balance, finds its own level, so we have to maintain a pricing at import price plus import duty and that is a profitable price today.

Moderator: Thank you. The next question is from Kranthi Bathini from Wealth Mills Securities. Please go ahead.

Kranthi Bathini: I want to know about what the prices of crude-will have impact on your company?

Arvind Singhania: The prices of crude the impact is related to raw materials because we are a petrochemical based raw material company and like I said for us it is a pass-through, so if there any movement in raw material, it passes through.

Kranthi Bathini: That means we are going to pass on to the customer?

Arvind Singhania: Yes, our raw materials are passed through to the customer.

Kranthi Bathini: On the 29th January you announced that Ester Industries have entered agreement with one of the leading global carpet manufacturer, it is long-term agreement what the press release mentioned and the total size of the order was 900 million. So what is the progress exactly, can you give some clarity on this?

Arvind Singhania: I have already mentioned this in the previous questions that it was fundamentally a forecast given by the customer and indicating that they will take about 2,000 to 2,500 tons, they started picking up some volumes in January and February, but after that they have pushed it back, so we are not clear as to …

Kranti Bathini: Till date how many tons you exported to them?

Arvind Singhania: Only March quarter we exported to them.

Kranthi Bathini: How much percentage of the total order you have supplied to them?

Arvind Singhania: No, please understand one thing, again I am saying that it was a forecast given by them**,** we started execution of volume against that forecast, they bought in the March quarter, post which they have not bought any volume.

Kranthi Bathini: What will be the revenue impact because forecast was this order is going to have significant impact on your earnings over a period of time, so due to the loss of order?

Arvind Singhania: I have already mentioned that we will not be able to touch the desired volume that we had said that we will be able to do… we will not be able to meet the target of Rs.100, 120 crore in Specialty Polymer business this year.

Moderator: Next we have a follow up question from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Sir, for the Polyester Films segment, what is our name plate capacity?

Arvind Singhania: About 60,000 tons is name plate, we do about 56,000 tons.

Saket Kapoor: The market share?

Arvind Singhania: 9% to 10%.

Saket Kapoor: Who is the largest share in the segment?

Arvind Singhania: It is Jindal Poly.

Saket Kapoor: They are commanding a market share of…?

Arvind Singhania: About 15%.

Saket Kapoor: Then the market is scattered, no player accounts for more than 15%.

Pradeep K Rustagi: There are 12 players, largest would be about 15% to 16%.

Saket Kapoor: In the listed space we have two -- only Jindal Poly and Ester?

Arvind Singhania: No, we have Polyplex, we have SRF, Uflex, Garware, so five players are there.

Saket Kapoor: And the one who is coming up with a new capacity and what is the size?

Arvind Singhania: Jindal poly, about 36,000 tons.

Saket Kapoor: Ours is 56,000?

Arvind Singhania: Yes.

Saket Kapoor: By middle of next year '19?

Arvind Singhania: Yes.

Saket Kapoor: What is the debt on our book sir as on June?

Pradeep K Rustagi: Interest bearing debt is about Rs.290 crore as on 30th June.

Saket Kapoor: And could we split up in to the term loans and working capital requirement?

Pradeep K Rustagi: Term loan is about Rs.105 crore, balance is working capital debt.

Saket Kapoor: What is the average cost of funding interest we have to pay?

Pradeep K Rustagi: 10.5% to 11%.

Saket Kapoor: So could we split for that for the working capital and the term loan also, how much is the term loan?

Pradeep K Rustagi: Working capital is marginally let us say 10.5% and term loan is about 11.5% because term loan is rupee-denominated loans.

Saket Kapoor: Where are our plants for the Polyester?

Arvind Singhania: Uttarakhand

Pradeep K Rustagi: Name of the place is Khatima.

Saket Kapoor: When is the AGM schedule?

Arvind Singhania: 24th September.

Saket Kapoor: Any further details of plant visit and all can be facilitated by the company if investors and analysts want to visit, just to understand the process and to have an idea of what kind of facilities we are having, so are we entertaining people…?

Arvind Singhania: If any shareholder wants to visit, we are open to welcome them.

Moderator: Next we have a follow up question from the line of Mitul Mehta from Lucky Investments. Please go ahead.

Mitul Mehta: What is the working capital in the Polyester Films business?

Arvind Singhania: About 3-3.5-months cycle.

Mitul Mehta: For Specialty Polymer?

Arvind Singhania: Specialty Polymer quarter-to-quarter it changes depending on the volumes, so for exports it could be about 45 to 60-days, for domestic only inventory is there because all the sales is on advance payment basis. It is netted in Engineering Plastics business, where we had a cycle of about five months. The company in totality the current asset cycle is about 4.25-months.

Moderator: Thank you. That was the last question in queue. I would now like to hand the conference back to the management for closing comments.

Arvind Singhania: Thank you very much and we look forward to talking with you again after the next quarter results. Thank you for joining us.