

Operator

Ladies and gentlemen, good day and welcome to the Agro Tech Foods Q1 FY14 Results Conference Call hosted by Anand Rathi Shares and Stock Brokers. 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Aniruddha Joshi. Thank you. And over to you Mr. Joshi.

Aniruddha Joshi, Analyst

Thanks, Mallika. On behalf of Anand Rathi Research, we welcome you to the first quarter FY14 results conference call of Agro Tech Foods Limited, an associate of ConAgra. We have with us senior management of the company, Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia CFO and Head of IS & Legal. Now, I handover to Mr. Sachin Gopal for his comments on the quarterly performance. Thanks, and over to you, sir.

Sachin Gopal, President, Chief Executive Officer

Okay. Thank you very much, Aniruddha and good afternoon everybody. Thank you for taking the time to be with us today. As usual, we'll walk you through the P&L and a summary of the results. And after that, if there is any questions, we'll be happy to answer them.

Okay. So, from a top-line perspective, as you would have seen, our top-line grew by about 8%, up from about 170 odd crores to about 183 odd crores, right. We -- breakup of this is as follows. On the Sundrop brand, we had a net sales growth of about 4%, so the net sales index on Sundrop is about 104. On the ACT II business, we had a net sales index of about 129, so that represents about 29% growth. And on the Crystal business, we had a net sales index of about 110, so that represents a growth of about 10% in net sales. And overall therefore, the total business grew by about 8%.

In terms of volume growth, broadly speaking, this was consistent with prior quarters. Sundrop, remained flattish. If you recall, we've always define flat as anywhere between 98 to 104 index, so it ended up at about 99 index versus prior year. You can assume that, broadly speaking, ACT II, up 30 odd points of net sales growth that we saw, about half came from volume and about half came from pricing, right. And on the Crystal business, we would have seen a volume growth of about 5% odd. That's consistent, because that means both Sundrop and Crystal saw a difference between value growth in sales and volume growth of sale of about 5 times, right.

So overall, a steady performance and in line with prior year and prior quarters. We should go into the expense level. Basically, we saw about 11% to 12% odd growth in employee benefits expenses. That's consistent with the kind of wage increases that we saw over the period of time. We saw some amount of depreciation increase, right. This relates largely at this point in time to some IT expenses. As you are aware, we've been rolling out a distributor computerization program. That has -- that program has been largely finished with more than 75% of our business now coming through automation, automated distributors. So that's capitalized and you can see the depreciation impact of that coming in.

In advertising and promotion, it was roughly in line, broadly speaking, about 10 crores versus 11 crores prior year and other expenses were up. This largely relates to expenses in the selling organization in terms of feet on the street, in terms of merchandises and sales (inaudible). So, that explains the expense lines in the P&L.

Overall, as you can see, we had a profit before tax growth of about 13%, right. And profit after tax growth of about 16%. Now, the difference between the PBT growth of 13 and the PAT growth of 16 is explained both by the R&D benefit that we were getting on the R&D expenses in prior quarters, but as well, this quarter, we also made some amount of profit under -- at the Kashipur plant. And therefore, received some benefit of Section LTIC [ph], right.

And as a consequence, therefore the PAT growth of 16% is about 3 BP higher, about 300 basis points higher than the PBT growth of 13%. I think, other than that, there is not a lot more Aniruddha for us to comment on. So, if there is any questions, we will be happy to provide the answers. So, over to you.

Questions And Answers

Operator

Thank you very much. Participants, we will now begin the question-and-answer session.

First question is from the line of Prakash Kapadia from ialpha Enterprises. Please go ahead.

Prakash Kapadia, Analyst

Congrats on the good EBITDA growth. Thanks for taking my question. Sachin, three questions broadly. Hello?

Sachin Gopal, President, Chief Executive Officer

Yeah. Go ahead, Prakash.

Prakash Kapadia, Analyst

Effective price changes in ACT II popcorn, if you can, let us know, because what we've seen recently is the free grammage has stopped in the larger SKUs and there has been some grammage reduction. So, is it more like a 20%, 25% price increase in ACT II? That was my first question.

Secondly, on the peanut butter. When do we see that plant stabilizing and smaller SKUs hitting the market in India?

And, thirdly on the edible oil portfolio. If I look at retail prices, we've take marginal increase on the Sundrop Heart portfolio very recently. So, what gives us confidence, because the leader is not taking price increases. So, if you could, share some thoughts on this please.

Sachin Gopal, President, Chief Executive Officer

Sure. So, Prakash, thank you, all valid points. First of all, in terms of effective price changes, these take two thoughts. Normally what happens is on cash-linked sensitive SKUs like INR5 and INR10, you will invariably resort to the route of grammage reduction, right? Because, you don't want to vacate that price point. However, once you go north of INR10 and you go to INR15, INR20, INR25, then you kind of over the hump, if you will, right?

So, that's the strategy that we also follow on popcorn. On SKUs which are north of INR15, INR20, there we will continue -- we've taken and we will continue to take price increases and not necessarily reduce grammage. However, on SKUs which are 10 and 5, the route will be different. Net-net, as I said, you can assume that of the 30 odd points of growth that we've seen this quarter, about half has come from volume and about half has come from price.

Prakash Kapadia, Analyst

It should be around 15% odd?

Sachin Gopal, President, Chief Executive Officer

Yeah. The second point regarding peanut butter, I think you know we are very, very close now. And we'll be doing qualification runs in the next, I would say, probably 10 to 15 days. So, you can assume that we will see smaller SKUs, which include the 100-gram, the 200-gram and the sachet pack. I think you can assume that in the OND quarter, in the October to December quarter, we should start to see the rollout of those SKUs.

And last is on the edible oils portfolio, I think, we always believed that we need to have brands and pricing power. So, you are unlikely to see us discounting our business, right, for the sake of volume. And we will continue to follow that strategy. At this point in time, there is nothing for us to believe that, as far as our company's believes are concerned, I cannot comment on our competitors, but as far as our company's need is concerned and the role of the oils portfolio is concerned, there is nothing to believe that it is not working. Okay?

Prakash Kapadia, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

Thank you. Thanks so much.

Operator

Thank you. Next question is from the line Ennette Fernandes from PhillipCapital. Please go ahead.

Ennette Fernandes, Analyst

Hello, sir.

Sachin Gopal, President, Chief Executive Officer

Hi.

Ennette Fernandes, Analyst

Sir, I have few questions at my end. Firstly, sir, if you could, help us understand the gross margin expansion in terms of -- broadly, what would be the contribution faced on product mix as well as realizations, and that is particularly in ACT II popcorn and to a certain extent on Sundrop?

And secondly, I wanted to understand what is the input inflation right now that we are seeing in our -- in sunflower oil as well as corn and also in peanut?

Thirdly, sir, we see that the competitive landscape in the premium refine edible oil has increased intensively. So, in such a scenario for us to have a brand strategy, wherein we are focusing on realizations for Sundrop brand, how does that fit in?

And lastly sir, I wanted to understand the advertising promotional mix for this quarter. Because, we see that obviously the after sales ratio is lower by 100 bips on a Y-o-Y basis as well as the operating expenses has increased and as you have attributed to selling and distribution. So, I wanted to understand whether the agro mix is going to continue to be at these levels going ahead.

Sachin Gopal, President, Chief Executive Officer

Okay. Thanks very much, Ennette. Okay. So, I'll answer your questions. First of all, in terms of gross margin expansion, I would say, this would be a function of both pricing and mix, right. We've -- we obviously have taken pricing, right, and this is too both on oils and on ACT II. So, which is as I explained, the difference in ACT II is about 15%. In efficient to that, I would say, in addition to pricing, also, we are increasingly getting as far as ACT II is concerned, and I won't be able to go into full details, because I don't, I mean, because I don't believe that could be right. But we are getting an increasing share of our larger SKUs. So, we are getting more and more volume coming through. I've mentioned this in earlier calls as well, from the larger SKU, which is the INR15 and the INR20 and also the INR40 SKU. So, I think you are going to see over a period of time, that we will be and this is a deliberate strategy that we had announced more than a year-and-a-half ago, that we will get an increase in share of our sales coming from larger SKUs. That's good for us, because it also drives consumption; it's also good from us, because it, to an extent, it provides a buffer in terms of absolutely cashing sensitive SKU that you have which are at INR10 and INR5. Okay.

Ennette Fernandes, Analyst

INR5.

Sachin Gopal, President, Chief Executive Officer

Okay. So, that's the first point. In terms of input inflation, Ennette, you can assume that the difference between value, between net sales growth and volume growth, which is about 5 points both on Sundrop and Crystal is the input cost inflation.

Ennette Fernandes, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

Okay. As you know, we move to protect our margins. So, I assume that therefore the 5 points is also the input cost inflation.

Ennette Fernandes, Analyst

Okay sir.

Sachin Gopal, President, Chief Executive Officer

Okay. On -- there is -- it's obviously significantly higher, because you will be seeing the global prices of corn, so the corn prices which were would have been ruling in the global market would have been anywhere between \$1,000 a ton and \$1,200 a ton in the January-February-March period. Probably, the same figure of, in terms of cost of earlier corn that we would have imported would compare with a, say, a figure of about, say \$600 to \$700 per ton.

So, in fact, we've had a very, very good performance on gross margin. This is something that we were cognizant off and you would recall in that new calls even in third quarter of last year I had mentioned to you that the new corn which will come, will come at a higher cost and we need to be able to protect ourselves against that. I think, so far we've protected ourselves reasonably well. Okay?

Ennette Fernandes, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

And as far as peanuts is concerned, we don't really see a hardening of rates. I think, if anything in the global market, there has been a softening of rates of peanuts, right now, we are not buying the peanuts ourselves, because the come in as finished goods from the US. But, I suspect that when we actually start buying, obviously we are going to launch in OND, we need to produce some time in the JAS quarter. We're going to see costs which are reasonably okay.

Ennette Fernandes, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

Right? In terms of the competitive landscape, it's difficult for me to comment on competitors, we normally don't do that. All I can say is that, we have a clear strategy for our edible oils portfolio and we are performing well against that, absolutely well. And there will always be changes. New competitors will come in, some of them will struggle -- may do well, some may not do well. But, I think we'll be seemed to be pretty much there. So, nothing, no cost for concern there.

Ennette Fernandes, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

And lastly, as far as advertising and promotion mix is concerned, we'll have to assess going ahead, you're right, it's about 0.5 point lower than last year on an average. And we will have to asses going forward, as you are aware, we'll be starting production in -- since are mentioned that the new SKUs of peanut butter will be available in the October-November-December period, that means that plant is going to start production. And whenever you have a large plant, which starts production, we also have to land, we have to ensure that we land the depreciation and the SG&A expenses and other expenses of that plant properly, right?

So, we are in the process of doing that. So, we will do what is right for the business. There will be some moving parts. So, it may not be as simple as a straight forward year, in which, let's say, you had no new plants starting versus a year-end, which you have new plants and new CapEx is being capitalized. So, we'll manage that and hopefully we should be able to manage the trajectory there. Okay?

Ennette Fernandes, Analyst

Okay. Okay, fine sir. Thank you so much.

Operator

Thank you. Next question is from the line of Amit Vora from PCS Securities. Please go ahead.

Amit Vora, Analyst

Yeah. Hi, thanks for taking my question. Most of them have been answered. Just one. You mentioned that our plant, Gujarat plant will start off the production in October-December quarter. Only thing is, what is the revenue that we are expecting from that in this year, if you can, give a comment of that?

Sachin Gopal, President, Chief Executive Officer

Amit, I won't be able to give a comment on revenue in the current year. However, I've mentioned in earlier quarters that the total capacity of the plant, when we had originally envisaged it, was capable of producing about 45 crores of turnover. That was two years ago. And of course, over then there has been input cost escalation and therefore sales price escalation. Our current estimate is that the plant is capable of producing about 65 crores of peanut butter annualized.

Obviously, we won't be selling that in year one. And I won't give you a number on year one, that we don't give. Yeah, okay.

Amit Vora, Analyst

Alright. And just one more thing is, I was about to ask the second one was that we have done a CapEx of around 50 odd crores, is that all for like last -- this year what is the CapEx that will be there?

Sachin Gopal, President, Chief Executive Officer

We are in the process of capitalizing most of the CapEx, which is currently work-in-progress. So, I think, the spending has obviously happened. Over a period of time, much of the spending would have happened last year, some amount would even have happened the year before. So, I think, you can expect that in the coming year, we'll be -- in the next few quarters, we'll probably be capitalizing a further, say, 40 odd crores probably of assets. That's a big -- that's a rounded figure, but you can expect that that's a level of capitalization that will happen.

Amit Vora, Analyst

Alright. Thanks very much and all the best.

Sachin Gopal, President, Chief Executive Officer

Thanks.

Operator

Thank you. (Operator Instructions). Next question is from the line of Aman Batra from Goldman Sachs Asset Management. Please go ahead.

Aman Batra, Analyst

Just one question on the ESOP Trust that we had, how we structuring the ESOP shares that were outstanding? And going forward, is there any kind of change that we expect in the employee compensation structure because of whatever regulatory changes have happened?

Sachin Gopal, President, Chief Executive Officer

So, no, we don't see any changes going forward in terms of the way we compensate our employees, which is a mix of salary and incentives to stock. So, that will continue into the current year and the year after and into the -- get into the near future, right? As far as the ESOP Trust is concerned, as you would have be aware SEBI had issued a set of guidelines and subsequently a new set of guidelines were issued. So, we are fully compliant with whatever were the guidelines that we needed to follow from a SEBI perspective.

You can assume, status quo, no change in terms of how we reward our employees and therefore no implications from a P&L perspective.

Aman Batra, Analyst

And from the balance sheet perspective, the loans and advances effect would stay there as such?

Sachin Gopal, President, Chief Executive Officer

Correct, and even from a balance sheet perspective in effect there is actually no, there is no change.

Aman Batra, Analyst

Okay. Okay. Fine. Thanks.

Operator

Thank you. Next question is from the line of Priyank Singhal from Bajaj Allianz. Please go ahead.

Priyank Singhal, Analyst

Yeah, hi. Hi, Sachin. I just wanted to check, actually, in this quarter, the depreciation expenses as well as the interest, basically net interest income or net interest expense has gone up actually. So, just -- is that on account of depreciation of the peanut butter plant or the reason is something else? I distracted on it -- depreciating partly the plant or --?

Sachin Gopal, President, Chief Executive Officer

Okay. Anything else or just one?

Priyank Singhal, Analyst

No. And then, second is -- two more questions actually. One is, there have been lot of newspaper reports and I think something as you mentioned in your annual report as well, that gives some insight into what you're looking at in terms of new product launches over the next three to five years? So, there is a mention of olive oil, mention of tortilla chips, et cetera. So just wanted to get your views on, what would drive some of these innovations going forward?

And lastly, wanted your view -- we've been showing good consistent margin performance, but what is an -- and obviously in the last three years, we have increased our EBITDA margins significantly compared to where they were three years ago. I just wanted your broad outlook over the next three to five years, what do we -- what should we expect. Are we looking at double-digit margins three to five years down the line?

Sachin Gopal, President, Chief Executive Officer

Okay. Thanks, Priyank. So, the last one is the easiest one to answer, because no, we don't provide guidance on the future in terms of

EBITDA margins, right, over specific time period. So, I'll have to apologize for that, sorry. Okay. But, on the first two, I'll give you an answer. The specific answer, as you can see in the P&L, on the depreciation and amortization expenses, you can see it has moved up from a figure of 162 lakhs to about 224 lakhs. Now, in the current quarter, this increase pertains primarily, in fact, almost totally, to the increase, the fact that on the 31st of March 2013, we capitalized our distributor automation program, right? So, this -- and there is one or two other small pieces of oracle that also got capitalized. So, this increase in depreciation largely relates to non-manufacturing depreciation, okay, right?

Manufacturing depreciation will happen, but it will happen only once those plants get operationalized and we capitalize those CapExs, right? So, you can expect to see that happening over the next, probably, two to three quarters, right? And when it comes through, then obviously it will appear in the quarterly results and then we'll give you an update as far as that is concerned. So, that still to happen, right? And those will happen, I think then, there will be some amount which will come in the OND quarter, some amount in the JFM quarter and then probably some of the amount again in the next year's OND quarter.

Alright. As far as newspaper reports are concerned, yes I'm also seeing some articles and so on and so forth. From a strategy perspective, you are aware that we actually don't disclose anything until we actually do it in the market, right? So, yes, there is a mention of olive oil and I also saw that interview. And we have been testing an olive oil blend in north of India. The reason is not that it will become a huge driver for this business tomorrow morning, it's just that olive oil is an interesting category. And we like to keep our toes everywhere just to understand what's going on, how to manage it, how to manage different blends.

We today sell blends of olive oil, canola oil, corn oil, rice bran oil. So we have a large number of oils actually that we are dealing with. And that gives us a better perspective on the marketplace and at the same time enables us to optimize profit opportunities as and when they appear in a specific category, right?

However, you're absolutely right. I've put a line in into the Annual Report and that was deliberately done. Where, if you go into the segments, you would note that under ACT II, we are specifically said that now ACT II has done extremely well, it's got a reasonable amount of scale and it positions us to make a broader play as far as the larger snacks market is concerned. So, while we are not able to disclose the exact snacks that we are going to entering with, in the next probably three to six months, right, we have declared that we will enter with some snacks. These will be consistent, Priyank, with our statement that we will launch products with a clear right to win, right? So, the other words, there is -there should be some amount of IPR, which we own, for us to be able to say, we are interested in making a broader play of snacks. So, clearly, some of it will come from the ConAgra Foods. And if you log on to conagrafoods.com and you do a search, I think, you'll probably come to some interesting options, right, for the near time.

For the long-term, I think, it may be relevant for all our investors to also note that we also acquired a company called Ralcorp -- ConAgra acquired a company called Ralcorp some time ago. And it may be worth your while just to go in to the Ralcorp website. You can actually -- there is a site called www.ralcorpsnacksandspreads.com. So, if you log into it, have a look at that and that will give you an insight actually into really how vast the company's portfolio, snacks portfolio has become over the last 12 months, okay?

So, I hope that I answered most of your questions. If not totally, at least partially, right?

Priyank Singhal, Analyst

Yeah, yeah. Thank you. Just a follow-up actually. Because, it just came while you were answering the question, this thought came to my mind. Now, what is the link that we have with our previous name, Agro Tech, I'm just trying understand that, are we likely to now change the names of the company, that is the majority held by ConAgra to ConAgra India or something like that? Is this a reason why we just kept it Agro Tech still?

Sachin Gopal, President, Chief Executive Officer

There is no specific decision, to be honest, that the Board has taken on that. I think, there are some merits, obviously, in stating the revised nature of relationship with ConAgra Foods. But, there is no decision the Board has taken on this subject. So, we've discussed it. And I think there is some merit in it, clearly there is some merit in it. But, we haven't taken a call as to at what time we should make the changing. I think, it's certainly up for discussion and it's a very valid question, right.

So, I guess, once we do it, definitely we'll let you know, alright? Okay?

Priyank Singhal, Analyst

Yeah. Thank you.

Operator

Thank you. Next question is from the line of Nitin Gosar from Religare Asset Management Company. Please go ahead.

Nitin Gosar, Analyst

Yes, good afternoon. Just wanted to understand ESOP scheme for the -- till date, you were buying it from open market and ESOP Trust was providing the scheme. Going forward now, because of the new regulation, would it mean that you will issue these ratios from your own?

Sachin Gopal, President, Chief Executive Officer

Yeah. So, that's something that we are going to have to -- Nitin, sorry, is that the one question, or is there more than one?

Nitin Gosar, Analyst

Just an observation compared to other edible oil category, your Sundrop oil packaging looks to be something which is maybe not an updated one, the feel and the packaging which the others are trying to modernize themselves. Is that something on your mind to look for a change in near future or in mid-term?

Sachin Gopal, President, Chief Executive Officer

Okay, fine. So, let me take the second one first, because, I think this comment has probably been made earlier as well. And the answer is, we are always open to modernizing. However, we also work in a reasonably cautious manner. Because, modernity and traditional affair looks, if you will, modern and traditional looks are in the eye of the beholder, right? So, -- and you could be absolutely right, I'm not suggesting for a moment that you're not. You could be absolutely right. So, what one has to do is, (inaudible) brands which are 20, 25 years old. You have to be very careful on how much you want to modernize, because it also depends on your target audience and how much money you are willing to invest behind the modernization.

So, let me build on that. Suppose I wanted to modernize and change the looks of a brand, any brand, it could be Sundrop, it could be any other brand, and I was not willing to invest any money on it, then it would be a disastrous mistake. Because, we would not have informed the consumer about what is the change that you have made in the packaging. And the consumer would see something new, right, and say, well, what is it, I don't know what this is about.

At the same time, if you want to modernize, then you say, let us spend 25 crores on re-launching the brand, no problems, right? You can spend the 25 crores and every consumer would know about it and you would have communicated the new look of the brand, right?

Now, the judgment of how much to change and how much to spend is a business decision. There is marketing component, which says, I want the looks to be different and reflect ABC instead of DEF. Then, there is a business decision of how much money I'm willing to spend and making it look like ABC. And if the business decision says, then I don't want to move or the cost of changing from DEF to ABC is too high, then I'm better off not doing it. Okay?

So, there is a promotional part to it and there is a marketing part to it. And both of these have to be factored in. Okay? As and when every time you have a new Brand Manager on the account, you will have changes, right? And, often, internally in companies, we tend to get more tired of things the way they are rather than consumers getting tired of it, right? And that's a reality not just in marketing, it's a reality across the Board.

The second point is on the ESOP purchases. At this point in time, we don't see the need right now to issue shares to be able to supply shares for the ESOP scheme. However, as and when the need occurs -- I mean, as and when the need occurs that's some, certainly something that will have to be put on the table. But for now, I think we are adequately covered in terms of the -- in terms of the ESOP scheme. And therefore, full-hand with everything that SEBI has asked us to be with. Okay?

Nitin Gosar, Analyst

Thank you. Thanks a lot.

Operator

Thank you. Next question is from the line of Ahmad Shakeel from Banyan Capital. Please go ahead.

Ahmad Shakeel, Analyst

Yes. Hi, sir. I just wanted to understand what is your rough split between revenues from your traditional edible oil business and from the new categories which you are entering into, say, popcorn and ready-to-eat foods?

And my second question would be like how much percentage of imports does contribute to your raw material costs?

Sachin Gopal, President, Chief Executive Officer

Okay. So, Mr. Shakeel, if you look at it as far as the current quarter is concerned, right, so, I'm just taking out the number for you, so for foods, the number is approximately for the quarter ended, right, for the quarter ended June, I think the figures coming out to be about 16%. Okay? So, probably, and let me just double-check that number for you. Yeah. So, the foods business for the quarter ended is about 16%, right? That would compare with prior year same quarter of about 13%. So, versus last year same quarter, we've increased the share of our foods business by about 300 basis points. Okay? That is inconsistent with our strategy, we've said we will take it from 2% to 15%, 15% to 25%, 25% to 40%. Alright?

I'm sorry I missed the second part of your question, so I apologize. But, could you repeat that?

Ahmad Shakeel, Analyst

Yeah. I just wanted to understand like how much of imports contributes to your raw material costs?

Sachin Gopal, President, Chief Executive Officer

It's a very significant part. Reason being that we -- a large number of edible oil is also imported. So, we may be buying it locally, but that sunflower oil could be -- the crude sunflower oil could be produced in India, but it also could be imported, right? As far as popcorn is concerned, the corn is entirely imported as all of you are aware, right? And as far as peanut butter is concerned, we import all of our product requirements. Obviously, once the new plant starts in India, that production will get transferred into local production. So, there will be a phase-in and a phase-off period.

Ahmad Shakeel, Analyst

Okay. And just a follow-up question, it's like, do you see the product mix shifting towards more of ready-to-eat foods and peanut and ACT II corn in the future, like --

Sachin Gopal, President, Chief Executive Officer

Absolutely, yeah. So, I will take that and then we will move on. I think our next goal is clearly that we need to make our foods business 25% of our total business, right? And generally in the Crystal, we should see ourselves making a significant progress in term -- towards that direction versus where we were last year for the same close. Okay?

Ahmad Shakeel, Analyst

Okay, okay. Okay, thank you.

Sachin Gopal, President, Chief Executive Officer

Alright, Mr. Shakeel. Thank you so much.

Operator

Thank you. Next question is from the line of Anshul Sehgal from Kotak PMS. Please go ahead.

Anshul Sehgal, Analyst

Hello.

Sachin Gopal, President, Chief Executive Officer

Yeah, go ahead Anshul.

Anshul Sehgal, Analyst

Yes. I have a few questions. Your new facility has a total CapEx of about 50 crores. You've already, I think, invested majority of this money. I would like to know what is the possible asset terms that you can generate from this facility. That is in the sense how much at full capacity utilization, what is a kind of sales one can see from this facility?

The second questions is, will the gross margins of the peanut butter category be similar to ACT II?

And the third thing is that, how many new launches are expected in the next year, year-and-a-half?

Sachin Gopal, President, Chief Executive Officer

Okay. Hi, Anshul. So, let me clarify as far as on the first question, which is on the new facility. As I've already mentioned, on the peanut butter plant, our anticipation initially was at this peanut butter plant alone would produce about 45 crores of sales. Our current estimate is probably about 65 crores. And that largely reflects the fact that, over the last two years, they've made a significant commodity price increase. However, it's difficult, it would be difficult for you to use that as a precise measure for that facility, because the total facility is about 25 acres and the peanut butter plant is only taking about five acres out of that. Okay?

Anshul Sehgal, Analyst

Okay.

Sachin Gopal, President, Chief Executive Officer

There is another 5 acres, which is currently under construction where the roof has already been laid, which will house some new products, which we will come to. Because, remember as we migrate towards being a larger ready-to-eat snacks player, we need actually a presence in -- we need to have at least four plants in the country. Okay? You need one presence in south, one in west, one in north and one in east.

At this point in time, we already have operations in north and south. But, the Jhagadia plant, a part of that will also be used to service existing products. So, we will look freight cost on those products, so that we can increase the brand investment behind those lines, right?

So, there will be a number of other products in the next five acres. We are also in the process of putting up silos for holding corn, which we import. So, those silos are also coming up right now. But, even all of this together is only 10 acres out of the 25. So, there is still probably another 15 odd acres for us to use. So, that work will continue over a period of time, right? So that's one.

Second --

Anshul Sehgal, Analyst

Sir, just a follow-up on this one. This 50 crore investment is on this entire ten-acre plant or just the first five-acre plant?

Sachin Gopal, President, Chief Executive Officer

Yeah, see, this is -- it's all getting phased-in, okay. So, there is an investment on land, then there is an investment on building, so on and so forth. There are investments happening as we speak. Okay? So, clearly on the whole 25 acres, it won't be 50 crores, right? Because, we're going to be spending that over a period of three to five years, alright? So, it will continue and we'll -- you'll -- as and when the new products come in, we will inform you that these products are being made at this facility. So, that will give you a better handle on what is getting produced at different brands. Though whether you need that information or not, it's really up to you. Okay.

The second is on the gross margin of peanut butter. The answer is, we've stated this definitively that a product like peanut

butter should have a margin which is north of 30%. We applied the same logic to ACT II, where we say we should be making around margin which is 30% or more on our ACT II business, right?

So, definitely it should be there. Should it be more than that? Answer is yes. Can it be more than that? Significantly no, the answer is maybe, right? It depends on our volume strategy, our pricing strategy, right? Because bear in mind that if we have to migrate the total company's margin, which is today about 25% to up to about 35%, then we need newer and newer products, more and more new products to be making margins which are in the region of 35% to 40%, right? Okay. Otherwise, mathematically it will not pan out, we will not get to the 30. So, we will see the whole margin opportunities wherever they are to improve margins.

And the last is on new launches. I think, I've said it earlier and I said it two quarters ago, that you will see these happening a broader play, definitively you will see more products being introduced in the snacks business. What those products are? I'm afraid I'm not in a position to disclose. But, the moment it comes up, we will certainly, obviously give you a heads up and let you know. Okay? Alright?

Anshul Sehgal, Analyst

Alright.

Sachin Gopal, President, Chief Executive Officer

Thank you sir.

Anshul Sehgal, Analyst

And is there a target on sales, say, of three or five year target on sales that the company has?

Sachin Gopal, President, Chief Executive Officer

We don't provide guidance either in terms of sales, Anshul or in terms of bottom line growth, right? We don't do it. You will have to judge us by our past. Okay?

Anshul Sehgal, Analyst

Okay. Sure. Thank you.

Sachin Gopal, President, Chief Executive Officer

Thank you.

Operator

Thank you. Next question is from the line of Nikhil Upadhyay from Securities Investment Management Private Limited. Please go ahead.

Nikhil Upadhyay, Analyst

Yeah. Good afternoon, sir and thanks for the opportunity. Sir, basically first question on what would we be our market share in Sundrop in the premium oil category for Q1 of FY '14?

Secondly, as we've said like we'll be trying to move our foods product category as a whole to 25% of the revenue. Say, if we divide it, when we would be having the ready-to-cook ACT II -- the popcorn category, the peanut? And a large part which you just mentioned would be in the snacky category, which would be the ready-to-eat. So, and you also mentioned just now that we would be requiring plants in North and East. So, over a two or three years period what would be the amount of CapEx which we might have to build in or which we might have to do in order to bring our ready-to-eat category also to a larger scale?

And thirdly, in terms of -- just wanted to know what would be the cash position. Because, in Q4 of FY '13 you had said that we had given around 30 crores of loans in advances to the trust. But, since the whole process of the regulations and things have been

revived, so I think our cash position should be around 40 crores or so. So, just wanted a number on that. So that's all the three questions.

Sachin Gopal, President, Chief Executive Officer

Okay. So, I will take the first question first. As far as market share is concerned, I think this question was asked about two calls ago, three calls ago. And our share I think I had mentioned then was about 45% of the premium edible oil category and our closest competitor was about 55%. Between then and now, we would have gained a little share, right? So, you could assume that probably it's about 47, 47, 53, something like that. Okay. It's not a relevant measure for us and I give you the number because you asked for it. But, honestly speaking, this is something that probably when you -- I mean, you could have the more -- get it in more details from our competitor. But, since you've asked for the number that's what it is.

The second point is, as far as the CapEx is concerned, we follow kind of, Nikhil, a pay-as-you-go model. So, we tend to -- we borrow a little bit from CapEx, if we need to, on a short-term basis. But, by enlarge, our CapEx expenditures are in line with what we earn. So, I've mentioned this figure earlier. We tend to spend about 25 odd crores, 25 crores to 30 crores every year, right? And that we've been doing over the last two to three years, alright?

So, all of it may not be fully capitalized, because it takes time for the projects to attend the completion. But, you obviously have to spend the money on the land, on the civil, civil, of course, so on and so forth, right? So it's in line with that. We don't see the need to get into a hyper drive in terms of borrowing a large amount of money, investing a huge amount in CapEx in a single year. We prefer to do that in a phase manner of time, because the food industry doesn't change overnight in one day and there is, therefore, little potential gain upside for us to be able to over invest and then seek -- struggle to deliver returns on our investment, alright?

In terms of the cash position, the answer is our total investment in the trust will be somewhere in the region of about 50 crores today, right? All those shares have been purchased by us, right? So, that's -- if we had no share, then we would necessarily need to resort to other options to be able to fund stopped for employees, which was the question which had been asked by some two of the other folks earlier.

So, right now, I think our investment in the ESOP Trust is in the region of about 50 odd crores. We currently, therefore, don't have any cash in the bank. In fact, we've currently borrowed about 14 odd crores, because there is also CapEx payments with the peanut butter plant coming close to completion. And we'll see how the next two quarters goes, because there will be other things, other expense that we'll have to pay for. But, as of now, as of 31st March, I think our borrowing will be in the range of about 14 odd crores. This will be really short-term growth.

I think that really answers all the three points.

Nikhil Upadhyay, Analyst

Sir, just two follow-up questions, if you'll allow me. One is like, the reason why I asked the market share, because if we see like, over the last three or four quarters in terms of Sundrop, our volume has been flattish to a large extent, like most of the growth has been because of the pricing side. And even then we have increased our market share from 45% to 47%. So, as a whole in the premium oil category, like, what is happening? Are people losing volume to a large extent or it's -- because, even on a flattish volume we've gained our market share in value term. So, which means that on a larger scale, the volume for the whole category has remained constant or the premium oil category has gone down? So that would be my one question.

And second question is like, as you said, like, if we go the 25% of the food category and so ready-to-eat type of the snacky foods would certainly be some around 4%, 5% of our total -- of our 25%. Sir, and you also mentioned that if we don't have a plant in East and North, the ability -- the cost overruns are a bit higher in terms of the higher distribution and also because these products are a low shelf life product. So will it be impacting our margins, if we don't have -like, considerably if we don't have a plant in East and North as the ready-to-eat category grows. So, those would be the two main questions?

Sachin Gopal, President, Chief Executive Officer

So, give me a moment. Okay. So, okay Nikhil, thanks very much. We answer to the first part, Nikhil, is, the way we define the premium edible oil market, right, is really the way we define it and our closest competitor defines, it is really a -- it's a two horse game, right, there are two brands, there is Saffola and there is Sundrop. So, as far as we are concerned, we are interested in how is our brand doing, right? I mean, because we have a certain define role as far as our brand is concerned. So, we tend to see it in the context of that role itself, right? So, we respond whenever you ask questions, we'll give you our best estimate of what is, if you will,

what is the performance, what is the market share.

However, it's something, I think, you, in general, has tend to have fairly more detailed conversations with our competitors. So, maybe, it's something that I'm sure you'll be able to have that discussion with them in terms of more detail. But, from our standpoint, we need to ensure and I'll repeat we need to ensure that we have a growing gross margin from the Sundrop edible portfolio and we need to have a flattish endeavor, right, anywhere as I said, between 98 to 104. There could be quarters that it goes north of 104, right, which is a good thing. But, obviously, we would also see the pricing opportunities as a consequence therein to be able to drive our business.

We need to ensure as a company that we have a sustainable long-term business. That means, we are continuing to, what you call it, grow gross margin, we are also continuing in a manner of speaking to acquire new consumers. So, one of -as a consequence of that, actually, we also focus a lot in terms of continuing to grow our distribution of our brand.

So, even though you may see flattish volumes, our distribution is actually growing. So, for example, to give you an idea and -- I just have the new panel now. Last year, for total urban and rural in April 2012, any ATFL distribution in oil would have been about 58,600 stores, right? And any ATFL distribution, that parallel it has been restated. So, the last year's figures have been also impacted in the current year's. But, it's still valid on a comparison basis. Any ATFL oil distribution this year is up to 71,500 stores. So, you can see in about a span of 12 months, we would have added about 13,000 odd stores, right?

So, we will continue to do, therefore, what is right that the brand and portfolio enables us to give us long-term support, right, which enables us to fund the overall transformation of the business, which is defined in our plan, right, how to move the foods business and therefore how to move our margins.

The second answer is, yes. There is a significant difference, if you don't have a plant in the East, right? So, if you recall about two years ago, if you were there, I had mentioned that we were looking at a plant in West Bengal and a plant in Northeast. We finally brought it down to a plant in Northeast. So, we will actually look at it, the plot of land and we are actually in the process of signing the documents and doing the registry now.

My expectation is probably in the next two months or so, we should be able to close the registry. After this, we will start work at the plant. This site is located about 50 odd kilometers, little more than that from Guwahati. Northeast is a very, very attractive snacks market. It has been a -- it's a different market from any other parts of India. It used to be, for example, historically, even 30 years ago, it was a single largest cosmetics market in India. So, it's a very large snacks market.

So, for the time being, therefore our next energy will be to put a plant up there for ready-to-eat snack. We're heading our plant in Northeast, we will then complete the four areas that we need to. However, it will take us time, we will acquire land, we'll build a plant, we will install equipment, so that process will take time. Okay?

Nikhil Upadhyay, Analyst

Okay. Thanks.

Sachin Gopal, President, Chief Executive Officer

Thank you, sir.

Operator

Thank you. Next question is from the line of Binoy Jariwala of Sunidhi Securities. Please go ahead.

Binoy Jariwala, Analyst

Hi. Good afternoon and thank you for taking my question. I just wanted to know -- I have basically three questions. One is the gross margins in this particular quarter vis-a-vis the last quarter?

Second question is on the CapEx. So, as I understand, we currently have three CapEx running; Unnao, Jhagadia and Bangladesh. With Jhagadia almost done, would we also be capitalizing Unnao and Bangladesh in this particular year?

Third question was on the distribution. If you could, give us some color on ACT II peanut butter, where do we stand?

I'm sorry, one more last question is on the new product. In the Annual Report we've mentioned soups, puddings and dessert as a category where we've made a seed investment. If I have to go as for your last calls, you've mentioned that dessert, chocolate pudding typically requires a large investment of about \$20 million. So, do we consider a \$20 million investment in the upcoming

years may be next two to three years? Thank you.

Sachin Gopal, President, Chief Executive Officer

(inaudible) So, let me take the last one first. The answer is, no. We will not be investing \$20 million in the near future. A time will come in the history of -- in the phase of this company when we'll be able to set \$20 million without blinking an eyelid, but that time isn't right now. So, you can assume and correctly so, thank you for taking your time out to read the annual report. You can assume, therefore, that we must be working on other desserts, right, which require a lower amounts of CapEx, right? So there is whole possibility in terms of range of desserts, so we are working on that.

The reason for putting this paragraph in the Annual Report is that, is to make a statement of intent that we are going to be a larger player in these categories, but, select, however, were we have a right to win, were CapExs can be easily handled by us, right, or not that it is so risky that it can negatively impact the company. Okay? So very, very valid point.

In terms of gross margin, I would say the comparison, the valid comparison is, Binoy, it's really versus the first quarter, because the product mix tends to change on a quarter-on-quarter basis, right? So, to give you an idea, if you look at, say, last year first quarter, as I mentioned earlier, the foods business was 13% of our top-line, which is up to 16% in the current year. But, that isn't true as an average for last year. I think, last year's average would have been closer to 16% or 17%.

So, as the quarters move, our product mix also changes, right? That depends on weather, it depends on monsoons, it depends on winter, it depends on number of things, right? So, I would urge that we do the comparison with year-on-year basis, this quarter, quarter one this year versus the quarter one of last year, right? Not so much on sequential basis. Because, that has a number of other environmental changes which, we could -- which is typical how the way our business is, alright? Okay? So that's point number -- the second question or rather the way you asked at the first question you had asked.

In terms of the CapEx, I think, Jhagadia will get capitalized first. I think, Unnao will get capitalized second and Bangladesh will get capitalized third, right? Now, when will this happen? I think, it's luck, mostly my best guess would be that Bangladesh would get capitalized in the next fiscal, it all depends. We are setting up a plant, but one of the philosophies we follow is that in the triangle of quality, cost and time, right, you actually only get two of these, right? If you want good quality at a low cost, it's going to take you more time. If you want good quality at a super-fast time, it's going to cost you more, right? And if you want cheap quality -- if you want a low-cost in a rapid time, you're going to get a cheap quality, right?

So, our planet, it will always be quality and cost over time, right. Because, we must get the cost structure right, because otherwise we're going to pay for those in the long-term. So Bangladesh, possibly will take more time. That works for us also. And you know we don't have a problem with that and there are number of other challenges in working in Bangladesh. But, we are doing all the right things and the civil work is currently underway.

As far as Unnao is concerned, I would expect to see that capitalized in the current year itself, right? Exactly which quarter, difficult to say. But, obviously, if Jhagadia comes, gets capitalized around OND, then that probably will follow it after about three months or so. Okay?

Binoy Jariwala, Analyst

Sure. Just a follow-up --

Sachin Gopal, President, Chief Executive Officer

But --

Binoy Jariwala, Analyst

Yeah, sorry.

Sachin Gopal, President, Chief Executive Officer

So, (inaudible) follow-up question and then I'll close that and answer the distribution also.

Binoy Jariwala, Analyst

Sir, then on the gross margins, actually I was comparing it on the Y-o-Y basis only. So, I just wanted the figure of the gross margins in this particular quarter. It's fair -- it's absolutely fair to compare it on a Y-o-Y rather than sequential basis by your point completely.

The other thing is on the CapEx. Just one thought, we have a 25-acre land at Jhagadia. Just wanted to understand if the other sites also are of a similar nature as in we are just -- we are just utilizing a part of this site or something like that for Unnao as well as for the upcoming site in East India and for the Bangladesh site.

And on the Sundrop piece, just wanted to understand why such a flattish kind of growth? Because, in the H2 of FY '13, we have a superb growth in volume and in total top-line terms, so while the Q1 of FY '13 was also weaker. So, we were on a lower base for this particular quarter. But, despite that, we've got a low-single-digit growth in the top-line and flattish in the volumes. So I just wanted your thoughts on that.

Sachin Gopal, President, Chief Executive Officer

Okay, sir. Thank you. So, I will answer the questions hopefully. So, the answer is, specifically gross margin, the way we define it, is up from 23.5% last year to about 24.5% this year. So, it's up by about a 100 basis points, right? And that's the way we define it, which is net sales less cost to goods, alright? Okay? So, that builds in things like manufacturing depreciation, the convergence cost, so on and so forth, alright? So, that's the point on gross margin.

In terms of the, what's it called, CapEx on other sites, it is much smaller. The other sites are significantly smaller, Binoy, because this is the one last chunk that we have got in Gujarat, which we bought -- purchased from the Gujarat government from the Industrial Development Corporation. All the others have actually -- transactions had been made on the open markets on private land. So, both the sites at Unnao and the site at Bangladesh and the new site which we are buying in Guwahati are all small sites. They will be in the region of 1, 1.5 acres, something like that. Okay?

Because, bear in mind that we need to have satellite plants, if you call them that. Because, to minimize the freight cost, we need to have them only on products which are nitrogen-flushed, which have a very high cost, right? We don't need to have packing stations and manufacturing place plants for instant popcorn and microwave popcorn across the country, because the freight relationship to the value of the goods for those products is very, very different from nitrogen-flushed products.

So, therefore, we realize, if you will, one large plant in Jhagadia, which is also close to the port which works for us, right? And then, satellite manufacturing plants spread across the country, which over time are a necessity for us to be able manage to supply, to minimize the freight cost on items which have a large amount of nitrogen inside. Okay? Right?

And lastly on the Sundrop brand, the answer is -- why is quarter one of last year lower than quarter two, because that's the way it is, it's a typical thing, right? People tend to consume less oil in the heat, you tend to fry less things, that will be true for all of us. In my answer as well, we are likely to do less frying our products in our house, than we would in the monsoon months. It is also true for consumption of popcorn.

So, the quarter one figures are invariably lower than quarter two figures. Quarter two fixed up, because people tend to consume more oil, they tend to fry more products, right? Quarter three picks up in many areas, because the winter is set in. So, quarter two has the monsoon impact and then quarter three has the benefit of a winter.

Some of that benefit of winter month spins over into the months of January, February. That will change depending on which region we are talking about, right? The summer will come earlier in the South, it will come later in the North. But, these are all the different dynamics that will play out, right?

So, what you will be able see is, I mean, it would be -- it's difficult for us to compare and say well, versus quarter two, it was like this and it was -- quarter one, it was like this, because the quarters themselves that. Okay?

Binoy Jariwala, Analyst

Yeah. And on the distribution?

Sachin Gopal, President, Chief Executive Officer

On the distribution, what did I give? Okay. Yes, on the distribution, I gave you the figures for peanut butter -- I'm sorry, I gave you

the figures for Sundrop. On peanut butter, we don't buy an audit. And we will not be buying an audit in the near future. For the time being, we are reliant on the, on our own internal figures as and when we gets hail into the category we'll do it.

ACT II figures actually are still to get the final work. I quoted the Sundrop figures, because they are in and they seem right from the new panel. As far as ACT II is concerned, the new panel data came in, but the brand group is still having a discussion. So, next quarter I will be able to share with you the figures.

We got a good handle, I think, on oil. But, on the ACT II piece, it's still more work to be done. Okay?

Binoy Jariwala, Analyst

Okay. Okay. Thanks a lot.

Sachin Gopal, President, Chief Executive Officer

Thanks.

Operator

Thank you. The last question is from the line of Priyank Singhal from Bajaj Allianz. Please go ahead.

Priyank Singhal, Analyst

Sachin, hi. Just wanted to get your experience -- understand your experience on ready-to-eat popcorn. How was the experience been -- you were, you had earlier mentioned that you are planning to increase the shelf life for the product to R&D measures. Just wanted to understand what success has been achieved in those and therefore are you more confident of Pan India rollout for the same?

Sachin Gopal, President, Chief Executive Officer

Okay. Good. Thanks, Priyank. It's an important point. The answer is no. At this point in time, we've not been able to extend the shelf life beyond two months, right? We have developed a lot more products, which are going -- which will start going into market soon, right? So, what we will do is, we'll work with Aniruddha and try and get some samples shipped to US, as we start shipping them to market of the new variance of ready-to-eat popcorn. So, for the time being, I think, we're going to have to live in the immediate future with the shelf life of two months, right?

The challenge that presented to us was that, therefore how do we really make it grow, how do we grow it in smaller towns, because the transit time to the small towns can be high. (inaudible) to open more packing stations, but that also solves the problem only up to a point. So, the good news is that the new snack product that we've got, I just got the information, today, it's already qualified over four months. Okay?

So, meaning, the product that we've made locally. So, therefore, it looks like now we have our ConAgra product, ConAgra snacks products, which we made in India with a four-month shelf life, right? So, once we are able to commercialize that and put everything in place, we can have ready-to-eat popcorn with a two months shelf life, but we can have another snack product which is more than four months shelf life. Yeah? Okay?

Priyank Singhal, Analyst

Also, just one last question, I wanted to understand, because you made some encouraging comments like someday the company will be ready in the near future for a \$20 million CapEx also without blinking an eye kind of a thing. So I just wanted to understand that, what are the sort of, let's say, the big key categories likely to be that encourage that level of confidence. I just wanted to understand will you be sampling a lot of products, test marketing a lot of products, would it be largely snack-driven or would it be something else as well? Again, just wanted to understand your plans from a three to five year point of view. I know you don't give guidance, but then, qualitatively you can explain what the journey of the company is likely to be over the medium-term. Thanks.

Sachin Gopal, President, Chief Executive Officer

See, this is a very, very valid point. We see ourselves growing to be a diversified grocery and snacks business, right? So we don't, for example, see us being just a snacks company. Because, actually from a both -- from a manufacturing standpoint and from a

selling and transportation standpoints, there are lot of synergies between grocery and snacks, lots, right? And as the unrealized portfolio over the next 12 months, I will be able to talk to you about some them, not right now, during the course of this year, I think definitively, I will able to talk to you about it. So, there is lot of synergies in manufacturing between grocery and snacks.

At the same time, there are no synergies from a selling organization standpoint between grocery and snacks, because grocery tends to be typically low volume, high-value whereas snacks is typically high volume, low value. So, they blend together well from a transportation standpoint, particularly when it comes to the last mile. So, we see ourselves being a very much diversified grocery and snacks company.

We -- so, I think if you have to paint a picture of where we would be in the next two years, I think it would be both grocery and snacks playing a very, very important role. The same applies to edible oils. I mean, if you ship edible oils along with the nitrogen flushed bags, it works very well. Because, edible oil needs the tonnage capacity of the truck and nitrogen flushed bags need the volume that is required to be able to ship them out. So, I think you can assume that we'll be bit, we should be reasonably big players in both grocery and snacks.

Coming to the nature of products, I would say let it just rollout, right? I think that we have studied enough, that we want to make a broader play in the snacks market, let's first take this step, obviously as a company we need to be thinking 5 to 10 years ahead. So, the team is working on those, but probably we'll be able to paint that picture for you probably out of a year or two down the road. Meanwhile, we just need to ensure that we do a few things that we need to do, which is improve our growth rates on the snacks business to about 40% odd. If you remember I had made that statement a couple of calls ago. So we are at 30 right now. So, you know, how do we get it to 40 and then even north of that.

And second that is grow our business, so that we make up to a \$100 million brand, which is what our final near-term ambition would be. Okay. What period of time, I'm sorry Priyank, I would not be able to say that again. Okay? Apologies.

Priyank Singhal, Analyst

Yeah, thank you.

Sachin Gopal, President, Chief Executive Officer

Alright. Okay. Okay, Aniruddha, I think we have passed the time now.

Aniruddha Joshi, Analyst

Yes, sir.

Operator

I now hand the conference over to Mr. Aniruddha Joshi from Anand Rathi for closing comments.

Aniruddha Joshi, Analyst

Yeah. Thanks Manisha. On behalf of Anand Rathi, we thank the senior management of Agro Tech Foods Limited, Mr. Sachin Gopal as well as Mr. Hemant Kumar Ruia for being on the call. I also thank all the investors for participating in the call.

Now, I hand over to Mr. Sachin Gopal for his closing comments. Thanks and over to you sir.

Sachin Gopal, President, Chief Executive Officer

Okay. Thank you Aniruddha and thank you ma'am for taking care of the call. Thanks to everybody for joining us. Have a great day. I'm sure you have lots of meetings to attend and calls to participate. All the best. Have a great time.

Aniruddha Joshi, Analyst

Thank you. Bye.

Operator

Thank you very much. On behalf of Anand Rathi Share and Stock Brokers, that concludes this conference. Thank you for joining us. You may now disconnect your lines.