Trident Limited

Q3 FY15 Earnings Conference Call Transcript
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Moderator: Ladies and Gentlemen, Good Day and welcome to the Trident Limited's Earnings Conference Call. As a reminder, all participant' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ishan Selarka of CDR India. Thank you. Over to you sir.

Ishan Selarka: Thank you. Good Afternoon and welcome to the Q3 & 9M FY15 Earnings Conference Call of Trident Limited. On the call today, we are joined by the senior members of the management team, including Mr. Pawan Jain – President, Mr. Kavish Dhanda – President and Mr. Gunjan Shroff – Chief Financial Officer. We will commence the call with opening remarks from the management, following which we will have an interactive question and answer session.

Before we begin, I would like to highlight that some of the statements made or discussed on the call today maybe forward-looking in nature and a note to that effect has been included in the conference call invite sent to you earlier.

I would now like to invite Mr. Pawan Jain to make his initial remarks.

Pawan Jain: Thanks Ishan. Good Afternoon and a warm welcome to everyone on Q3 & 9M FY15 Earnings Conference Call of Trident Limited.

I will begin by sharing the Corporate Developments and the Operational Performance of the Company during the quarter across business segments, following which Mr. Gunjan Shroff, who is our CFO, will take you through the financial highlights for the quarter and nine-months ended 31st December, 2014. We also have Mr. Kavish Dhanda, who is heading our Supply Chain, will give you some insights on the Cotton scenario and outlook for the next year.

The performance during the quarter is reflective of the challenges faced by the Textile Industry in terms of declining Yarn prices and higher Cotton cost inventories of last year. This moderated the spread in the Yarn business and hence the margin profile of the Textile segment. However, the margin spread of Terry Towels business was robust and partly mitigated the impact. The Paper business continues to perform satisfactorily.

Let me give you segment-wise perspectives.

The Indian Spinning industry after witnessing low until December 2014 is believed to be on the verge of revival as the demand from end-users continues to be robust. As you might be aware, the new Cotton is now available at lower levels. Even the Yarn prices have adjusted to the new Cotton prices. With most of the high cost Cotton already absorbed until Q3, we expect the margin profile to improve from Q4 onwards. Besides, it is our continuing focus to increase the proportion of Home Textile in overall textile mix to move away from the volatile commodity cycle.

Terry Towel business maintains growth momentum consequent to expanded capacities and our continued focus on value-added products. While the international order book continues to be robust, we have undertaken several initiatives towards branding in the domestic markets which are receiving very encouraging response. During the quarter, we ramped up volumes in new markets besides increasing our presence to over 100 Multi-Brand Retail Outlets in India. In addition, we had tied up with various online portals with a view to improve brand recognition amongst end consumers and capitalize on the burgeoning e-commerce space. We are now focused on gradually ramping up our utilization rates at our new facility at Budni which is currently operating at 40% utilization rates. Ramp up of this capacity will place us in a good stead to further augment our performance in this segment.

In the Paper business, our focus on enhancing the product mix towards the Copier segment is yielding results and is reflected in the margins of this business. Improvement in margins reflects various initiatives undertaken towards branding and further penetration into the domestic market through tie-ups with large institutions for Writing and Printing Paper.

Before I conclude, I am happy to share that we are making good progress in the Bed Linen project and expect to commence operation in the second half of FY16. I am glad to inform that Board of Directors have recommended a second interim dividend of Re. 0.30(3%) per equity share on the face value of Rs. 10 each.

While we are focused on consolidating our presence in the near-term, we are confident of achieving sustained growth going ahead on the back of improved utilizations combined with our focus on brand awareness, gradual introduction of innovative products, combined with improvement in consumption trend. Containing our debt and finance cost would further strengthen our balance sheet thereby delivering an enhanced value to our stakeholders.
With that, I would like to handover the call to Mr. Gunjan Shroff to share the financial performance of the Company for Q3 & 9M FY15. Thank you.

Gunjan Shroff: Thank you Pawan and a very warm welcome to everyone present on the call today. I will take you through the financial highlights of the Company for the quarter and nine-months ended December 31, 2014.

During the quarter, net revenues stood at Rs. 931 crore vis-à-vis Rs. 1,021 crore in the corresponding quarter of previous financial year. EBITDA stood at Rs. 160 crore translating to margins of 17.1%. Profit After Tax stood at Rs. 24 crore as compared to Rs. 51 crore in the same period last year.

For the nine-months, net revenues stood at Rs. 2,806 crore as compared to Rs. 2,894 crore last year. EBITDA stood at Rs. 496 crore translating to EBITDA margin of 17.7%. PBIT is at Rs. 262 crore and Profit After Tax came in at Rs. 77 crore.

Let me now give you a segment-wise performance of Trident Limited:

During the quarter, the revenue from Textile segment was lower at Rs. 731 crore compared to Rs. 805 crore in the corresponding quarter of last year. PBIT stood at Rs. 58 crore whereas PBIT margins improved to 8%, up 70 bps Q-o-Q. Decline in Yarn realizations led to muted top line growth, while this was partly mitigated by steady growth in Terry Towel along with our focus on value-added product. The revenues in the Paper segment moderated to Rs. 199.6 crore against Rs. 215 crore in the same period last year. PBIT came at Rs. 34 crore while the PBIT margins enhanced to 16.8% which is up by 110 bps Y-o-Y. Improvement in margins is on account of enhanced contribution from value-added Copier segment.

The total debt as on 31st December, 2014 stood at Rs. 2,477 crore resulting in debt-equity ratio of 1.7:1. The Company repaid 4.5% of the outstanding term loans during the quarter, amounting to Rs. 80 crore which translated into a reduction in financial cost by 3.4%. The outstanding term debt of the Company as on 31st December, 2014 stood at Rs. 1,784 crore.

Overall, the outlook remains robust given the consumption pattern and our focus on new and value-added products. We expect sustained traction in our Home Textiles business on the back of better utilizations and other initiatives undertaken by the Company. Our Paper segment would continue to do well led by our focus on value-added Copier segment.

With this, I would like to hand over the call to Mr. Kavish Dhanda — President, Supply Chain to share the Cotton Scenario and the Future Outlook. Thank you.

Kavish Dhanda: Thank you, Gunjan. Good Afternoon and a warm welcome to everyone present on the call today. I will take you through the Cotton scenario and outlook for the next year.

Due to the persisting pressure on Cotton pricing in 2014-15, world's Cotton area is projected to go down by 6% and world's Cotton production is also likely to fall by 6% in 2015-16. If we further bifurcate the geographies, in US-the area under Cotton cultivation is expected to decline by 10% and production to decline by 7%. In India, area under Cotton production is also likely to go down by 5%, assuming yield similar to last few seasons, production could reach at 6.5 million tonnes, making India the largest producer of Cotton for the second consecutive season. In China, area is again likely to fall for fourth consecutive season by 10% with production likely to go down by 11%. It is worthwhile to note that the Cotton area under cultivation in China will be lowest since 2004. Area in Pakistan is likely to go down by 5% with production drop of 9%.

World's Cotton consumption is forecasted to grow at 2% in 2015-16 from 24.28 million tonnes to 24.69 million tonnes due to moderate improvement in global economic growth pegged at 3.5% by International Monetary Fund. Thus, there will be a small dent in large stockpile of Cotton worldwide and consumption is predicted to be more than production in 2015-16. It is worthwhile to note that the consumption going more than the production will be the first time in last 5-year time horizon.

Further, there is a recent change in price trend observed in International Cotton Commodity Futures like NY-ICE Cotton 2 Index after touching a bottom of around 57 Usc/Lb has bounced back to 62.70 Usc/Lb for nearest delivery, a hike of around 10%. The same trend is also observed in Cotlook - A Index which has bounced back from 65.30 Usc/Lb to 69.55 Usc/Lb. If we look at these two indices with the Indian Cotton which is represented by Shankar 6, it has bounced up from Rs. 29,700 per candy to Rs. 31,000 per candy, representing a hike of around 4% from its recent close. Even if we look in terms of the forward contracts on the international exchanges traded, we are observing that there is a reasonable premium with increase in open interest indicating bottom out of low Cotton realization for the farmers across globe.

Having said that, Indian Cotton is World's Most Economical Cotton as far as Indian Mills Cotton usage is concerned. Our Shankar 6 on ex-mill ginned price basis is around Rs. 87.30 Rs./Kg, whereas if we look at the its equivalent West African Cotton, CIF Nhava Sheva price is likely to be around 71 Usc/Lb, which translates into Rs. 98 / kg. This clearly indicates that even if the decision is taken to go to the imported Cotton, still it is costlier by 12%.

Furthermore, in the current year, CCI is forced to provide market support to check prices going even lower than the Minimum Support Price. Upto 13th February, 2015, CCI had purchased around 32.9% of total Cotton arrival in the market, which translates into 71.60 lakh bales till now. If we compute, that the total Cotton arrival with the total Cotton consumption in the export figures, it is very imminent that the good Cotton availability for the mills in the days to come shall be a big-big challenge thereby putting some more pressure with respect to the prices, thus the prices are likely to go upward in the days to come.

With this, we have concluded the highlights for the quarter as well as the Cotton observations, and now, we request the moderator to open the lines for discussion. Thank you.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from Sumant Kumar of Elara Securities. Please go ahead.

Sumant Kumar: Our Paper segment has shown de-growth. So what was the key reason for that? How is the volume growth and realization growth?

Gunjan Shroff: In the Paper segment, we have recorded de-growth in the quarter as well in the nine-month period largely on account of muted realizations. The realizations have come down by 2% to 3% on a Q-o-Q basis.

Sumant Kumar: How was it on Y-o-Y basis?

Gunjan Shroff: The performance remained same during the quarter as well as on nine-months. There is a price drop of close to 3%, and that is largely led to the reduction in the top line for Paper division.

Sumant Kumar: But on Y-o-Y basis, we have seen de-growth of 7.3%, so what was the volume de-growth and what was the realization?

Pawan Jain: Price de-growth is only 3% on Y-o-Y basis and rest is on volume and it is only 2%.

Sumant Kumar: So how is the industry scenario? It is seen that higher imports from China is impacting the domestic players in the Paper segment and also the volume growth and realization is impacted.

Pawan Jain: Yes, that is there, but this import is happening mostly in the coastal areas. So, Paper import in areas like Maharashtra and Gujarat is impacting the markets more in terms of lower volumes and lower realizations.

Sumant Kumar: So, we have seen more than 10-15% kind of volume de-growth for the domestic players and for you it is close to 3-4%?

Pawan Jain: Yes, that is right, because we have market share majorly in North than in Western and Eastern parts. So, that is why we are not facing any significant challenge in terms of Paper import at lesser realizations.

Sumant Kumar: The industry has gone to the Government regarding anti-dumping duty because the realization has softened.

Pawan Jain: Yes. The majority of imports are happening in newsprint paper instead of copier and writing & printing paper.

Sumant Kumar: But we are seeing impact on the other Companies on volumes front and realization front as well. So there is some impact of the import.

Pawan Jain: Yes. Over the last two years, we have moved up the value chain and proportion of Copier Paper in our brands is higher. So that is giving us stable margins and volumes.

Sumant Kumar: What is the break-up between Textiles- Yarn and Terry Towels? Also how is the margin scenario?

Pawan Jain: We have consolidated both the segments and hence we are reporting the numbers for Yarn and Terry Towels under Textiles.

Sumant Kumar: How has been the margin improvement?

Pawan Jain: In the nine-month period, the Terry Towel margins have improved Q-o-Q, but due to the inventory losses, Yarn margins are lower than expected. The Cotton was stored until December 2014 and hence you could see the inventory losses in the last two quarters. Now, this has bottomed out and March 2015 onwards, these margins will normalize with lower Cotton prices in market and likewise there would be realization adjustment. So, the margins will be normalized in the current quarter.

Sumant Kumar: But there was an inventory gain of Rs. 17 crore in this quarter. The inventory loss didn't happen. Please clarify.

Pawan Jain: No, in the last two quarters, there were inventory losses because last year we had stored Cotton between Rs. 105/Kg and Rs. 120/Kg. So, that hit has been taken in the last two quarters.

Sumant Kumar: But, in this quarter there is no loss. We have showed a gain of Rs. 17 crore.

Pawan Jain: Yes that is right for the current quarter increase in inventories.

Sumant Kumar: At what price are we storing the current inventory of Cotton?

Pawan Jain: Last year, we had procured Cotton in the range of Rs. 105/kg and stored upto Rs. 120/kg, while this year we are having a range from Rs. 90/kg to Rs. 98/kg.

Sumant Kumar: Ok. So can we have an idea on the overall inventory?

Pawan Jain: We are continuing the policy of storing Cotton and by the end of March, we will be able to store Cotton for consumption upto Q3 of next year.

Sumant Kumar: Ok. So overall we are facing problem in Yarn realization and also lower Yarn volumes, which is impacting our growth?

Pawan Jain: Yes. Infact, whatever growth we have achieved in Towels, that has been moderated by de-growth in Yarn business in terms of realizations.

Sumant Kumar: So, there is no volume de-growth in Yarn?

Pawan Jain: No.

Sumant Kumar: So can you tell me what is the realization de-growth in Yarn Y-o-Y?

Pawan Jain: It is close to 15-17%.

Sumant Kumar: So what is the current realization for Yarn?

Pawan Jain: If you take 30 counts into consideration, than it is close to Rs. 195 to 200/Kg.

Sumant Kumar: Against Rs. 220/Kg in the previous year?

Pawan Jain: Yes. It was Rs. 220/kg to Rs. 230/kg in the previous year.

Moderator: Thank you. Our next question is from Arjun Sengar of Reliance Mutual Fund. Please go ahead.

Arjun Sengar: You are setting up a bed linen project with capacity of 500 looms which is set to commission in the second half of FY16. How many million meters would that translate into?

Pawan Jain: It would be close to 3.6 million meters per month.

Arjun Sengar: What is the total CAPEX for this project?

Pawan Jain: It is a composite project which includes back-end Yarn Spinning also. So, the total CAPEX is Rs. 1,667 crore.

Arjun Sengar: What about your Yarn Spinning division? You are increasing your capacity to 5.5 lakh spindles?

Pawan Jain: Yes. Rs. 1,667 crore includes Spinning and Bed Linen both.

Arjun Sengar: So can you tell us what would be the CAPEX for the current financial year and upto FY17?

Gunjan Shroff: In this financial year, we are largely focusing on our Bed sheeting unit which is also a composite textile project, in which we are setting up 500 looms and 1,75,000 Spindles with backward integration. So, this is the only CAPEX which we are planning for this financial year.

Pawan Jain: So, just to give you a break-up, close to Rs. 400-500 crore will be spent within this financial year and the rest (Rs. 1,100 to Rs. 1,200 crore) would be spent in the next financial year (FY16).

Moderator: Thank you. Our next question is from Pranav Jhaveri of J&J Holdings. Please go ahead.

Pranav Jhaveri: Could you tell us what will be your peak debt after all the expansions?

Pawan Jain: Peak debt including long-term and short-term debt would be close to Rs. 3,300 crore in FY16.

Pranav Jhaveri: And what would be the debt to equity ratio?

Pawan Jain: Debt to equity ratio will be below 2.

Pranav Jhaveri: How much topline will the bed linen project generate, from 3.6 million meters per month?

Pawan Jain: It will generate a topline of close to Rs. 1,000 crore to Rs. 1,100 crore.

Pranav Jhaveri: Any target EBITDAs for that?

Pawan Jain: EBITDA in bed linen is better than textiles, so it would be around 25% to 27% kind of EBITDA margins. But, as this is scheduled for commencing operation in September 2015, it will take around 6 months for stabilization. So, the revenues at the peak level would be generated in the next financial year (FY17).

Pranav Jhaveri: Can you give us an idea on the current Cotton and Yarn prices?

Kavish Dhanda: Current Cotton prices, as far as Shankar 6 is concerned, is around Rs. 31,000 to Rs. 31,200 per candy. Yarn realization stands close to Rs. 190 to 195/kg.

Pranav Jhaveri: Can you also give a brief on your capacity utilization for this quarter across Towel, Yarn and Paper?

Gunjan Shroff: Our Paper utilization rates have remained almost stable over the last three quarters which is around 94% to 95%.

Utilization rates for Yarn stood at 96% to 97% which is very good in terms of industry overall.

In terms of our Towel unit, which is our Terry Towel Unit in Dhaula, Punjab, the utilization rates were close to 80% and in Terry Towels Unit, Budni (MP), our average utilization for the Q3 has been at 35% and we expect the ramp up to happen in this unit in Q4, where it should be around 45% to 50%.

Pranav Jhaveri: Okay. In one of your slides, you have mentioned that margins would normalize in Q4. So can you throw some light on that aspect?

Pawan Jain: Over the last two quarters, Terry Towels business is contributing the most to the overall topline followed by Yarn and then Paper. So, margins in Towel business is also on the higher side as compared to Yarn. In the last two quarters, we had stored high priced Cotton inventories and hence the margins of Yarn have been affected, impacting the overall margins of Textiles. So, the incremental margins in Towels that we had generated were compensated with the de-growth in margins of Yarn business. So, we expect that next quarter onwards, the Yarn margins would normalize and hence the overall margins of Textiles should improve from Q4.

Pranav Jhaveri: Currently, what is our captive utilization of Yarn and how much would that be going forward?

Pawan Jain: The captive utilization of Yarn was 30% in Q3 FY15. About 27% of Yarn was exported and the rest was sold in the domestic market.

Pranav Jhaveri: How will that pan out going forward after all the expansions are in place?

Pawan Jain: Bed Linen project would have back-end spinning facilities as it requires specific counts. We are also taking up modernization of our Yarn units, so going forward, the captive consumption will improve. The captive consumption would be one-third for another 2 quarters, and after that it will start improving towards 42% to 45%.

Pranav Jhaveri: So by FY17, can we see that in the range of 45%?

Pawan Jain: Yes, that is right.

Pranav Jhaveri: So in FY17, how do we look at Trident Limited as to how much would Yarn contribute to the top line as well as Bed Linen and Terry Towels?

Pawan Jain: In the last year, Yarn was the highest contributor to the topline and Terry Towel was the second highest. However, in 9M FY15, Towel is the highest contributor in the overall revenue mix and second is Yarn. So, in FY17, around 70% of our revenues will be coming from Home Textiles which is Towels and Bed Linen, about 20% to 25% from Yarn, and the rest of about 10% to 15% from Paper.

Pranav Jhaveri: So, peak debt at that time would be around Rs. 3,300 crore as you mentioned earlier?

Pawan Jain: Yes.

Pranav Jhaveri: Any thoughts on your dividend payout policy?

Pawan Jain: We have already announced a dividend payout policy, whereby at least 6% of the face value would be paid every year, subject to it should not exceed 33% of our net profit after tax, and we have already declared the second interim dividend of 3% in this quarter in line with our stated dividend policy.

Moderator: Thank you. Our next question is from Aman Sonthalia of Suvridhi Capital. Please go ahead.

Aman Sonthalia: What is the average cost of Cotton in this quarter?

Pawan Jain: We are not reporting that number, but as of the 9 months period, the total inventory cost which we already shared in our previous concall, was ranging from Rs.105/kg to Rs. 120/Kg. So, in the last quarter, it was a little lesser than that.

Aman Sonthalia: Around Rs. 110/kg?

Pawan Jain: Yes, it was around Rs. 107 to Rs. 108/kg.

Aman Sonthalia: Okay. What was the average realization for Yarn in the previous quarter?

Pawan Jain: It was close to Rs. 195/kg for 30 count Yarn.

Aman Sonthalia: How is the Yarn market looking like in the short-term to medium-term?

Pawan Jain: The Yarn prices have now stabilized and from here onwards, the demand is looking good, and the Cotton prices have also bottomed out in the last quarter. So, we foresee that from here onwards the

Cotton prices would also start moving northward, and by virtue of that, the Yarn prices would also improve. So, if not in Q4, than definitely from Q1 FY16, we expect re-rating of the overall Yarn realizations.

Aman Sonthalia: What were the current volumes of Towels in the December quarter?

Pawan Jain: We are not reporting numbers separately but, majority of revenues in Textile is from Towels. Towel is a major revenue contributor followed by Yarn.

Aman Sonthalia: Can you share the average EBITDA margin in the Towel division in the previous quarter?

Pawan Jain: On an overall basis, Towel is contributing EBITDA margins of around 18% to 22%.

Aman Sonthalia: Going forward is it likely to be maintained or will it improve from here onwards?

Pawan Jain: We give a guidance of 18% blended EBITDA margins which are sustainable with +/-2% on the basis of market sentiments and scenarios.

Aman Sonthalia: When you are expecting the Towel division to run at 100% capacity utilization?

Pawan Jain: In the next quarter, we expect that it should be around 45% kind of utilization. So, for the next year FY16, we expect it to ramp up to the peak level. Having said that, the average utilization will remain at about 55% to 60%.

Aman Sonthalia: With regards to your dividend policy, you had mentioned that 6% of the face value of the share would be shared as dividend. So that is the maximum you will distribute in a year?

Pawan Jain: This is the minimum and the maximum would be 33% of the net profits.

Aman Sonthalia: For instance, if you are making Rs. 6 per share, then you can distribute up to Rs. 2 per share for the year?

Pawan Jain: Yes. That is the range.

Aman Sonthalia: Yes, that is the maximum range, you can distribute upto Rs. 2 per share

Pawan Jain: Yes that is right.

Moderator: Thank you. Our next question is from Dikshit Mittal of Subhkam Ventures. Please go ahead.

Dikshit Mittal: I missed your Budni Terry Towel Plant Utilization during the last quarter?

Pawan Jain: Last quarter, on an average, it was 35%, and now we have reached around 40%, so, on an average in the next quarter, we expect around 45% to 50% levels.

Dikshit Mittal: Bed Sheet capacity is coming on stream from September 2015, right?

Pawan Jain: Yes, it will be operational by September 2015, but it will again take around 6 months for stabilization of the new technology that we are putting in place. So, the revenue will be start ticking in during the next financial year which is FY17.

Dikshit Mittal: By when do we do we expect optimum utilizations at the peak level for Terry Towels?

Pawan Jain: We expect the optimum utilization by FY16 only but on an overall average basis, it will be around 55% to 60% in FY16.

Dikshit Mittal: What is the peak that it can achieve?

Pawan Jain: It can achieve up to 80%-85%.

Moderator: Thank you. Our next question is from Resham Jain of B&K Securities. Please go ahead.

Resham Jain: Just wanted to have your view on the Bed Sheeting market overall given that you are entering this market. Also, what would be your strategy? Will you sell it to your existing customers as these existing customers would require full approval procedures and you have to comply with that, because it is a very large plant?

Pawan Jain: We are putting up this capacity and the commencement of operation would take place by September 2015, after that the approvals from the customers would start. Both the existing as well as the new customers that we would start catering.

So, as of now, we are penetrating in a very small way in terms of getting some Sheeting outsourced from other suppliers and just having a seed marketing in the domestic segment. We are also getting to know the market taste and market reaction to the overall Sheeting business and we are having very small space in the multi-brand retail outlets. We have also put up small space in online ecommerce portals. So, that is what we have started doing in this quarter.

Resham Jain: Just wanted to have an idea on the product portfolio. Will it just be a simple Bed Linen or you will be doing other Bed-related products as well?

Pawan Jain: We will be doing all Bed Linen products which include everything.

Moderator: Thank you. Our next question is a follow-up from Aman Sonthalia of Suvridhi Capital. Please go ahead.

Aman Sonthalia: The difference between the Cotton and Yarn price was around Rs. 75-80/kg, now, it is around Rs. 100/kg. So that is also the reason why you have made such a low profit in the Yarn division?

Pawan Jain: In the last quarter, the Cotton cost was around Rs. 107 to Rs. 110/kg, and the Yarn price was around Rs. 190 to Rs. 195/kg. So, obviously that gap has broadened in the current scenario.

Aman Sonthalia: Going forward, post March 2015, you believe that it will be normalized?

Pawan Jain: Yes, the margins in the Yarn business will be normalized.

Aman Sonthalia: What was the average realization for Terry Towels?

Pawan Jain: We are not reporting that separately.

Moderator: Thank you. Our next question is from Resham Jain of B&K Securities. Please go ahead.

Resham Jain: Could you share the debt figure as on 31st December, 2014?

Pawan Jain: It was close to Rs. 2,477 crore.

Resham Jain: What is the breakup between long-term and working capital debt?

Pawan Jain: Close to Rs. 690 crore is the short term and rest of around Rs. 1,800 crore is the long-term loan, and out of this Rs. 1,100 crore is the TUF-based and rest is non-TUF.

Resham Jain: What is the total repayment schedule in FY16?

Pawan Jain: For FY16, we are expecting to repay close to Rs. 400 to 450 crore

Resham Jain: So by the end of FY16, how much long-term debt we will be having because we might have commissioned our Bed Linen plant by then?

Pawan Jain: Yes. By FY16 end, the overall debt position will be around Rs. 3,200 crore to Rs. 3,300 crore. So, the long-term debt will be around Rs. 2,500 crore and the short term debt would be around Rs. 800 crore to Rs. 900 crore.

Resham Jain: Wanted to have your views on the Paper scenario, because what we are hearing is that the supply/demand situation is not very good as of now. So anything that you would like to add with regards to the current outlook?

Pawan Jain: In our case, paper demand is not very bad as compared to other Companies due to pricing benefit of the raw material. We are agro-based paper manufacturers and use wheat-straw as a raw material. So, we are in that category wherein we have the strategic locational advantage and we do not foresee any demand or supply issue.

Resham Jain: Talking about your depreciation policy, for how many years do we depreciate our asset?

Pawan Jain: 9.5 years.

Moderator: Thank you. Our next question is from Nihal Jham of Edelweiss. Please go ahead.

Nihal Jham: When would we start getting confirmed orders from the customers for Bed Linen?

Pawan Jain: As of now, we have not started taking orders for Bed Linen from international markets, but we are gradually penetrating into the domestic market by outsourcing. So, by the time we will start operations, we will take Grey Fabric from outside and then process it within the house and then start taking orders from the international markets, for that it will take around nine months of time.

Nihal Jham: Okay. So both the Spinning and the Bed Linen capacity would get completed at the same time, right?

Pawan Jain: Yes, that is right, it is a composite project which will get completed at the same time

Moderator: Thank you. Ladies and Gentlemen, as there are no further questions from the participants, I now hand the floor back to the management for closing comments.

Pawan Jain: Thank you everyone for joining us on the call today. Hope we were able to answer your questions. Should you need any more clarifications, please feel free to contact our Investor Relations Team or CDR India. Thank you.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Trident Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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