

Transcript

Conference Call of Jindal Poly Films Limited

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Presentation Session

Moderator:

Good evening ladies and gentlemen. I am Rashmiya, moderator for this conference. Welcome to the conference call of Jindal Poly Films Limited. We have with us today, Mr. Samir Banerjee, Director Jindal Poly Films Limited, Mr. Sanjeev Agarwal, Chief Financial Officer Jindal Poly Films Limited. At this moment, all participants are in listen only mode. Later, we will conduct a question and answer session. At that time, if you have a question, please press * and 1 on your telephone key pad. Please note this conference is recorded. I would now like to hand over the conference to Ms. Priyanka. Please go ahead, ma'am.

Priyanka:

Good evening ladies and gentlemen. On behalf of Concept Public Relations, I welcome you all to the conference call of Jindal Poly Films Limited, to discuss the Q3 results and development of the company. I will now hand over the call to Mr. Sanjeev Agarwal, CFO, to give you an overview of the company and the developments during the financial year. Over to you, sir.

Sanjeev Agarwal:

Yeah, thank you very much, first of all, good evening ladies and gentlemen. Today's conference call of Jindal Poly Films that is post quarter 3 results, which we have declared today. We are pleased to welcome you all on this discussion. We have today declared very encouraging results. And the turnover of the company for this quarter has gone up from 386 crores on net sales basis to 729 crores in this quarter and therefore we have registered an increase of about 88% on net sales basis. And the EBITDA for this quarter was 349.36 crores, which is about 47.9% EBITDA margins and an improvement of about 333% over the corresponding quarter last year. The profit after tax for this quarter has been registered at 221.09 crores and net margin of 30.3% and an increase of 534% over the corresponding period last year. So, these are some of the highlights of the results. Now, I would like to invite questions from you on anything specific you would like to understand from us. Thanks.

Question and Answer Session

Moderator:

Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone key pad and wait for your turn to ask the question. If your question has been answered before your turn, and you wish to withdraw your request, you may do so by pressing # key.

The first question comes from, Mr. Nalin Ladiwala from Shanti Asset Management.

Nalin Ladiwala:

Hi, congratulations on the stupendous performance.

Sanjeev Agarwal:

Thank you.

Nalin Ladiwala:

I just was looking for just a couple of data points. Could you break up the sales in terms of BOPP and BOPET films in terms of value? And then if you could provide the volume numbers also?

Sanjeev Agarwal:

In terms of value, the net sales in Q3 is 60% of the net sales, which is about 432 crores sales has comes from BOPET film sale and the balance sales of about 295 crores rupees is from BOPP film sales. And in terms of the quantity...

Samir Banerjee:

22,917 tonnes is from polyester PET and 29,958 is from BOPP.

Nalin Ladiwala:

Okay. What would be the current ruling size for each of these two films?

Sanjeev Agarwal:

Current selling prices?

Nalin Ladiwala:

Yes, that's right.

Sanjeev Agarwal:

Okay, the selling price for BOPP film is offering at around Rs.110 to Rs.115 a kg. And for BOPET films, this is in the range of about Rs.200 a kg.

Nalin Ladiwala:

Okay. And the other question I had was there has been a brisk expansion of capacity taking place all over the world, especially in BOPET. So, what would be our focus for the prices this quarter and the next for BOPET and BOPP films?

Samir Banerjee:

Expansion in capacity has been announced, but only one line has started production in the fourth quarter of the calendar year. And new production, most of it is coming in

the second half of 2011 from about September-October of 2011, on capacity expansion they are coming.

Nalin Ladiwala:

Okay. The number doing rounds were, there were as many as 83 lines in order for BOPET films, I am not sure by when all of them gets commissioned, if at all. But, that would by in effect double the capacity that is available worldwide. So, are you concerned with these developments?

Samir Banerjee:

How many did you say? 83 lines?

Nalin Ladiwala:

Yes, that is what the number that I had heard.

Samir Banerjee:

No, no, I think it is around 25 or so, the number of lines that we are aware of, because the equipment manufacturers together, two of them together are capable of delivering fifteen-sixteen lines per year. So, they are now booked for roughly about eighteen-nineteen months as per the order books that they had. Some of them are just enquires, not yet converted into orders.

Nalin Ladiwala:

I understand. I understand. So, in any case the rate at which the capacity would be increasing is 32 lines per year at the max?

Samir Banerjee:

Yes, but that also includes some, because these two manufacturers also make BOPP lines. Not all is for polyester, some BOPP lines are also on order.

Nalin Ladiwala:

I understand. And these are 30,000 tonnes each?

Samir Banerjee:

Yes, most of its 30,000 tonnes, some are 18,000 tonnes also.

Nalin Ladiwala:

Okay, excellent. Sir, I will come back later, maybe the others would have some questions.

Moderator:

Thank you sir. Next question comes from Mr. Apurva Doshi from HSBC Private Bank.

Apurva Doshi:

Yes sir, congratulations on a good set of numbers.

Samir Banerjee:

Thank you.

Apurva Doshi:

I just wanted to know the pricing trend. In between the prices had risen to 220, then there was some Chinese imports. So, can you just, Mr. Banerjee could actually detail on the price trend and outlook going forward.

- Samir Banerjee:** Yes, price had reached to 225. But, in I think the second week of November, almost two months back; there was a conscious decision to reduce the price, so as to be slightly above the landed price of imports from China. So, that is why the price was adjusted. And last two months, the prices have been at around Rs.200 to Rs.205 a kg. There has not been any increase or decrease since the last two months.
- Apurva Doshi:** Okay, and currently you are saying BOPET is what? 200?
- Samir Banerjee:** Between Rs.200 and Rs.205 a kg.
- Apurva Doshi:** And BOPP?
- Samir Banerjee:** BOPP is around Rs.115 a kg.
- Apurva Doshi:** 115. And so in terms of say, quantity, this 22,700 in BOPET and 29 odd in BOPP, this is at what capacity utilization?
- Samir Banerjee:** Well, BOPP is running now almost full capacity, as we had explained earlier when we had discussed in October that BOPP capacities are based on the thickness that is being produced. So, we are more or less at the full capacity as far as BOPP is concerned. In BOPET, there was a little dip in October and November, because of the festive season demand and little lower demand in Europe near to Christmas, New Year that has got corrected in December. Now, right at the moment, both are running at about 90%-95% capacity utilization.
- Apurva Doshi:** Okay. Can you give the volume numbers for nine month FY11? Volume and value both.
- Sanjeev Agarwal:** Value, I think we have already given in this result which we have declared today.
- Apurva Doshi:** No, no, I need BOPET and BOPP. So, it's around 1972 crores total.
- Sanjeev Agarwal:** Total about 1175 crores has come from BOPET film sales during the nine months period. And the quantity sale is roughly around 82,000 tonnes.
- Apurva Doshi:** 82,000. And BOPP?
- Sanjeev Agarwal:** BOPP film is also around 84,000 tonnes.

Apurva Doshi: 84,000 tonnes. Okay. In between you had given guidance in terms of numbers. So, would you like to revise your guidance or what is your guidance status today?

Sanjeev Agarwal: As of now, I think the markets are quite firm and the prices are likely to remain in the same range. So, I think we have the same guidance as we had given.

Apurva Doshi: So, that would be around 700 plus crores of PAT?

Sanjeev Agarwal: I would not like to comment on the profitability numbers as of now. But, as the prices are in the same region and are likely to continue in that region only. So 482 crores rupees of profits we have already done.

Apurva Doshi: Correct, correct, so based on that it is easily achievable.

Sanjeev Agarwal: And another, the same numbers which we have registered in this quarter can be expected in the next quarter.

Apurva Doshi: But, numbers could be higher? This quarter the average realization BOPET is 190. We are seeing the prices already 200-210.

Sanjeev Agarwal: No, this includes the thick films. And the thick film prices are lower than the thin film prices. So, the number of 205 which Mr. Banerjee...

Apurva Doshi: Is for thin film, yeah.

Sanjeev Agarwal: Just now talked about, that is for the thin film.

Apurva Doshi: Thin film. What are the prices for the thick films?

Samir Banerjee: About Rs.155 is the price for thick film.

Apurva Doshi: And what was the price six months back for thick one?

Samir Banerjee: It was around Rs.120.

Apurva Doshi: So, 120 has become 155, whereas thin 100 has become 200.

Samir Banerjee: It is gradually moving up. But, the demand-supply gap is more in thick film than it is in thin film at this moment.

Apurva Doshi: Okay. Sir, can you just give brief update on your expansions?

Samir Banerjee: We had planned for total expansion of polyester film of 90,000 tonnes and BOPP of 132,000 tonnes and about

70,000-75,000 tonnes of metalizing capacity. Total cost of which is about 1600 crores. And then these are coming in phases and will likely to be completed by March 2013.

Apurva Doshi:

So, when is the first line getting commissioned?

Samir Banerjee:

In October 2011, the first polyester line and the first BOPP line.

Apurva Doshi:

30-30 each?

Samir Banerjee:

Polyester film is 30,000. BOPP is 36,000.

Apurva Doshi:

And how is to the ramp up of the plant? Suppose it starts in October 2011, do we start from 50% or we can scale up to 90% immediately?

Samir Banerjee:

50% is in the first month and then every month about 10%-15% ramping up, so to reach full capacity within three to four months.

Apurva Doshi:

Okay so by March 2012, this 30 plus 33 will be fully operational?

Samir Banerjee:

Yes, yes.

Apurva Doshi:

And then when is the next line getting commissioned? Every six months?

Samir Banerjee:

Yes, every six months.

Apurva Doshi:

Okay. Sir, update on your power, wind, what is exactly happening and when is the plant expected to commission?

Sanjeev Agarwal:

The power venture is having three units of 600 megawatts each.

Apurva Doshi:

Correct. Commissioning dates?

Sanjeev Agarwal:

So, total 1800 megawatts. The first unit will be set up in March 2012 for 600 megawatts and then in September 2012 and then in September 2013. The progress at the site is quite good. And in fact the foundation work has already been completed for this ESP and for the BTG.

Apurva Doshi:

And we own 73.7%?

Sanjeev Agarwal:

We will own 73.73%. At the moment, the shareholding of Jindal Poly is about 46%. But, this will go up after complete investment is made to 73.73% in the SPV Company, the holding company which is Jindal India

Powertech Limited and 86% in the thermal power project company. So, effectively Jindal Poly will hold about 64% of the project company.

Apurva Doshi: No, no, Jindal India Powertech owns the 86% of the power plant?

Sanjeev Agarwal: Yeah.

Apurva Doshi: And who owns the balance?

Sanjeev Agarwal: The balance will be owned by individual promoters.

Apurva Doshi: Okay. And how do we plan to fund this 660 crores at Jindal Poly Films level?

Sanjeev Agarwal: Jindal Poly Films will have good amount of internal accruals. And they have already invested like 200 crores rupees, 240 crores rupees in the power project out of 660. So, balance amount is yet to be invested. So, out of the internal accruals, (inaudible) have been invested.

Apurva Doshi: Are we planning any QIP or something to raise funds or something like that?

Sanjeev Agarwal: We are exploring various possibilities, but as of now we have not yet finalized.

Apurva Doshi: And there are rumors, just want to clarify that Jindal India Powertech or the power plant itself might go for listing. Your views on that?

Sanjeev Agarwal: Yeah, we are planning for the listing of the power venture once the project has progressed quite well. So, we could target, let's say, in next one years' time, we could go in for the IPO of the power project company.

Apurva Doshi: So, that is Jindal India Powertech or the actual power company?

Sanjeev Agarwal: The project company, which is Jindal India Thermal Power Limited.

Apurva Doshi: Jindal India Thermal Power?

Sanjeev Agarwal: Yeah.

Apurva Doshi: Okay sir, thank you very much and best of luck.

Sanjeev Agarwal: Thanks.

- Moderator:** Next question comes from Mr. Deepak Agarwal from Impetus Advisors.
- Deepak Agarwal:** Hello. You mentioned that one capacity which was commissioned recently; can you tell us which company had done?
- Samir Banerjee:** One company in China, which is set up a line. I think commissioned in October 2010.
- Deepak Agarwal:** And what were the capacity?
- Samir Banerjee:** 30,000 tonnes.
- Deepak Agarwal:** Okay. And which is the next capacity coming in BOPET by the industry anywhere?
- Samir Banerjee:** The next capacity is expected in India, which should start by the end of this month.
- Deepak Agarwal:** And which is that company?
- Samir Banerjee:** Ester Industries.
- Deepak Agarwal:** Okay. And after that?
- Samir Banerjee:** After that maybe around May 2011, __17:08__ is supposed to start up with.
- Deepak Agarwal:** Right. Okay and mentioned that currently the demand supply is over the thick films, is that right?
- Samir Banerjee:** Yes, actually no thick film line has come up recently anywhere in the world. And most of the new developments that have taken place in the electronic segment and in the photovoltaic segment are in the thick film area. So, there is a gap between the demand and supply in thick films, because of which some of the plants in Europe and USA from thin has converted to thick. So, there is still a gap in demand and supply in thick films.
- Deepak Agarwal:** Okay, so how much of our BOPET capacity is thin and how much is thick?
- Samir Banerjee:** About 8500 tonnes a month is in thin films and about 1600 to 1700 tonnes a month is in thick films.
- Deepak Agarwal:** Sorry, how much thick?
- Samir Banerjee:** 1600 to 1700 tonnes a month.

Deepak Agarwal: Okay and thin is 8500?

Samir Banerjee: Yes.

Deepak Agarwal: And post expansion, expansion is taking place in what? Thin or thick?

Samir Banerjee: Both. It's taking place in both. Thin film is expanding by 60,000 tonnes a year and thick film is expanding by 30,000 tonnes.

Deepak Agarwal: Hello, hello.

Samir Banerjee: The thick film line which has been ordered will be capable of making the two new...

Sanjeev Agarwal: Okay, just for the benefit of all, this thick film line will cater to the high value added film product which is to be used for (not sure) solar.

Moderator: Next question comes from Mr. Rahul Soni from SKS Capital.

Rahul Soni: Hello, good evening sir.

Sanjeev Agarwal: Good evening.

Rahul Soni: Sir, may I have the volume figure for the last quarter and last year?

Sanjeev Agarwal: Which figure you are talking about?

Rahul Soni: BOPP and BOPET.

Sanjeev Agarwal: I think we have just now informed about specific figure for this quarter.

Rahul Soni: Last quarter means, September quarter?

Sanjeev Agarwal: Yeah, last quarter was around 57,000 tonnes and this quarter it was about 54,000 tonnes.

Rahul Soni: Okay. And sir, going forward what is your guidance on volume? Volume growth?

Samir Banerjee: We are expecting a growth of about 20% year on year for both polyester as well as BOPP.

Rahul Soni: Okay, thank you.

Sanjeev Agarwal: Thank you.

- Moderator:** Thank you sir. Next question comes from Mr. Nayan Mehta from 21st Century Shares.
- Nayan Mehta:** Good evening. Congratulations on a good set of numbers Mr. Banerjee.
- Samir Banerjee:** Thank you.
- Nayan Mehta:** Yeah, I just wanted to know, while lot has been spoken on the price, what was last year and this year, but I am just eager to know what could be the trend going forward. Because, as we have seen that commodity prices tend to rise and then probably when it comes to sustainability of those prices, it becomes very challenging. So, if you can just throw some light on what kind of prices you see going forward, if there is any kind of clue you can give us on both the segments, BOPP as well as PET? Maybe six months to one year down the line, what could be the price scenario?
- Samir Banerjee:** For PET, our feeling is that the prices will move in a very narrow band of plus, minus 5% for the next one year.
- Nayan Mehta:** From the current level?
- Samir Banerjee:** From the current level. And in BOPP we foresee prices to be rising, but in short term, next three to four months and thereafter stabilizing at about Rs.125 to Rs.130 a kg.
- Nayan Mehta:** Okay. And secondly, I just wanted to know about the foray into mining through Jindal Metal and mining variable through some coal blocks in Mozambique. What exactly is the idea behind the foray into this?
- Sanjeev Agarwal:** See, today coal is a scarce commodity and provides a very good opportunity. If somebody has got the mine, they can make good amount of money out of these investments. So, what we have done is, we had participated in a tender which was issued by the Ministry of Mineral Resources, Government of Mozambique. And we have fortunately won this coal block for geological perspective and exploring of coal. And this mine potentially contains about 150 million tonnes of coking coal and thermal coal. So, what we believe is that if we explore these mines, in any case the group has already ventured into the power sector and through thermal power projects, so we would need for the expansion of these projects and we would need this coal. So, this opportunity is being made in that direction. And if we brought our own coal, I think this should be beneficial to the group and Jindal Poly Films in a big way.

- Nayan Mehta:** And to what extent will our company be allowed to bring in coal from Mozambique to here?
- Sanjeev Agarwal:** I think if we can have this mine explored and find coal of this let's say, 150 million tonnes of 300 million tonnes, there is no bar in bringing that coal for the purpose of fuel in any plant in India.
- Nayan Mehta:** Okay. And what kind of investment have we put in, in this company or in this venture?
- Sanjeev Agarwal:** So far we have not yet invested anything and because these are at the exploratory stage, so in the next two years, three years time when we still explore these mines, we will invest about 7 to 8 million dollars for both these mines.
- Nayan Mehta:** Sorry, can you come back again?
- Sanjeev Agarwal:** 7 to 8 million dollars would be the total amount of investment which is required for exploring these two mines.
- Nayan Mehta:** Okay. And are we seeing uptrend in the coking coal prices going forward?
- Sanjeev Agarwal:** That we would not like to comment, because this is a commodity again and there is a big demand which is coming up from all across the world. So, the prices for these kind of scarce commodity should go up in any case, but how much? I cannot predict on that.
- Nayan Mehta:** Okay. And coming back to our main business, we are going to see some kind of a volume increase currently, of course can we safely assume our total production, total volumes to be around 2,15,000 tonnes for the current year FY11?
- Sanjeev Agarwal:** 2, 15,000 tonnes for FY12 you are saying?
- Nayan Mehta:** No, FY11. Is it correct to assume or is it?
- Sanjeev Agarwal:** Just a minute, 60,000 tonnes roughly per quarter we can expect. So, 2, 15,000 tonnes is where we estimate or rather it should be more than that.
- Nayan Mehta:** For the FY11 I am saying.
- Sanjeev Agarwal:** Yeah.

- Nayan Mehta:** Okay. And about 20% growths can we see in volume terms?
- Sanjeev Agarwal:** Yes, that is the likely situation for the next financial year.
- Nayan Mehta:** Okay. And the current price trend is more or less stable at around 200 for the BOPET and about 115 to 120 for the BOPP I guess?
- Samir Banerjee:** Yes, last two months the price has been at this level.
- Nayan Mehta:** Any increase is expected in the next few weeks time in the BOPET segment?
- Samir Banerjee:** Cannot say exactly. I think it should be at this level. Because, this is the price at which the imports can land.
- Nayan Mehta:** And what is the situation in China as far as the films are concerned? Earlier, they were selling at around 4 dollars. What is the current situation and what is the pricing trend internationally?
- Samir Banerjee:** Internationally the price is still around 3.8 to 4 dollars. But, in China it may be around 3.7 dollars. So, the price in India is little bit above the (inaudible) price from that.
- Nayan Mehta:** Okay. So, would it be economical for importers to import these films right now?
- Samir Banerjee:** Main fear is that what is ordered today lands into India about six to eight weeks later. So, any importer would be hesitant to take a risk knowing that there maybe gap in the landed price in domestic and imports is only about Rs.10 or Rs.12. So, if anybody plans imports and the price in India for some reason drops, then he stands to lose money. And new capacities are coming up in India; there is no shortage of films availability in India. For a 5% difference in price, most of the time imports don't take place. The gap has to be at least 10% or more for anybody to feel attracted to import.
- Nayan Mehta:** Okay. And last question is on the Gutka thing. Again, what is your sense in, how will the industry deal with the ban on the packaging of using these films for Gutka? It's a very tricky situation so far, what is the industry sense?
- Samir Banerjee:** Industry had gone with an appeal against that order. So, there are three different groups which are going in appeal. One is the Gutka manufacturers, second is the flexible packaging converters and third is probably the film manufacturers. But, in this case Jindal Poly Films

exposure to the Gutka industry is relatively small. Since this industry is mostly concentrated in Northern India especially in UP. We are located in Western India; our exposure to the Gutka industry is very small, only about probably 5% or 7% of volume. Volume is actually being supplied to this industry.

Nayan Mehta:

Okay. So, there is no fear as of now? Is there a fear of losing that 5% to 7% volume also post March?

Samir Banerjee:

Yes, that fear is there. We have already increased our exports, which was around 20% to 25% in the last quarter, we have increased that to nearly 30% in the second quarter, that means in the September quarter it was about 20%. In the December quarter it was about 30%. We are planning to further increase our exports to around 40% post expansion, now post the first line expansion.

Nayan Mehta:

Okay. I think if there is any other question, I will come back later. Thank you so much.

Moderator:

Thank you sir. Follow up question comes from Mr. Ritesh Poladia from Almondz Global.

Ritesh Poladia:

Good evening sir. Sir, you have spoken on the prices. Can you give us a little break up on the raw material for PET and BOPP?

Sanjeev Agarwal:

Hello. Yeah, the raw material consumption, actually in the current quarter has come down to about 42% as compared to about 47% in the last quarter of 2010 September. So, although the prices of raw material has firmed up by about 15% to 20%, but because of the overall increase in the prices for BOPP films and BOPET films, the effect on the increase in the raw material prices is not there in our results.

Ritesh Poladia:

Sir, can we have the bifurcation like per ton for BOPP and PET, separately?

Sanjeev Agarwal:

That is not readily available, we can maybe if...

Ritesh Poladia:

Approximate figure also would be fine.

Sanjeev Agarwal:

Yes, for BOPET films roughly I think Rs.55 to Rs.56 per kg is the price of raw material cost. And for BOPP films roughly the raw material cost is in the range of about Rs.64.

Ritesh Poladia:

So, our profit, higher profit is a function of PET films rather than PP films?

- Sanjeev Agarwal:** Yeah, BOPP films prices have also gone up in the last quarter. So, some of the profit has also been contributed by BOPP films. The increased part I am telling you, incremental.
- Ritesh Poladia:** Sure. And sir, our inventory side have risen by about 46 crores. So, what would be the result of that?
- Samir Banerjee:** Inventory has risen, which is in October and November. Polyester film sales were little bit lower than average because of the festive season of Diwali, that had about ten days before Diwali and ten days after Diwali the sales were little low, because many of the markets were closed in India. Similarly, during the Christmas, New Year period exports gets a little bit affected. But, in the second half of December onwards this inventory has started getting cleared up.
- Ritesh Poladia:** So, my March quarter this inventory would be cleared in totality?
- Samir Banerjee:** Yes. Next two or three months it will get cleared up and it's likely to be by March, it should get cleared up.
- Ritesh Poladia:** Okay. Sir, there was a little confusion for the power venture. Our stake would be 64% in the ultimate power venture company, is that right?
- Sanjeev Agarwal:** The effective control of Jindal Poly Films in the power venture would be 64%, because there is a holding company in between. So, what we are saying is that 73% of the SPV holding company will be owned by Jindal Poly Films and the holding company itself is holding about 86% in the power venture, power Project Company. So, if we multiply these two, the effective holding would come to about 64%.
- Ritesh Poladia:** Okay. And for this 64, we are investing 660 crores.
- Sanjeev Agarwal:** Yeah, this investment is being made at power.
- Ritesh Poladia:** Yeah. And how much already has been done?
- Sanjeev Agarwal:** 248 crores rupees has already been invested from Jindal Poly Films and balance would be invested over the period of next let's say, one to one and a half years period.
- Ritesh Poladia:** Okay. And sir have we signed any PPA for this project?

- Sanjeev Agarwal:** Yes, we have signed a PPA with TATA Power for Rs.2.70 with a clause that if they are able to sell at a better price than Rs.2.70, then we will get the upside sharing of 90%.
- Ritesh Poladia:** Okay. And is this for entire 1800 or for part?
- Sanjeev Agarwal:** No, this has been done so far for about 900 megawatts. And 240 megawatts we have to sell to the grid core, that is the Orissa Government Electricity Board, the State for 240 megawatts. And for balance we are intending to go to the merchant markets, because we believe that the tariff in the merchant markets will remain good for next couple of years. And then in the meanwhile we can also get some good PPAs signed for about 25 years to optimize the profitability.
- Ritesh Poladia:** And how many have given order for BTG?
- Sanjeev Agarwal:** BTG order has been placed with BHEL.
- Ritesh Poladia:** Okay. That's all from my side. Thank you sir.
- Sanjeev Agarwal:** Thank you.
- Moderator:** Thank you sir. Next question comes from Mr. Jigar Shah from KIM ENG Securities.
- Jigar Shah:** Good evening sir. Congratulations.
- Sanjeev Agarwal:** Thank you.
- Jigar Shah:** I actually joined in a bit late, so I wanted to know the BOPET and BOPP films sales volume in Q3 and also how has been the raw material price trend? I think you just now mentioned that, so that is not required, but I just wanted the BOPET and BOPP films sales volume.
- Sanjeev Agarwal:** Yeah, in Q3 the BOPP and PET films sales volume is about 29,000 in BOPP films and about 23,000 tonnes for BOPET films, totaling around 53,000 to 54,000, in the middle of the figure. So, actually this BOPP film is exactly around 30,000 tonnes.
- Jigar Shah:** 30,000 tonnes is BOPP and about 25,000 tonnes will be BOPET, right?
- Sanjeev Agarwal:** 23,000 tonnes for BOPET films.
- Jigar Shah:** 23,000 okay. And just one more thing, in between we had heard lot of shortage of the PTA, so have we experienced

any shortage of PTA in Q3? And what are your sources of getting this raw material?

Samir Banerjee:

We have domestic supplier of about 75% to 80% and imports of about the balance, 20% to 25%. We did not experience any shortage of PTA. But, yes there is a shortage in the market for PTA.

Jigar Shah:

And who are you buying from?

Samir Banerjee:

We are buying in India from Indian Oil Corporation, from Mitsubishi Corporation and import from East Asia, South East Asia.

Jigar Shah:

Okay sir. Thank you very much. Thank you.

Moderator:

Thank you sir. Follow up question comes from Mr. Deepak Agarwal from Impetus Advisors.

Deepak Agarwal:

Hello. I had got disconnected while I was asking the question last time. You were telling about how much will be the capacity expansion of yours in the thick film.

Samir Banerjee:

Our capacity expansion in thick polyester film is 30,000 tonnes per annum and this expansion is mainly to cater to the new products in thick films for photovoltaic cell and for the electronics industry.

Deepak Agarwal:

Okay. And now I noticed that you use DMT, you don't use PTA.

Samir Banerjee:

No, we used to use DMT. But, since 2006 our product plant is restricted to using PTA. The fixed plan that we had originally for the dual feedstock plant, it could use both DMT and PTA. And DMT has got more or less phased out in the world now. Most of the polyester film, polyester chips manufacturing is based on PTA.

Deepak Agarwal:

Okay. Can you give input-output ratio for BOPET films or mainly for PTA and MEG?

Samir Banerjee:

About 84%-85% of the region comes from PTA and about 34% comes from MEG. The balance whatever is generated I think is water.

Deepak Agarwal:

For 1 ton of film 84.

Samir Banerjee:

Yes. 84% would be PTA and 34% would be MEG and the balance, there is some water which is generated as by-product.

Deepak Agarwal: Okay. And did we operate at full capacity in the last quarter?

Samir Banerjee: We operated at full capacity. But, there was some inventory build up. And usually in this quarter, the October, December quarter the inventory does get built up, maybe 10% or 15%. It's because of little clash in demand during Diwali season and during Christmas, New Year in Europe and USA. But, that gets corrected in the next quarter that is the January, March quarter, it usually gets corrected.

Deepak Agarwal: Okay. What do you think is going to be the likely impact on the prices of the commissioning of Ester's capacity and (not sure) capacity?

Samir Banerjee: I think Indian suppliers have reduced their exports to meet the domestic demand. Once these capacities come up, I think the normal supply in the international market of about 30%-35% of the total capacity will again be restored. And there is some development in this front. Few of our competitors duties have got reduced in US and Europe. So, they were out of these markets for almost ten years, so they will be able to go back to these markets now. So, I don't think there will be much impact on the...

Deepak Agarwal: Sorry, I didn't get this aspect, what is that? Ten years they were not operating, but now they are operating?

Samir Banerjee: Their duties were high in Europe and in US, both. 2001, these duties were imposed. So, now they have been withdrawn, so they will be able to go back to these markets, from which they have been out for last ten years.

Deepak Agarwal: The Indian producers can sell in the US now, is that what you are saying?

Samir Banerjee: Two of them. We were allowed to sell. There were others who went out of India, because they had duties imposed on them. Now such restrictions have been gradually reduced. So the exports, usually the trend was about 60% sale within India, 40% exports. That should get restored, so that Ester and (not sure) come into production.

Deepak Agrawal: Okay, is the (not sure) capacity thin film capacity?

Samir Banerjee: Yes.

Deepak Agrawal: Who is the major one in thick films?

Samir Banerjee: No, it's the thin film capacity, sorry.

- Deepak Agrawal:** No, who are the major ones in India in the thick films?
- Samir Banerjee:** There are only two companies in the thick films. One is one Garware and the other one is Jindal.
- Deepak Agrawal:** Okay. That's it from my side. Thank you.
- Samir Banerjee:** Thank you.
- Moderator:** Thank you sir. Next question comes from Mr. Sagar Parekh from Enam Holdings.
- Sagar Parekh:** Hello sir. Congratulation on a good set of numbers. Wanted to understand, sir you said that your raw material cost for BOPP is around Rs.64 a kg and for BOPET is 55. So, what would be the conversion cost for both of these products?
- Sanjeev Agarwal:** Roughly the conversion cost for both these products is around Rs.15 a kg.
- Sagar Parekh:** Rs.15. Sir and what would be the sustainable EBITDA margin that you see going forward. Because, right now you are having around 47%, which was earlier around 20%, so do you see the same going forward, going down to the same levels?
- Sanjeev Agarwal:** Till the time the prices are (not sure), they are sustainable. So, we cannot say. Till for the next month as we have said earlier, the prices are likely to remain in this range only with a plus, minus 5% for BOPET films and for BOPP films, this is likely to go up rather 10%, 10% to 15% plus. So, I think for next four quarters, five quarters, this sustainability of profit is not a problem. And thereafter with the increased volume, the profitability in absolute terms as we are seeing should be maintained.
- Sagar Parekh:** Okay, so over the next five quarters at least we should take EBITDA at around the same levels as you have for this quarter?
- Sanjeev Agarwal:** Yes, with a small plus, minus, if the raw material prices increase beyond today's level. So, there could be plus, minus 2% to 3%. But, yes broadly in this range.
- Sagar Parekh:** Okay. And sir on your power venture, I just wanted a quick check on this. Jindal Poly Films holds 73% of Jindal Powertech, right?
- Sanjeev Agarwal:** Today it is not the case, but the structure is slightly...

- Sagar Parekh:** Today it holds around 46% and it will go to 73%. So, who are the balance stakeholders for this Jindal Powertech?
- Sanjeev Agarwal:** Jindal Powertech balance holding will be with another group company Jindal Photo Limited.
- Sagar Parekh:** Okay, that's another group company, Jindal Photo. And Jindal Powertech owns 86% of Jindal India Power and the rest is owned by promoters of the project?
- Sanjeev Agarwal:** Yes.
- Sagar Parekh:** Okay. And sir what would be the total project cost of this 1800 megawatts power venture?
- Sanjeev Agarwal:** 9121 crores is the total project cost and 80% has been funded through loans and 20% with the equity.
- Sagar Parekh:** And you have tied up the loans, 80%?
- Sanjeev Agarwal:** Yes, we have fully tied up the loans.
- Sagar Parekh:** Who are the bankers?
- Sanjeev Agarwal:** This is a consortium of about twenty banks, public sector banks and which is led by Punjab National Bank.
- Sagar Parekh:** Okay, so out of the 20% of equity, your portion would be 64% of that?
- Sanjeev Agarwal:** Right. Basically just to clarify on this, about 50% of the total equity requirement will be contributed by the promoters and for balance there will be dilution of equity through the IPO. And there could be dilution in the range of about less than 15% or so.
- Sagar Parekh:** Okay, thank you sir. That's all from my side.
- Moderator:** Next question comes from Mr. Chetan Thackar from HSBC Invest Direct.
- Chetan Thackar:** Good evening sir. Just wanted to get a sense from you on the demand outlook as far as Europe is concerned and probably absolute numbers as far as the demand-supply mismatch is concerned in BOPET and BOPP and how do you see it going forward panning out with capacity addition?
- Samir Banerjee:** The demand from Europe for polyester film is roughly around 300,000 tonnes per annum. And there is demand-

supply gap of little over 100,000 tonnes, through which Europe needs to import in the case of polyester films. So, this 100,000 tonnes of imports is met from India and Indian producers, other producers in Asia.

Chetan Thackar:

And BOPP?

Samir Banerjee:

BOPP there is no demand-supply gap as such. There is demand-supply more or less frequently matched globally.

Chetan Thackar:

And sir why are we seeing, probably expecting prices on BOPP to move up from here on further? Is it due to subsidization effect or what exactly is it?

Samir Banerjee:

The Indian demand is growing at about 20% per annum. So, to meet that additional Indian demand, the prices are moving up here.

Chetan Thackar:

Okay, sure sir. And sir, what is the average realization on the metalized films currently?

Samir Banerjee:

Metalized film is about Rs.20 to Rs.25 higher than the base film of polyester and BOPP.

Chetan Thackar:

Okay, so that would be around 130?

Samir Banerjee:

For BOPP it would be around 140 and for polyester it would be around 225.

Chetan Thackar:

Okay, sure sir. Thank you so much.

Moderator:

Thank you sir. Follow up question comes from Mr. Nalin Ladiwala from Shanti Asset Management.

Nalin Ladiwala:

Sir, one quick feedback for the moderator, the call just goes blank every fifteen-twenty minutes. So, maybe the moderator can provide transcripts of the call. I faced a similar issue in the previous call, that is last quarter as such. Hello. Can you hear me?

Sanjeev Agarwal:

Yeah, we can. Please ask your question.

Nalin Ladiwala:

Sir, just wanted to ask which film is used to manufacture Gutka packaging?

Sanjeev Agarwal:

Polyester films, BOPET film.

Nalin Ladiwala:

Okay. And how much of this film is used for packaging in terms of quantity?

- Samir Banerjee:** About 15% to 20% of total polyester produced is used in the Gutka industry.
- Nalin Ladiwala:** Okay fine. And sir, could you help us with the capacity projections for BOPET films for FY12?
- Samir Banerjee:** You would like to know the capacity increase that we are undertaking?
- Nalin Ladiwala:** No, the capacity how much is it today and how much is probably going to get added by the (not sure) whole of FY12.
- Sanjeev Agarwal:** Today we are having the capacity of 1,80,000 tonnes of BOPP films and 1,27,000 tonnes for BOPET films.
- Nalin Ladiwala:** This is just for Jindal Poly, right?
- Sanjeev Agarwal:** Yeah.
- Nalin Ladiwala:** I was referring to the industry, global industry.
- Samir Banerjee:** In the case of BOPET, the global capacity, effective capacity today is about 2.5 million tonnes. And we are expecting an increase of about 8% to 10% in the next one year.
- Nalin Ladiwala:** Okay. And how about BOPP films?
- Samir Banerjee:** BOPP the effective capacity today is about 5.2 million tons; there also another 8% to 10% increase is expected in the next one year.
- Nalin Ladiwala:** Okay, sir the transcripts will be very, very helpful. I am sure you would have answered several questions twice, so I won't trouble you further. Thank you so much for the call and wish you all the best.
- Moderator:** Thank you sir. Next question comes from Mr. Saurabh Agarwal from Kotak Securities.
- Saurabh Agarwal:** Good evening sir. Just if you can provide MT and MEG prices for the last three quarter average prices, PTA and MEG prices sir?
- Sanjeev Agarwal:** At the moment we have prices available for this quarter. It's around Rs.55 a kg for us. This is the raw material cost for kg for us. For BOPP films Rs.64 as we said earlier.

- Saurabh Agarwal:** Okay. And sir I believe in last few weeks, PTA prices have gone up sharply. Is it correct and if yes, what's the present cost of production, raw material cost?
- Samir Banerjee:** Yes, it has moved up about Rs.10 in the last, little over a month. But, finished good prices in the last one year has more than doubled. So, the impact of that increase is not as much, since it has got dealings through the raw material prices now.
- Saurabh Agarwal:** Sir, say post increase in PTA, say the prices which are like cost of raw material which is Rs.55 per kg, what it will be like presently? Will it be Rs.60? Just wanted to gauge that.
- Samir Banerjee:** Around Rs.65 is the present cost.
- Saurabh Agarwal:** So, increase will be close to Rs.10?
- Samir Banerjee:** Yes.
- Saurabh Agarwal:** And this will be both for BOPET and BOPP?
- Samir Banerjee:** This is for BOPET.
- Saurabh Agarwal:** And sir, for BOPP?
- Samir Banerjee:** For BOPP the present pricing would be around close to Rs.68-Rs.69 a kg.
- Saurabh Agarwal:** Okay, so close to Rs.5?
- Samir Banerjee:** Yes.
- Saurabh Agarwal:** Okay. Secondly sir, there seems to be some discrepancy in the consumption of raw materials data. Correct me if I am wrong sir, for the Q1 and Q2, it's been 380.98 crores and 382.17 crores. And for this quarter it's 351.5 crores. So, the total is working out to 1114 crores. And in nine months, it's coming out to 1016 crores. So, there is a difference of 98 crores. So, is there any readjustment which has happened in Q1 or Q2?
- Sanjeev Agarwal:** No, I think the raw material consumption as we can see from the reserve declared for this quarter was 305 crores rupees. And for Q2, the raw material consumption was 332 crores rupees.
- Saurabh Agarwal:** Okay and for Q1?
- Sanjeev Agarwal:** For Q1 this was 339 crores rupees.

- Saurabh Agarwal:** This is sir, you are including the adjustment.
- Sanjeev Agarwal:** This is adjusted for the increase or decrease in the inventory.
- Saurabh Agarwal:** Okay, fine sir. Thanks.
- Moderator:** Next question comes from Mr. Luca Franza from Ausonio Fund.
- Luca Franza:** Hello sir. Congratulations for good results. I just had a couple of factual questions that you might have already answered, but just to make sure I understand properly. Would you please give me the volumes again for the nine months for BOPET and BOPP?
- Sanjeev Agarwal:** Roughly 83,000 tonnes of BOPET film has been sold in the nine months period. And 84,000 tonnes of BOPP film has been sold. So, roughly 50%-50%, both the (inaudible).
- Luca Franza:** Okay, very clear. Another question, you mentioned on the timelines for the power project. The first 600 megawatts should come in March 2012, correct?
- Sanjeev Agarwal:** That's right.
- Luca Franza:** Then September 2012, the second 600 and the final one in 2013, is that right?
- Sanjeev Agarwal:** That's right.
- Luca Franza:** Okay, fair enough. And on the power project you mentioned 80% that is already tied up, the rest by equity. And you mentioned that the promoters would be providing 50%. By that you mean that the rest will come from the IPO, is that right?
- Sanjeev Agarwal:** Yes, your understanding is correct.
- Luca Franza:** Okay, basically at the end of the whole process, Jindal Poly Films control 64% and whatever is left after the IPO, which might be 80-85 depending upon what kind of valuation, is that right?
- Sanjeev Agarwal:** 64% will be the total equity, effective equity holding of Jindal Poly Films in the power project.
- Luca Franza:** Yes, before the IPO. So, after the IPO might be let's say maybe 50 something, let's say depending upon the dilution.

- Sanjeev Agarwal:** We are estimating roughly around 15% dilution, so 64% will be diluted by 54%, so roughly around 55%.
- Luca Franza:** Okay, understood. And another thing on the BOPET capacity, you mentioned that there are about 85% is thin and about 15% is thick, is that right?
- Samir Banerjee:** For BOPET, not BOPP. BOPET 15% is thick and 85% is thin.
- Luca Franza:** Okay, very clear. And roughly the (not sure) price is Rs.214 and 150 for thick, yeah?
- Samir Banerjee:** Yes.
- Luca Franza:** Okay, fair enough. And for FY12, you are guiding for about 20% volume increase?
- Sanjeev Agarwal:** Yes, that is likely.
- Luca Franza:** Okay. Let's see the guidance...that's all I had to ask, thank you so much and congratulations again.
- Moderator:** Thank you sir. Next question comes from Mr. Aliasgar Shakir from Elara Capital.
- Aliasgar Shakir:** Hello, congratulations sir for a good set of results. I just wanted to understand first of all, difference in thick and thin films, I believe you just mentioned a while back that thick films realization rates are about 155 per kg, whereas thin films is about 200 per kg. Why is the price differential? What is the difference in quality or what exactly is it?
- Samir Banerjee:** Actually the demand-supply situation is different for these, because there will be different equipment to produce thin and a different equipment to produce thick films. So, the surge in demand was mainly from the thin films segment, where the prices really went up. The thick film demand-supply gap wasn't so much, so the prices moved relatively at a slower speed. It went from 120 to 150. And in thin film, it went from Rs.90 or Rs.100 to Rs.200 in the last one year.
- Aliasgar Shakir:** So, when we take thick films, is it like something about 50 microns range?
- Samir Banerjee:** Yes, it's above 50 microns to about 350 microns.
- Aliasgar Shakir:** I believe that the demand for thick films came for photovoltaic cells largely and the solar energy, where

actually the demand is basically the rise in demand spectrum largely came from photovoltaic cells, if I am not mistaken?

Samir Banerjee:

It came from that and that is why some of the large producers in Europe and US converted their thin film line to making thicker films and thereby creating a shortage of thin films. Indian producers or most of the Asian producers are not yet producing these two products, photovoltaic and electronics. So, they are not yet manufacturing these products.

Aliasgar Shakir:

Additionally also what I have just gathered is, thick films are value added products and therefore even if demand-supply dynamics improve, the prices may not come down significantly, am I correct in assuming that?

Samir Banerjee:

Yes, prices of thick films have been steady for many years now. They have not fluctuated either upwards or downwards.

Aliasgar Shakir:

Okay, so they will remain at about 150 levels even if the demand dynamics, supply dynamics improve.

Samir Banerjee:

Yes, of course the specialty grade price for photovoltaic and electronics, they sell at about 30% to 40% higher price.

Aliasgar Shakir:

Okay. So, are the EBITDA in this particular also way too higher than the thin films?

Sanjeev Agarwal:

Actually the overall EBITDA margins for the company is 48% and this is primarily because the thin films prices are in the range of about Rs.200 and the thick film prices are also, they have also moved up. But, because the total sale of the thin films is much larger than the thick films, so the major contribution has come from thin film segment.

Aliasgar Shakir:

Right, that is as of now. But, going forward even if thin films prices move down and the thick film prices remain on the same levels, then EBITDA would probably be dragged upwards because of the higher realization at thick film rates, am I correct in assuming that?

Samir Banerjee:

We are not able to foresee that situation at least for the next one year.

Aliasgar Shakir:

Okay, can you just tell me what would be the EBITDA per kg for thick films approximately?

Samir Banerjee:

About Rs.70 to Rs.80 per kg, so roughly.

- Aliasgar Shakir:** So, which means the raw material and the conversion cost is equivalent to that of the thin film?
- Samir Banerjee:** Yes, the cost of conversion is same for both thin and thick.
- Aliasgar Shakir:** Okay and even the raw material cost?
- Samir Banerjee:** Raw material cost is also same.
- Aliasgar Shakir:** Okay. I just wanted to understand in the backdrop of rising demand for PET films, do you foresee any situation of increase in raw material prices?
- Samir Banerjee:** Yes, that is possible. If the raw material prices still continue to increase, the increase may be passed on to the ultimate finished product prices.
- Aliasgar Shakir:** But, since right now realization is already way too higher than the previous one, so maybe you may not be able to pass through and have to take it on your books?
- Samir Banerjee:** Right at this moment, short term, next two or three weeks, it doesn't seem possible. But, beyond three-four weeks some increase is possible.
- Aliasgar Shakir:** Okay, so we can expect about approximately around 10%-15% increase in raw material price?
- Samir Banerjee:** Further?
- Aliasgar Shakir:** Yes.
- Samir Banerjee:** Not so much, maybe another 5% or so.
- Aliasgar Shakir:** Okay. Just wanted to understand something on the industry aspect. There are noise that China does not get a higher amount of, US and European countries do not take imports from China and therefore they dump their products in India. Can you give me some inputs over there?
- Samir Banerjee:** Chinese films, the imports into India maybe very small, maybe few percent, 2% of 3% of the Indian consumption. Their main markets are the low cost countries of Cambodia, Laos, Bangladesh, Pakistan, Sri Lanka.
- Aliasgar Shakir:** Okay. And they do not export large chunk in US and UK, because the films are not approved there?
- Samir Banerjee:** Yes, that's right.

Aliasgar Shakir: That's exactly where India gets a better advantage, because their products are exported into US and UK where China cannot compete with them.

Samir Banerjee: And Indian products are very well established with the users there. So, there is no doubt on quality or ability to deliver.

Aliasgar Shakir: Okay, so the Chinese guys cannot compete with us in USA and UK market, am I correct?

Samir Banerjee: Their credibility is low, so not much volume moves in that market.

Aliasgar Shakir: Okay, right sir. Thanks a lot for your time, that's about it.

Moderator: Thank you sir. Follow up question comes from Mr. Ritesh Poladia from Almondz Global.

Ritesh Poladia: Sir, just have a small question on the power venture. Sir, listed companies have stake in the holding and promoters have a direct interest, is there any restraint behind that?

Sanjeev Agarwal: No, actually most of the holding as we have said earlier is held by the SPV Jindal India Powertech Limited and a small stake is with the individual promoters. So, as such this was, because a very good venture of the group, so individual promoters also wanted to participate in the project directly. And this stake probably was bought at the time when this structuring was not taking place. So, this is an initial holding, the individual promoters are having, right from the incorporation of the company.

Ritesh Poladia: Sir, any timelines for IPL?

Sanjeev Agarwal: We are looking for, I think in next one year at the timeline for listing the power company, but that will all depend on the market condition.

Ritesh Poladia: Thank you sir.

Moderator: Follow up question comes from Mr. Nayan Mehta from 21st Century Shares.

Nayan Mehta: Sir, just on photovoltaic business, what is the quantum of films that is consumed in the industry? And what kind of upside do we see in demand and value addition in terms of margins and how lucrative is, which are the other verticals which could be very lucrative for our products?

- Samir Banerjee:** The current demand for photovoltaic cells is about 8000 to 9000 tonnes per month. And the growth in this segment is very high, maybe 35%-40%, worldwide, global demand. In India, it is still not being used.
- Nayan Mehta:** Okay. And what kind of realization we can get? What kind of value addition we get, about 30% premium?
- Samir Banerjee:** Yeah, the price in this segment is ruling at about 5½ to 6 dollars a kg.
- Nayan Mehta:** Okay. And once your expansion gets over by the end of this calendar year, we would be catering largely to any dedicated line for the photovoltaic or anything on that?
- Samir Banerjee:** Dedicated line for photovoltaic cell will be installed in 2012. So, once that line comes in, it is about 30% to 40% of our total thick film capacity then would be in that photovoltaic cell market.
- Nayan Mehta:** 35% to 40% of thick film?
- Samir Banerjee:** Yes.
- Nayan Mehta:** And any other lucrative? Because, conventional packaging and the verticals for the products had its ups and downs, but do you see any major innovative product which is being launched globally, which can consume good amount of your end products?
- Samir Banerjee:** Not in the thin film segments. Most of the lucrative products that are being launched are in the thick film segments. In thin films, flexible packaging is still the dominant application.
- Nayan Mehta:** Okay, and what about the 3D television sets? Will that consume some amount of films?
- Samir Banerjee:** Yes, it will consume, but again the thickness there is ranging from 125 to 175 microns which comes in the thick film segment.
- Nayan Mehta:** And how is the demand coming from the LCD and the plasma TV?
- Samir Banerjee:** That demand is already there. Roughly, 25,000 tonnes a month is being used in these applications globally.
- Nayan Mehta:** Okay. And for handsets, smart phones and other?
- Samir Banerjee:** All of them put together.

- Nayan Mehta:** Okay sir. Thank you so much and wish you all the best.
- Moderator:** Thank you sir. Next question comes from Mr. Parin Gala from Gandhi Securities.
- Parin Gala:** Good evening sir, just one question...sir, company holds coal block in the name of Mandakini Coal Company Limited, that's right?
- Sanjeev Agarwal:** This coal company, this coal block is held by Mandakini Coal Company Limited, which is a joint venture between Jindal and two other (not clear) of India. And the shareholding, 1/3rd of this shareholding is held by Jindal Photo Limited.
- Parin Gala:** Right sir, my question to you is that what is the arrangement between Jindal India Thermal Limited and Mandakini Coal for off-take? Any off-take agreement, how is the arrangement going to be, to take the coal from the company?
- Sanjeev Agarwal:** There has been a coal off-take agreement signed between Jindal India Thermal Power Limited and Mandakini Coal Company Limited, wherein the coal will be transferred or sold at cost plus 15% equity IRR. So, this is roughly at today's cost looks to be in the range of about Rs.500 a ton.
- Parin Gala:** Okay, and sir, that will be for how many years?
- Sanjeev Agarwal:** This will be for about twenty years' time, till the time the reserves will be there. And we have a share of 1/3rd share, which is about 97 million tonnes.
- Parin Gala:** That's right. And sir, when does this coal start coming in? When will the mine be commissioned?
- Sanjeev Agarwal:** Mine will be operational from December this year.
- Parin Gala:** Okay sir. That's it from me. Thank you.
- Moderator:** Follow up question comes from Mr. Nalin Ladiwala from Shanti Asset Management.
- Nalin Ladiwala:** Just one small question again. Can a thin film line be converted to a thick film line and if so what is the CAPEX involved?
- Samir Banerjee:** To convert a thin film line to thick film line?
- Nalin Ladiwala:** That's right.

- Samir Banerjee:** Even if it is converted, it cannot give the products that are in demand, (inaudible) it is a very commodity grade. So, it is not really recommended to convert a thin film line to a thick film line.
- Nalin Ladiwala:** Okay, got it. Thank you so much sir.
- Moderator:** Thank you sir. Follow up question comes from Mr. Saurabh Agarwal from Kotak Securities.
- Saurabh Agarwal:** Sir, just on the coal block, what is the grade of coal out there?
- Sanjeev Agarwal:** From Mandakini Coal Company?
- Saurabh Agarwal:** Yeah, yeah.
- Sanjeev Agarwal:** This is F-grade coal.
- Saurabh Agarwal:** F-grade?
- Sanjeev Agarwal:** Yeah. And the calorific value is 4278.
- Saurabh Agarwal:** 4278. And sir, what is the mining plan for that? What is the kind of run rate you are expecting in next two-three years?
- Sanjeev Agarwal:** The mine will start with a production, initial production of about 4.5 million tonnes in the first year and that will be ramped up to about 7.5 million tonnes in the third year. So, that we can increase it further as per our requirement.
- Saurabh Agarwal:** So, your share will be 2.5 million tonnes in three years? 1/3rd will be yours?
- Sanjeev Agarwal:** Yes.
- Saurabh Agarwal:** Okay, thanks sir.
- Moderator:** Thank you sir. There are no further questions. Now I hand over the floor to Ms. Priyanka for closing comments.
- Priyanka:** I thank you all on behalf of Concept Public Relations for participating in this teleconference. If you have any further queries, please drop in your mail at priyanka@conceptpr.com. I repeat, p-r-i-y-a-n-k-a. Once again, thank you very much.
- Sanjeev Agarwal:** Thank you. Thank you very much.

Moderator:

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

Note:

- 1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.