"Aarti Industries Limited Q3 FY14 Earnings Conference Call"

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MODERATORS: MR. RAJENDRA GOGRI – CHAIRMAN & MD, AARTI INDUSTRIES.
MR. CHETAN GANDHI – HEAD, FINANCE, AARTI INDUSTRIES.

Moderator Ladies and gentlemen good day and welcome to the Aarti Industries Limited Q3 FY14 Earnings Conference Call. As a remainder all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddharth Kumar. Thank you and over to you Mr. Kumar.

Siddharth Kumar Thank you Margaret. We welcome everyone and thank you very much for taking out time to attend today's Q3 conference call for Aarti Industries Limited. We have today with us Mr. Rajendra Gogri – who is Chairman and Managing Director, Mr. Chetan Gandhi who is Head of Finance, Aarti Industries Limited. We will start with a short brief by Gogri sir and after that we will be open for question and answer session. Thank you very much once again. Over to you sir.

Rajendra Gogri Good afternoon everybody. Thank you for joining us on this call. We shall run you through the operational performance and key highlights for the quarter and 9 month ended December 31, 2013.

Before we go into the detailed performance for Q3 FY14, we wish to highlight that the figure for the quarter and nine months ended December 31, 2013 doesn't include the figures of demerged activities of Anushakti Chemical and Drugs manufacturing division merged into Aarti Industries Limited with effect from April 1, 2012. And to this extent, these figures are not comparable. It may further be noted that the operations of Anushakti Chemicals and drugs limited manufacturing divisions was primarily into performance chemical. As a result of the above restructuring, the financials of the performance chemical segments are not comparable with Q3 FY13.

Coming to the current performance – We are glad to continue in our growth plan and present to you another set of growing stable performance. Total revenue for Q3 FY14 stood in Rs.649 crores. Of this export consisted of about 299 crores. That is about 46% of the total revenue. EBITDA for Q3 FY14 was stable at 108 crores as compared to EBITDA for Q2 FY14 of Rs.106 crores, representing stable EBITDA margins. The company has replaced some of its short term debt by a long term debt. These along with renewal of various working capital loans in the current quarter loans resulted in additional one time outgo processing fee which has increased the finance cost in this quarter. As a result of the net profit after tax was Rs.37 crores for Q3 FY14 versus 43 crores for Q2 FY14. The company had recorded production of about 1673 tons per month of hydrogenated products in this quarter ended 31st December 2013 as against the production of 1649 tons per month for quarter ended September 30, 2013, and 1390 tonnes a month being the annual average for FY13. The overall volumes were majorly similar to that of Q1 and Q2 on account of lower export demand during the end of calendar year. As during December the demand for export is generally lower. However change in product mix, helped us to increase the contribution for hydrogenated products and facilitate increase in volumes and

EBIT progressively. Now I like to give you key highlights for our segmental performance during the quarter ended December 13. Coming to the financials, the revenue from performance chemical posted a marginal growth of about 2% and Rs.456 crores versus Rs.447 crores for Q2 FY14. However, change in product mix sales, resulted in the increase the EBIT by 20% to Rs.78 crores versus Rs.65 crores for Q2 FY14.

During Q1, we had commissioned the expanded capacity for our pigment intermediates to meet the Incremental demand arising on account of closure of Japanese major manufacturer of Pigment intermediate. Production capability has now increased from Rs.300 tons per month to 450 tonnes a month. After successful commissioning of the expanded capacity we have recorded a production of over 370 tons per month for Q3 FY14 versus annual production of 219 TPM for FY13, and is expected to progressively increase. These additional volumes would further contribute to increase in profitability of this segment going forward.

On the overall basis there was no significant volume growth in hydrogenated products. The improvement in margins was witnessed by altering the product mix, incremental volumes of pigment polymer and plasticizer intermediates-which have witnessed strong demand that has improved the EBIT for the segment. The growth in volumes of this performance chemical seems to indicate a trend of increase volumes over long term. Speaking about Agri Intermediate and Fertilizers segment the total revenue for the quarter rose about 10% to about 100 crores over Rs. 91 crores for Q2 FY14. During the quarter, demand of agri intermediate has been lower on account of year end holidays. We have already seen inventory pile up at customer end. It has resulted in pressure on margins for agri intermediate in international market. The increase in revenue as seen in top line for this segment has been on account of higher input cost. As mentioned above on account of lower volume, EBIT for this segment has dipped from Rs.17.5 crores in Q2 FY14 to Rs.15 crores in Q3 FY14. Also the revenue from fertilizer SSP for Q3 FY14 where at Rs.19.2 crores as compared to Rs.16.9 crores for Q2 FY14. In quantitative terms, the sale of SSP in Q3 was about 20,000 tons as compared to Q2 volume of about 17,000 tonnes.

On a cumulative basis, the sales for nine months FY14 were about 50 metric tons as against annual sales of 65.5 metric tonnes over FY13. On the overall basis this year doesn't seem to be good for SSP manufacturer. While in Q1, the volumes were affected due to delay in announcement of subsidy structure by the government. Q2 and Q3 had witnessed slow down of demand. As higher inventory is piled up with various manufactures, the price and net realization from this product remains stressed.

We would like to emphasize that our production capability for majority of performance chemical and agri intermediates are common and there is a flexibility to suitably alter the product mix based on the market conditions. Considering this various flexible production facility, we continuously monitor and evaluate an appropriate mix of performance chemical and negative intermediate to ensure optimization of capacity with maximization of EBIT. With these rationales and considering the global market saturation for some of our agri intermediates, we have altered the product mix and have opted for more production of pigment polymer, plasticizer intermediate which have been witnessing higher demand. This resulted in lower EBIT for agri intermediation, higher EBIT For performance chemicals. On cumulative basis, an overall increase in EBIT for the company as a whole.

On the key expansion projects, we wish to update that our expansion of the MCB capacity from 57,000 tons to 75000 tons per annum is on track and is expected to be commissioned in Q2 FY15. Speaking of Pharma division, the growth in this segment is driven by incremental volume leading to better margins Further the increased volume to the regulated markets has also been assisting the improvement on margins. And hence, we had undertaken the debottlenecking activities at our US FDA unit.

As a result the revenue in Q3 FY14 had declined to Rs.51.7 crores from 69.5 crores for Q2 FY14. However, as compared to Q3 FY13 the revenue had increased by over 19%. Similarly EBIT has also increased to Rs.4.2 crores for Q3 FY14 versus EBIT of 1.6 crores for Q3 FY13, annual EBIT of Rs.9.5 crores for FY13.. Exports for the quarter were also lower on account of year end holiday season at a regulated market. Comparing on a 9 month performance against the revenue in FY14 had increased by 37% to Rs.184.5 crores versus 31 – 34.7 crores for FY13. Cumulatively, EBIT also had quadrupled from Rs.5.3 crores in FY13 to Rs.23.2 crores for FY14. As explained earlier, incremental growth in revenue resulted in significant improvement in EBIT. The major debottlenecking activities are now at a final stage and as we expect to have a better performance in the last quarter of this fiscal, thus expecting to continue on the growth momentum and achieve our targets, this segment to grow at about 30 – 35% on an annualized basis.

Coming to the last segment that is Home & Personal Care segment, wherein product portfolio is being reshuffled to improve the performance and to improve the overall margin in this segment. Increase in export would also assist us in reducing the dependence on FMCG major where in the margins are relatively low. So performance in Q3 were affected due to the maintenance activity carried out at the plant. The revenue for Q3 were similar to that of the previous quarter for fiscal. EBIT for Q3 FY14 were 0.9 crores against Rs.1.9 crores for Q2 FY14, at a loss of 0.23 crores for Q1 FY14. The increase in volume of specialty chemical and product realignment activity, would help further improve the performance of this segment and summarizing the financials, the 9 month FY14 PAT was 101.9 crores as against 131.3 crores for annual PAT for FY13. An EPS for 9 month FY14, PAT is Rs.11.5 as against 14.83 of annual PAT of FY13.

Considering this, the board of director had recommended a second interim dividend of 1.25 per share for each equity share of Rs.5. The company had earlier declared the interim dividend of Rs.1.75 per share for each equity share of Rs.5, that is 25%. Hence the cumulative declare dividend for this year is Rs.3 per share for each equity share of Rs.5 as against the total dividend of Rs.4 per share, for each equity share of Rs.5, 80% given in the last year. There is growth based on optimized product mix if hydrogenated products and other chemicals catering to the polymer pigment and plasticizer and agri intermediation in oil and gas etc along with the fast phase growth in Pharma would help the company grow significantly in the coming year. Thank you. We will be ready to take questions.

Moderator Thank you very much. We will now begin the question and answer session. The first question is from the line of Vivek Gujrati from Anand Rathi. Please go ahead.

Vivek Gujrati Can you share with me the CAPEX loan for next 2 years?

Rajendra Gogri We are planning to build up a new plant in Dahej SEZ and some other polymer intermediates are also on pipeline. So we expect to spend around 200-300 crore in next 2 years

Vivek Gujrati Vapi plant, there was an environmental issue, not only in your plant but across Gujarat there are different environmental issues happening, can you throw some light on that?

Rajendra Gogri In general, the environmental issues have been tightened up. That's why for Jhagadia plant and one of our Vapi plant, we had gone for zero discharge. But some of our other facilities, they issued a closure notice, not only in our plant, but lot of other plants as well based on the reasons which were not that significant. But now we have taken the suggested corrective measuresand plants are all running.

Vivek Gujrati Is it hindering the growth prospect, CAPEX or expansion?

Rajendra Gogri Because our major expansions are in Jhagadia and Dahej, both are going to be zero discharge and PNCB NCB plant also virtually doesn't generate any affluence. So it is not going to affect any growth plant as such.

Vivek Gujrati My last question regarding this performance, can you share some outlook for next 1 year for this segment?

Rajendra Gogri Performance chemical, we have maintained in pigment intermediate, that volumes should grow and in polymer intermediates, we are planning to increase the volumes. So we will see a significant growth in performance chemicals. Will continue to do adjustment of the product mix between various agro chemical and performance chemical.

Vivek Gujrati And it is fair to assume the margin which is there in performance chemical has been maintained?

Rajendra Gogri Yeah it should be maintained at this level.

Moderator The next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

Saurabh Kumar I wanted to ask you about the Pharmaceutical margins, they were like 8% this quarter and about 17% last quarter. So what happened there? And similarly in HPC also, we had a margin of about 2% this quarter.

Rajendra Gogri Pharma if you see our history, couple of years back we had a negative margin. Because we have got US FDA plant so lot of expenses is virtually fixed. As the volume increases, the margin increases. That's why in september we had about 17.8% margins. With the sales coming down the margins also came down but we expect it should come back again.

Saurabh Kumar And the sales came down because you went for debottlenecking in the plant, is it?

Rajendra Gogri Yes, and some environmental issues across the board in Tarapur also were there, so all things combined.

Saurabh Kumar Are these issues behind now?

Rajendra Gogri Yeah.

Saurabh Kumar Will it be fair to assume as I said 30 – 35% growth margins reverting to 16 – 17% level?

Rajendra Gogri Yeah it should increase actually once we have our top line growth. .

Saurabh Kumar So progressively it should grow.

Saurabh Kumar And in your pigment plant you are now operating at peak capacity, ones the debottlenecking which you have done. Your utilization is what 90% now?

Rajendra Gogri It will progressively increase. We will have to build on the markets on this side. It is expected over the next 6 – 8 months, the volumes will start increasing.

Saurabh Kumar One final question on Lances the German manufacturer, are they getting out of MCB or are they there?

Rajendra Gogri They have already gone out actually.

Saurabh Kumar So what will be the size of that market which they are exiting, would you have any idea?

Rajendra Gogri About 20,000 tons. But it was mainly for ONCB market as with PNCB they had . captive consumption only.

Saurabh Kumar So they have got out of only of ONCB, PNCB is only captive?

Rajendra Gogri Yeah. Our intermediate what we have started making is based on ONCB.

Saurabh Kumar So this 20,000 tons will equate to what top line dollar value, would you have any idea?

Rajendra Gogri 20,000 tons will be about 160 crores-180 crores.

Moderator The next question is from the line of Chirag Dagni from HDFC Mutual Fund. Please go ahead.

Chirag Dagni I was looking at the DMF list of Aarti Industries and I see about 27 – 30 odd products. Of these how many have we currently commercialized for the regulated markets?

Rajendra Gogri As an exact number I do not have because it is handled by Mr. Rashesh Gogri who is looking into Pharma division. . We will pass it on to you.

Chirag Dagni And this target growth that you mentioned of 30 – 35%, this is sales or this is EBIT for the Pharma business?

Rajendra Gogri These were all EBIT. 12 -15 crores we expect EBIT growth coming from Pharma in next year.

Moderator The next question is form the line of Mamit Varaiya from Vallum Capital. Please go ahead.

Mamit Varaiya My question is related to our agri segment firstly. If we see over past 3 years, before 3 years we used to do somewhere around range to 20 – 21% EBIT which has now moved out to 17 odd range and then Q3 for 15%. So just wanted to understand what kind of margins are now going to be sustainable in this agri business of ours?

Rajendra Gogri If we see 2-3 years back, the SSP margins were on the higher side for all the companies. SSP margin has really crashed and also there is some margin pressure on other intermediates as well.. But I think overall the margin should start coming back. So this is kind of bottoming of margin as far as agri intermediaries are concerned.

Mamit Varaiya So the overall SSP industry coming along in the last 12 months or 6 months if you have to give an idea about Indian SSP industry.

Rajendra Gogri The host of factors like the draught in last year, piling up of inventory and then pricing pressure, the dealers were getting lot of pressure from the manufacturers, leading us to decide to drop the plan for expansion of SSP. Now, we are considering putting up a concentration plant of Sulphuric acid so that we are not dependant purely on SSP. That will save our money as well because it will decrease the cost of Sulphuric acid.

Mamit Varaiya You have understood in the past few calls also, during the working capital is quite stressed in because of all the industry factors. So how is the working capital situation right now because if you see on the net level for this segment, the interest component would be quite high for this. So how are we placed in the net margin level for this segment and how the working capital situation is?

Rajendra Gogri Working capital in this segment is generally on the higher side compared to the other. Overall we are at 90 days, but Pharma and agro and all other tends to be higher compared to the performance in home & personal care.

Mamit Varaiya My next question is, if you see the Chinese currency has appreciated in past 1 year against the US dollar to about 4 – 4.5%. So how is our competitive landscape for our product portfolio, how do we stand against the Chinese product globally and also if you have to see the Chinese products which are imported in India. So how are we placed against Chinese product if you can share some insight on that?

Rajendra Gogri Whether and when we are competing with China in international market, we have an advantage, somewhere we will have volume advantage, somewhere we will have margin advantage and as far as competition into India, I think in our product range, not much is now coming into India. Virtually lot of product is getting exported or being manufactured in India, not significant import is coming now.

Mamit Varaiya In our product segment, in import, there is no direct competition for us?

Rajendra Gogri No.

Mamit Varaiya Last thing, how much raw material prices moved in the first year with the currency changes, what is the outlook for raw material pricing which you have seen?

Rajendra Gogri The Benzene price of last year average was Rs.73, which has moved to almost Rs.84 this year. So it's a huge jump. Thus, the increase in benzene prices is actually putting more pressure on the working capital.

Mamit Varaiya We have understood we can pass on the cost hike this quarter.

Rajendra Gogri We can pass on but we have to increase the top line and the working capital needs.

Moderator The next question is from the line of Saravanan Viswanathan from Unify Capital. Please go ahead.

Saravanan Viswanathan I have 2 questions, first is on the home and personal care chemical segment. What is our long term strategy for this segment? Because, if we see from 2010 to 2012, this segment saw a very good growth. It had a CAGR growth of 30% from 93 crores in 2010 it moved to 158 crores. But after that, it is kind of tapering and margins also coming down and since you say most of these facilities are interchangeable, why not focus on the performance chemicals instead of this. So what's the long term strategy for this.?

Rajendra Gogri We have totally interchangeable facility at our agro and performance chemical plant whereas our home and personal care have totally dedicated facilities. So within that, whatever flexibility is there we are trying to adopt that and produce niche products and more specialty kind of products. It takes time to build volumes on the product side as well as on the market side. We will do most advantageous technical changes in the plant. We also expect some sort of turnaround in market conditions in the next year.

Saravanan Viswanathan But you want to be in this segment for the long term also I assume that you would be making at a PAT level, you wont be making money in this segment at this point in time.

Rajendra Gogri Yeah, next year may be we would turn it around on PBT level. Then we will have to review the entire business as to how further growth is possible in that segment.

Saravanan Viswanathan My second question, performance chemicals again between 2010 to 2012 it was kind of flat. There was only 4% CAGR. The huge jump in 2013 and again this year we have seen a very good growth. And so, is there a cyclicality in this segment and I want to understand at the broad level and also is it with growth coming into Europe and US in the developed world, do we see this segment to have a such growth rates for the next 2 – 3 years? How do you understand this segment? Is it linked to global GDP, wanted to have some insights on that?

Rajendra Gogri We had merged one of our associate companies Anushakti chemical manufacturing which was only in performance chemical. That’s why this big jump has come there but overall we have been increasing the volumes and the range of our performance chemical products which is more depended on export growth. So it’s a global growth plus some replacement of participating higher percentage of global growth. That’s how it is increasing. And further participation in additional growth, we expect to increase.

Saravanan Viswanathan A part of it could come from replacement also? That’s what you are saying?

Rajendra Gogri No, replacement may not be there. Like the German Company stopped the plant, and one of Japanese company also stopped the plant but I personally don’t see much closure now. It will be that some of the players may not invest further in the growth and also the macro factors like the country risk and the currency risk of China and India will help in customer wanting to move to India more. Combined with that, the chances of participation of India in further growth is more. And there we are quite well placed with our capacities and balance sheet.

Moderator The next question is from the line of Chetan Thakker from Emkay Global. Please go ahead.

Chetan Thakker 2 questions sir. First is the volume numbers if you could give me that and the second is that on the pharmaceuticals segment you highlighted that there was debottlenecking and some pollution related issues in Tarapur. So just wanted to check if those issues are resolved and can we expect a run rate of 70 – 75 crores from that segment going forward on a quarterly basis?

Rajendra Gogri Pharmaceuticals, we have a zero discharge plant and some how we got into it, we had nothing to do with any problem but in Tarapur in general was a problem. So those issues are sorted out and the bottlenecking has been done. So I expect volumes to go back on that and what was your other question?

Chetan Thakker The I missed the volume numbers?

Rajendra Gogri Overall volume numbers, there is an increase in raw material prices also. So part of the increase in the performance and agri intermediate is because of the raw material and partly because of the prices, you can say 50 – 50 of that.

Chetan Thakker And sir what would be the share of hydrogenated products in the revenue for performance chemical because those I believe are the higher margin products?

Rajendra Gogri Average price of Rs.200 to Rs 180 would lead to about 90 crores per quarter.

Moderator The next question is from the line of Gaurav Lohia from ENR Advisors. Please go ahead.

Gaurav Lohia I have only 2 queries, what was your total debt as on December 31st and second you mentioned that you have been spending somewhere around 200 to 300 crores in FY15 and 16. So what's the quantum in FY15 and what would you be spending in next quarter, that is Q4?

Rajendra Gogri The debt is 850 to 870 crores,Capex would be around 30 – 35 crores. And next year Capex will be in the range of Rs. 200 crores because some of our major expansion is lined up for next year. .

Gaurav Lohia Rs. 200 crores in FY15 and Rs. 50 – 100 crores in FY16.

Rajendra Gogri Yeah.

Moderator The next question is from the line of Dipen Sheth from HDFC Securities. Please go ahead.

Dipen Sheth I got one answer to the question I had which is about the debt on the books. Correct me if I am wrong Rs. 870 crores, correct?

Rajendra Gogri Yeah.

Dipen Sheth So just a couple of other balance sheet items if you could help me with the total stock or inventory position debtor positions and payable position as on December '13.

Chetan Gandhi Stock should be around 80 days, roughly around Rs. 570 crores. Debtors should be around 65 days, it could be close to Rs. 450 – 480 crores. Creditors should be Rs. 120 crores because we don't have major creditors since most of the purchase is from company like Reliance and other people; significant amount of purchase is on cash.

Dipen Sheth So last quarter end on the payable figure we were almost Rs. 300 crores if I remember right.

Chetan Gandhi That will be including transactions related to capital expenses and everything. Not only raw materials.

Dipen Sheth And debtors was around 400, so there is something like Rs. 70 - 80 crores of increase there.

Chetan Gandhi It should be around Rs. 50 – 60 crores. Basically what has happened in December as you would know, is generally a year end for various things. In case of exports, your December collection is coming up in Jan because of holidays which they would have. December, you would typically have some numbers packing up happening.

Dipen Sheth So that also addresses my larger question, which is apart from the numbers, you don't see a substantial change in terms of working capital cycle, if anything its just a little seasonal.

Chetan Gandhi Its majorly holidays or something of that sort.

Dipen Sheth Just one more question, last year I think we had merged Anushakti chemicals, one of the business of Anushakti chemicals as a growing concern in the company. So Anushakti chemicals was also an entity which was old and promoted by the current promoters of Aarti industries. So what I wish to know is what are the residual business of promoters of Aarti industries which are similar to that of this business which they are still operating right now?

Rajendra Gogri There is no other business as such.

Dipen Sheth So Anushakti's residual business would also have some size right?

Rajendra Gogri It's only an investment company.

Dipen Sheth So just to get a formal clarification, there is no other chemical business which is being run by the promoters of the Aarti Industries as of today?

Rajendra Gogri Yes, except we have the subsidiary and all which is on balance sheet.

Dipen Sheth So that's anyway part of Aarti Industries.

Rajendra Gogri We are not part of promoters, we have a joint venture partners.

Moderator The next question is a follow up from the line of Mamit Varaiya from Vallum Capital. Please go ahead.

Mamit Varaiya Just additional query, could you share the revenue figures for revenue and how much it is on operational level for Anushakti chemicals?

Rajendra Gogri We will not have any bifurcated numbers now. It used to be inter-company transaction

Moderator The next question is a follow up from the line of Saravanan Viswanathan from Unify capital. Please go ahead.

Saravanan Viswanathan I wanted to understand your DMF position, in the sense how many DMF have we filed this year?

Rajendra Gogri We don't have full detail of DMF actually, we will send you, because Mr. Rashesh Gogri is handling, unfortunately he could not be here today.

Saravanan Viswanathan And another question on the hedge status, do we hedge our FOREX exports?

Rajendra Gogri Based on the order on hand on the exports, we take rupee component of that and that we hedge forward.

Saravanan Viswanathan So there are no long term contract. It's only month to month or quarter to quarter.

Rajendra Gogri Yes.

Moderator The next question is a follow up from the line of Dipen Sheth from HDFC Securities. Please go ahead.

Dipen Sheth Just a small clarification on the balance sheet item, its got nothing to do with current quarter but just wanted to understand, we've got something like 250 crores, an item on the asset side which shows advance tax payment. Now for a company that pays about 50 – 60 crores of taxes a year, what is the item if you could perhaps explain?

Chetan Gandhi If you look at it on the liability side, there would be another number of provisions.

Moderator The next question is from the line of Rohan Gupta from Emkay Global. Please go ahead.

Rohan Gupta Just one small thing, on this agri intermediate and fertilizer business, can you just distinguish how much is coming from fertilizer business and how much from agri intermediate?

Rajendra Gogri About Rs. 20 crores was from fertilizer; balance Rs. 80 crores from agri.

Rohan Gupta And sir how is the margin behaving in non fertilizer or agri business in last I will say 4 to 6 quarters?

Rajendra Gogri There is pressure for some of the products.

Rohan Gupta Because sir we have seen that otherwise agro chemical companies have been recently doing at least from last 4 quarters have been doing very well and since our fertilizer business contribution is very small, only Rs. 20 crores on a Rs. 100 crores quarterly revenue run rate. As you mentioned, though we understand fertilizer or SSP business would have been under pressure but is it also that agro chemical business is also not showing that kind of margin which earlier it used to be.

Rajendra Gogri Some of our products is facing pressure. In general that is not a big issue. Except we are trying to review the product mix and get other products either of agri or on performance side.

Rohan Gupta So it's basically more related to the product mix where we have faced challenges.

Rajendra Gogri Yes.

Rohan Gupta And sir can you just give us the debt number because there has been a significant increase in interest cost to almost Rs. 27 – 32 crores for the quarter. So the increase in debt levy can you just explain that.

Chetan Gandhi As discussed the increase is majorly because of some one time processing fees what we have done, we have taken a long term loan of Rs. 100 crores in this quarter plus there has been some working capital renewals and other stuff. So with each of those sanctions there is a processing fees which start across as a part of the finance cost in this quarter. So roughly around Rs. 2 – 2.5 crores increase would be on that account only.

Moderator As there are no further questions, I would now like to hand the floor over to Mr. Rajendra Gogri for closing comments.

Rajendra Gogri I would like to thank all the participants for today's con call. And I would like to summarize based on the anticipated increase in volumes of hydrogenated and other chemicals as well as in both agri and other segments and Pharma. We expect good growth in '14 -15 and subsequent years. Thank you.

Moderator Thank you. On behalf of Aarti Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.