



“Bodal Chemicals Limited Q4 FY2019 Earnings Conference Call”

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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day and welcome to the Bodal Chemicals Limited Q4 FY2019 Earnings Conference Call hosted by SBICAP Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. 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. Dipesh Mehta from SBICAP Securities. Thank you and over to you Sir!

Dipesh Mehta: Thank you Stanford. Good afternoon everyone. We at SBICAP Securities are pleased to host Q4 FY2019 earning conference call of Bodal Chemicals Limited. We have with us the senior management team of Bodal Chemicals represented by Mr. Ankit Patel, Executive Director and Mr. Mayur Padhya, CFO. We will begin the call with opening remarks from the management and followed by Q&A session, so without much further ado I would like to hand over the proceeding to Mr. Ankit. Over to you Sir!

Ankit Patel: Thank you very much. Good evening everyone. Thank you for joining Q4 & FY2019 Conference Call of Bodal Chemicals Limited. I have with me our CFO, Mr. Mayur Padhya with me as well on the call. I hope all of you have got an opportunity to see our financial results and analyst presentation filed with the stock exchanges and we have also uploaded on our company website.

We are proud to announce that last year your company has seen good growth in the business on all fronts mainly due to favourable industry dynamics, higher demand across the globe and capacity expansions. This has been possible due to our strong integrated model allowing us to continue to do well even in the turbulent business cycles. During first two quarters prices of dye intermediates were above average levels due to China impact as you all know, but prices got stabilized in the Q3 and Q4 of FY2019. Recently there was a blast in China factory after which Chinese authorities have decided to close Xiangshui Chemical Industry Park and they have become further stricter with respect to pollution compliance and other safety aspects. Due to that dye intermediate prices shot up temporarily. Currently, China is all operating, but at lower utilization levels may be around 60% with strong monitoring of environmental norms.

Standalone business operation side for full year 2019, our basic chemicals production was up 5% year-on-year to 188,534 metric tons, Dye intermediates production grew by 6% year-on-year basis to 23,675 metric tonnes and dyestuff production grew by 21% year-on-year basis to 18,588 metric tons. Liquid dyestuff production has picked up during the year and recently we have reached more than 300 tonnes per month and we are hopeful that it should reach to more than 500 tonnes per month within six months. Earlier we are exporting liquid dyestuff to Australia and Thailand, but now we have added China, Vietnam, South Korea, Mexico and Japan to that list.

On the financial front for the full year 2019 on standalone basis our revenues from operations were up by 23% year on year to Rs.1379 crores. EBITDA including other income grew by 19% year-on-year basis to Rs.248 Crores and PAT was up by 13% year-on-year basis to 144 Crores. Our exports grew by 71% to Rs.595 Crores in FY2019 and its share in total revenues has increased to 44% in FY2019 from 31% in FY2018.

For the quarter ended March 31, 2019, Bodal Chemicals reported standalone revenues from operations of Rs.321 Crores, which was higher by 14% year-on-year basis. EBITDA including the other income stood at 52 Crores, which grew by 3% year-on-year while PAT was flat year-on-year at 29 crores after adjusting for depreciation impact in Q4 FY2018.

Last quarter average price of H-Acid was around Rs.382 per kg and Vinyl Sulphone was around Rs.227 per kg. Average for FY2019 was H-acid Rs.402 per kg and Vinyl Sulphone Rs.248 per kg.

Coming to our subsidiary performances have been satisfactory in FY2019. SPS's total income increased by 4% to 81 Crores from 78 Crores in FY2018, it posted a profit of 1.6 Crores during FY2019 versus the loss of 2.1 Crores in FY2018. For the quarter ended March 31, 2019, SPS has posted total income of 27 Crores with PAT of 1.7 Crores. After addition of Vinyl Sulphone plant at the end of first half of FY2020 we believe SPS should contribute more to the overall business profitability. TCPL posted loss of 8 Crores in FY2019 versus a loss of 6 Crores in FY2018. Currently, performance at TCPL has improved and production has gained momentum. Raw material prices of TCPL has slightly come down from higher level and we believe TCPL should achieve breakeven soon. Thank you, and now I request Mr. Mayur to walk you through the financial performance in detail and after that I will speak about our capex plans.

Mayur Pandhya:

Thank you, Mr. Ankit. Good evening to all of you. On the financial part first I will highlight our yearly standalone performance for FY2019. During the year our net revenues from operations grew by 23% yoy from 1121 Crores in FY2018 to 1379 Crores in FY2019. EBITDA including other income grew by 19% year-on-year to Rs.248 Crores. Our interest cost for FY2019 was Rs.7 Crores while interest income was Rs.11 Crores leaving to net interest income of Rs.4 Crores. Our profit before tax grew by 15% year-on-year from Rs.193 Crores in FY2018 to Rs.222 Crores in FY2019. Our profit after tax grew by 13% from Rs.128 Crores in FY2018 to Rs.144 Crores in FY2019. Our EBITDA margin including other income for the full year stood at 17.8% in FY2019 versus 18.4% in FY2018. Slight decline in EBITDA margin was due to increase in raw material prices. Our PAT margin for FY2019 stood at 10.3% versus 11.2% in FY2018.

For the quarter-ended March 31, 2019, our standalone revenue from operation increased by 15% to Rs.321 Crores from Rs.282 Crores in Q4 FY2018.

Our EBITDA with other income increased by 3% year-on-year to Rs.51 Crores in Q4 FY2019 from Rs.50 Crores in Q4 FY2018. As you are aware in Q4 FY2018, we had a positive impact of depreciation of about Rs.15 Crores due to change in the depreciation policy adjusting that for better comparison our PAT grew by 1% during rest of the quarter. Our PAT margin for the quarter stood at 9% compared to 10.5% in Q4 FY2018. We are glad to mention that due to our strong integration model we were able to maintain our margin.

EBITDA margin during the quarter stood lower at 15.6% mainly due to inventory losses on account of sharp volatility in crude prices during Q3 FY2019, which had spillover impact in Q4 FY19. We believe that it was one of events and margins will normalize going ahead. During the quarter, production of dye intermediate grew by 8% year-on-year, dyestuff grew by 19% year-on-year while basic chemical declines by 2% year-on-year.

Coming to our balance sheet, we have remained long-term debt free company and our short-term debt has come down by Rs.19 Crores to 65 Crores in FY2019. There has been reduction in our noncash working capital to Rs.307 Crores in FY2019 from Rs.347 Crores in FY2018 mainly due to decline in trade receivable to Rs.220 Crores in FY2019 from 272 Crores in FY2018. As a percentage of revenue noncash working capital declined to 22% in FY2019 from 31% in FY2018. Our cash and cash equivalent including current investment stood at Rs.14 Crores, our net debt to equity further improved to 0.06 in FY2019 from 0.09 in FY2018 and net debt to EBITDA improved to 0.22 in FY2019 from 0.34 in FY2018.

Before I conclude my speech, I would like to summarize that for the year FY2019 we have improved on all front with higher revenue and profitability, consistent margin, reduction in debt and working capital, which all lead to strong ratios. Thank you and now I would like to handover that to Mr. Ankit for our expansion and acquisition announcement.

Ankit Patel:

Thank you, Mr. Mayur. Now, let me brief you about our expansions and acquisition plans. Bodal Chemicals Limited is proud to announce its net phase of growth towards more integration of business model, diversification into the products and addition of marketing base. The Board of Directors of the company has approved diversification into Chlor Alkali business and expansion of Sulphuric acid plant at Saykha GIDC, Bharuch near Dahej. It has also approved expansion of dyestuff capacity in Ahmedabad as well as in Baroda. It has approved acquisition of 80% stake in Turkish LLP named Şener Boya, which will be our marketing base for Turkey and surrounding markets.

We are confident that these expansions and acquisitions projects will enable us to offer us new products, expand our geographical reach globally and we will further strengthen our integration model, which should lead to the next phase of higher growth. Chlor-alkali business is our first step towards setting up specialty chemical business. We believe this is the right time to expand into such projects as demand of these products are very good globally and there is limited growth

in capacity across the globe especially in China. So further growth in this capacity should come from India. Also we have strong balance sheet with zero long-term debt enabling us to capitalize on such opportunities.

Total capital outlay for these projects will be around 1200 Crores net of GST. Acquisition of Şener should be completed within two to three months. Sulphuric acid and chlor-alkali projects will take around 24 to 30 months for completion from October 2019. After the completion of these projects,

we expect our consolidated revenues to grow by two times from around 1400 Crores in FY2019 to 2900 Crores in the next five years. Consolidated EBITDA to grow by 2.6 times from about 250 Crores in FY2019 to 660 Crores in the next five years. Our profit before tax to grow by more than 2.1 times from 214 Crores in FY2019 to about 450 Crores in the next five years. PAT to grow to by more than 2.1 times from about 140 Crores in FY2019 to over 300 Crores in the next five years. Cash profit to grow by more than 2.3 times from Rs.180 Crores in FY2019 to over 400 Crores in the next five years. Consolidated net worth is increasing by about 2.4 times from about 835 Crores in FY2019 to 2000 Crores in the next five years.

Even after the implementation of the above looking to the strong financial numbers, the leverage ratios are well under control. Net debt to equity will be around 0.3x and net debt to EBITDA would be around 0.8x at the end of the five years. Project wise detail information is as follows:

1. Expansion of Sulphuric acid plant at Saykha GIDC, Bharuch near Dahej: We are expanding our Sulphuric acid capacity by setting up a plant of 1000 tonnes per day at TCPL region in Saykha GADC. This project will strengthen our integration model because Steam generated during the production process will be used to generate power for our chlor-alkali plant at the same location. Globally Sulphuric acid is a biggest chemical is in very high demand due to its application in most of the industry, which are growing rapidly such as fertilizers, pharmaceuticals, agrochemicals, etc. While on supply front Chinese growth has remained stagnant in Sulphuric acid and in India also, not many capacities of Sulphuric acid in the last five to seven years. Bodal also has a track record of having implemented similar capacity earlier. Bodal will have the location advantage for this plant because it will be developed in PCPIR, which is upcoming chemical sector hub in India. As Sulphuric acid is a low value item, transportation cost plays very vital role for any producer and we will have edge over competitors here because majority of the customers will be nearby.

Second is diversification into chlor-alkali business at Saykha GIDC near Dahej. We are planning a specialty chemical complex like we have developed in Baroda for dyestuff Saykha GIDC over the next four to five years. To begin with we are putting up a plant of chlor-alkali, which will produce caustic soda flakes, caustic soda lye, chlorine and hydrogen. The capacity of this plant will be 300 tonnes per day in the first phase. We will be setting up captive thermal power plant of

38 mega watt as power is the main major requirement in this business. We are considering this product as a business strategy of maximum integration because about 35% of caustic production and 55% of chlorine production will be used in house in the existing Bodal business and going ahead we will be increasing a share of captive consumption gradually by adding new products further. Also chlorine, which is the bottleneck for chloride producers in India, will be used in house by Bodal, which will be an added advantage over the competitors. Caustic and chlorine both are raw material for TCPL, so after completion of this project profitability of TCPL will be ensured. Globally caustic soda and chlorine demand have been increasing while its supplies is dwindling. Chinese capacities of chlor-alkali are not growing much while Europe has grown hardly around 2% in the last four to five years, so it is an opportunity for India and further growth of this industry should come from India as a demand remains very strong in the previous market. Apart from our strong internal consumption, it has application in various industries such as agrochemicals, pharmaceuticals, water treatment, dye, alumina, etc. To add to this we would be bringing internationally recognized latest technology, which will ensure complying all the norms and production without any technical challenge. Sulphuric acid and chlor-alkali plant will be coming at the same location, which will bring strong business integration because chlorine from chlor-alkali plant will be used to produce Sulphuric acid and steam generated from Sulphuric acid plant will be used to generate power for chlor-alkali plant.

Third is dyestuff capacity expansion and entering into specialty dyes like turquoise blue. We have recently concluded our dyestuff capacity expansion of 6000 tonnes per annum and total dyestuff capacity has reached to 35000 tonnes per annum. Inline with our goal to becoming a larger player in the dyestuff industry we are adding further capacities in dyestuff and foraying into special products like specialty turquoise dye. We will be expanding present dye capacity by 19,200 tonnes per annum and we will be adding turquoise blue dye capacity of 4,800 tonnes per annum. Turquoise blue dye has higher demand and application in textiles, leather as well as paper industry. This is a niche and specialty product, which commands higher margins than our existing dyestuff business. We explored various inorganic opportunities in the market for turquoise dye, but thought it is appropriate to do a Brownfield expansion. We are moving towards the fully integrated global dyestuff company with consistency in margins and profitability.

Fourth is marketing base in Europe by acquiring Şener in Turkey. We have disclosed earlier that we want to increase share of Dyestuff and also B2C in our total revenues going ahead. So towards that direction Bodal is acquiring 80% stake in Şener Boya at Turkey, which will be our own marketing base in Europe. Şener also has in house dilution facility for dyestuff. Şener Boya has an experience of more than 25 years in the dyestuff marketing and has been a customer of Bodal since last more than 10 years. It has its own brand and strong marketing network in Turkey and surrounding countries. Looking at the larger objectives of increase in profitability, exports and marketing capabilities, we are converting our customer relationship with Şener into a business partnership. Bodal will be supplying full range of Dyes to Sener and Sener will be the face of Bodal with offering like reactive dyes, acid dyes, direct dyes in Turkey and surrounding

companies. Major advantages of Bodal are capitalizing on the marketing expertise of Sener in European markets, increasing in profitability due to higher margin in local business and increase in Bodal share of B2C in global dyestuff market with buildup of its own Turkish Brand.

5. Preferential allotment to promoters. As of March 2019 promoters holding the company was 58.32%, this has increased from 54.93% a year ago in March 2018 through creeping acquisition route by the promoters. Now, Bodal is gearing up for the next big jump in its business and profitability over the next four to five years by expansion, diversification and acquisitions. Promoters are having full confidence in these projects as well as overall growth prospects of the company due to which they are bringing their own equity by the way of preferential allotment. The company will be issuing 1.5 Crore shares to its promoters and non-promoters by the way of preferential equity. We want to keep our debt at lower level and are committed to maintain our leverage ratios. The equity inclusion is also aimed at achieving this objective.

Total capital outlay of these projects of 1200 Crores will be funded by about 330 Crores of internal accruals over the next 36 months, 700 Crores of net debt and 170 Crores of equity funded by its promoters and non-promoters.

With this I would like to summarize the Bodal is a zero debt and a strong balance sheet with excellent track record both in financial performance and execution of projects. It has great potential to grow from the current levels so it is seizing the excellent business opportunities available in the market. Promoters are fully involved and committed to the business and its growth which is why they are bringing their own equity for the new phase of growth of the company. After completion of these projects we will be further strengthening our leadership position in global dyestuff market.

Thank you and now we open the floor for question and answer session.

- Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Anand Bhavnani from Unifi Capital. Please go ahead.
- Anand Bhavnani:** Sir, the capex that we have announced, which the funding will be 170 Crores through preferential equity, how much of it would be through promoter infusion and how much would be the non-promoter?
- Mayur Padhya:** It is 67% by promoter and about 33% by non-promoter.
- Anand Bhavnani:** Sir, what would be the timeline for this?

- Mayur Padhya:** This will be through preferential warrant, so initial 25% we are expecting within two to three months and balance will be within 18 months as to requirement.
- Anand Bhavnani:** Sir, as far as your dyestuff expansion I see that for the full year our dyestuff production had been 18000 tonnes and our capacity is 29000 tonnes, so given that we are yet to fully utilize the existing capacity what is the rationale behind further increasing dyestuff capacity especially Padra, I understand that 48000 tonnes of capacity is for turquoise blue, which is a new product, but at Padra what is the rationale for expansion?
- Mayur Padhya:** We have already announced early also that we are going to have capacity build up to 55000 to 60000 and this Padra we are not adding it today itself within 36 months we are adding and as we have declared several times, so this is as per our plan we are going ahead and we are confident about utilization of the existing capacity, better utilization is happening day by day and another big benefit for us is acquisition of the Şen-er Boya and reach our targeted production level.
- Anand Bhavnani:** If I got you correct the dyestuff expansion at Padra might not happen in FY2020, since it is a 36-month project you might start may be even in FY2021 or something like that?
- Mayur Padhya:** Correct.
- Anand Bhavnani:** Sir, with respect to thionyl chloride and the co-gen power plant, can you update us as to what is the capacity at with thionyl chloride is functioning and what is the status of co-gen power plant has it function entirely for the quarter?
- Mayur Padhya:** Cogeneration power plant is functional properly 85% to 90% capacity is continuous in operation and as far as thionyl chloride is concerned, yes, trial run is on the verge of completion and we are expecting may be two to three months more will be required for stabilization of commercial production, so may be in two to three months that will start contributing to our topline as well as bottomline.
- Anand Bhavnani:** At this point in time are we doing any commercial production out of thionyl chloride?
- Mayur Padhya:** Yes, we are doing, but that mainly goes into captive consumption with our 30% production at the peak level also will be for captive purpose, but good thing is that quality has already been approved and the desired quality level we have achieved.
- Anand Bhavnani:** Sir, lastly on the raw material front, our EBITDA margins have fallen as you mentioned in the opening remarks due to raw material price increases, so what is the outlook, see them moderating going forth or it should not be expected from here on EBITDA margins will be what we have seen in Q4?

- Mayur Padhya:** Presently last two to three months we can say that prices are stabilized so in current month or current quarter we are not anticipating any negative pricing.
- Anand Bhavnani:** What is your realistic expectation of EBITDA margins for FY2020?
- Mayur Padhya:** It should be at least 18%, which we have been consistently doing.
- Anand Bhavnani:** Fine I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Jatin Damania from Kotak Securities. Please go ahead.
- Jatin Damania:** It is good to see that you have given a vision for the next five years, but it will be great if you can highlight how do we see a growth in FY2020 and FY2021?
- Mayur Padhya:** FY2020 and FY2021 there will be gradual growth. There are several growth engine we have been discussing several times that dyestuff is growing, SPS will start contributing because we are expecting Vinyl Sulphone plant to be operational by September of this year, TCPL is also now stabilizing and we are expecting that it should be breakeven. Another good area is liquid dyestuff area we have not been doing well since the last two to three years, but that is picking up and as mentioned in the speech that we are expecting 500 metric tonne per month within six months, so these all area are started contributing at the same time China subsidiary, which we have opened that will also start contributing and the new subsidiary Sener that once we conclude the formality that will also start contributing from the day one.
- Jatin Damania:** Sir, since last couple of quarters we were saying that try and we will achieve a breakeven and every quarter-on-quarter we are saying that the breakeven is getting pushed by another quarter or six months, so if you want to see a run rate because last quarter you had said that you required 350 tonnes per month on the production run rate to achieve a breakeven, so what is the current production run rate and what are the prices where we can assume that in the next three months it will get breakeven or probably we might see the breakeven further get delayed to FY2021, what are the scenario which we are working on?
- Mayur Padhya:** In one or two months we have achieved more than 300 and one month we have achieved more than 400 metric tonne production, but that is not stabilized so our run rate is not more than 200 to 250 metric tonne per month and for us to achieve breakeven at least 350 metric tonne production is required every month, so over that we are still struggling.
- Jatin Damania:** So, when are we expecting to hit that level?
- Mayur Padhya:** This year end.

- Jatin Damania:** So, that means in for FY2020 also we will see the try and we will actually report loss at the bottom level and probably negligible at the EBITDA level?
- Mayur Padhya:** Loss should minimize, we are not confident about profit, but loss should definitely minimize.
- Jatin Damania:** How are the raw material prices and the realization scenario?
- Mayur Padhya:** Raw material prices there is a correction, but not at that level, which we are expecting or the level where we started the production. If we look at product wise then cyanuric acid when we started the production at that time it was \$700 per metric tonne, which is presently even \$850 per metric tonne another will be caustic, which was about Rs.32 when we started production, which is consistently around Rs.40 and third one is chlorine, which was minus when we started minus Rs.5 per kg was there, but presently I think it is about Rs.4 to 5 plus per kg, so this division will definitely do better when we conclude our caustic and chlorine plant, it will take some time, but after that its profitability will be ensured.
- Jatin Damania:** That is two years down the line, so till that two years we will have to bear this spend in the overall consolidated number?
- Mayur Padhya:** It will require some time and once we reach to 350 metric tonne per month at that time it will not have any loss.
- Jatin Damania:** That means at least for another two years we should see that there would not be any contribution from plant till the time your alkali facility gets stabilized is it fair to assume?
- Mayur Padhya:** No, I have mentioned that within one year we will reach to breakeven and after that we will start contributing, once we will have our own caustic and chlorine at that time it will do its best.
- Jatin Damania:** As far as the SPS is concerned, what was the total H-acid production during the quarter?
- Mayur Padhya:** 660 metric tonne.
- Jatin Damania:** There was a delay in operational because of couple of approval was pending from Nagpur what is the matter out there, as we got all the approval and the production will start running from FY2020 or we will see a further delay?
- Mayur Padhya:** See, good thing is that, that positive movement of the files started happening, initial permission which was required that permission we have got, but unfortunate part is that the process is very lengthy, they give approval to build the time then the manufacturer has started building up the tank and complete the tank at that time they will have to do third party inspection that report we need to submit to the exposal department wherein they will once again inspect the tank that it is as per the design they have approved so it is a big lengthy process and government department is

involved, but still we are confident that it should start contributing by September 2019, the procedure part is only left.

Jatin Damania: After getting the procedure that is you are sure that in two to three months the tanks will get ready and probably by third quarter we should start the production?

Mayur Padhya: Yes.

Jatin Damania: What are the current H-acid and VS prices currently?

Mayur Padhya: Currently, Vinyl Sulphone is traded at about Rs.220 and H-acid is Rs.415.

Jatin Damania: What was the capex in FY2019?

Mayur Padhya: FY2019 we have done capex of 135 Crores.

Jatin Damania: And what are we envisaging for FY2020-FY2021?

Mayur Padhya: That depends upon how much fast we go on all these projects, so we are targeting to start third quarter of this year project will get started, that depends upon how much early or late we start this work.

Jatin Damania: Sir, the last question since now we are moving with the integration and the expansion plan, Mr. Ankit also said that the chlor-alkali this is the first phase, so what is the total capacity in all that we are looking at at Dahej in the longer term horizon and what would be the total capex other than this 1200 Crores that will be left for spending?

Ankit Patel: We have taken up the environmental clearance for 800 tonnes per day, but we do not have a CS strategy as of now whether to when to increase the capacity since it is a bit large capex obviously we are working on the first phase as of now and our focus will be more on the integration of that project with other projects and creating a more sustainable business models than just increasing the capacity of chlor-alkali. If the sector favours let us say after three years then we will be looking to expand it, so we will be able to take that call only later on, but we will take up the environmental clearance for it.

Jatin Damania: So, it will be EC for all the facility that we are going to expand it?

Ankit Patel: We do have the EC for that profit, we also have some other integrated projects environmental our clearance already and we also have sufficient land and all the other infrastructure required.

Jatin Damania: Last question from my side, in last quarter we had acquired unit in China as a subsidiary for the marketing, as we got any contribution in this quarter from that particular subsidiary?

- Mayur Padhya:** No, we have not got any contribution from there, but it will start soon, it is not an acquisition, we have actually started our own subsidiary company there for trading purpose, we do source chemicals from there and we also sell dyestuff to China, we will be offering to import and export both via that company.
- Jatin Damania:** That is all from my side, thank you. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Dhavan Shah from ICICI Securities. Please go ahead.
- Dhavan Shah:** So I have a few questions, firstly about the inventory loss, which you have highlighted that during this quarter there was some spillover impact, so can you quantify the impact during this quarter, because of the high cost inventory what was the loss?
- Mayur Padhya:** It was about Rs.5 Crores to Rs.7 Crores for this quarter.
- Dhavan Shah:** And I just missed that part you mentioned about the depreciation right back in Q4 FY2018, so what was that amount?
- Mayur Padhya:** It was about 15 Crores.
- Dhavan Shah:** And can you please share the sales number for the standalone business, the volume number?
- Mayur Padhya:** Hence volume number we are not disclosing as per our policy matter.
- Dhavan Shah:** But, can you share the realization growth, the entire 15% or 17% year-on-year growth is just because of the realization right, the volumes number are almost flat, is that correct?
- Mayur Padhya:** Yes, overall total it seems flat, but if you see the division wise, then dyestuff division as well as dye intermediate division both has a positive growth then they are the main division, which contributes to revenue as well as profit.
- Dhavan Shah:** We did the acquisition of this 80% stake in Turkish Şen-er Boya, so what was the amount paid for this acquisition?
- Mayur Padhya:** No, we have taken approval from board to acquire that and the amount, which we are going to pay is \$4.5 million for the 80% stake in that limited liability company.
- Dhavan Shah:** What kind of potential do you see from this acquisition, if you can quantify in terms of the numbers in the next two years what kind of revenues do you see?

- Mayur Padhya:** Presently, that company is doing about 80 Crores of revenue in rupee value and we are expecting that at least 25% to 30% growth should be there consistently for coming four to five years.
- Dhavan Shah:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aayush B from Equitas. Please go ahead.
- Aayush B:** Sir, I wanted to understand the China situation with the recent blast in the Guangzhou province I believe the dye prices in China has shot up, so what was the situation in India, in India dye prices also increased?
- Mayur Padhya:** Right, the chemical part where the blast had taken place there are hardly any units of dye integration, dyestuff, so there was no direct impact on our particular sector, so just because of this the sentiment that was created in China there was a temporary price increase in the intermediate prices, but that was just for a matter of few days, about two to three weeks, that also again got corrected, so as per my information all the major dyestuff and dye intermediate companies in China are operating currently, they are not really affected by that particular incident, but again they continue to operate at around 50% because the overall safety standards and again the environmental norms being followed very strictly.
- Aayush B:** India actually benefiting out of that like India in a position to now supply to players where China used to supply before?
- Mayur Padhya:** For example, if that chemical part will shut down then a lot of the capacities of the chemicals will go away, so similarly I am sure the Chinese government will be strategizing how to avoid something like that in the future, so that will I think have impacted in long run we have been nearer to the major cities the parks will not be probably allowed to be operational and all, so lot of the shifting is already happening so I think that will continue the shifting part.
- Aayush B:** Exporting to China?
- Mayur Padhya:** We do supply to China, but it has been a bit unpredictable as of now because the opportunity has started since last year, but it is not as regular as some of the other countries we supplied, so because it is volatile situation that is going on over there the consistency is probably still not 100%, but yes we do export to China regularly.
- Aayush B:** We export dyestuff or dye intermediates?
- Mayur Padhya:** We do both.
- Aayush B:** India as a whole is a dye intermediate exporter right?

- Mayur Padhya:** India as a whole, we export dyes and dye intermediates both, both in China it never used to happen, China never used to import any intermediates or dyestuff from India, we are also sustainable, but because of this restrictions on all these capacities and no growth has come up in the last three or four years, so there is an opportunity for the Indian players to export because we still have the largest textile market in the world and textile market is not hit by this environmental restrictions.
- Aayush B:** On an average basis what prices should we assume for H-acid and Vinyl Sulphone because they keep fluctuating a lot on a stable basis?
- Mayur Padhya:** I think it is still a comfortable range, Vinyl Sulphone around 222 to 230 level and H-acid is around 400 levels, I think it is not a bad range, I think I would like to see consolidation of these prices for longer time rather than seeing fluctuations, so I think if you look at last may be few quarters about three or four quarters the prices have been around this only would say about 10% plus or minus.
- Aayush B:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Anubhav Sahu from MC Research. Please go ahead.
- Anubhav Sahu:** Sir, first of all congratulations for the new strategic initiatives you have taken. I have a couple of questions with regard to that, wanted to understand regarding caustic soda business, what has been the prime rationale for that, is it mainly the backward integration for prime or do we already have this in mind that we will go for a forward integration in that chlor-alkali?
- Mayur Padhya:** I am sorry can you repeat your question?
- Anubhav Sahu:** Want to understand the business rationale for going for caustic soda plant, is it mainly because you wanted to go for a backward integration for prime or we have in mind that we will go for some forward integration for new products in caustic soda?
- Mayur Padhya:** So, there are multiple reasons to go for that business. One is that we will be using caustic soda in large quantity traditionally and due to recent growth also in Trion chemicals we are using caustic in good quantities, it can grow into a very large quantity, also SPS that acquisition that we did recently that is also using caustic soda and our main business for Bodal Chemicals is intermediate, caustic soda is there in FY2017-FY2018, FY2018 we spend Rs.7 Crores more in the purchase of caustic soda compared to the previous year, so there are large volumes that we use and we believe in this integrated business model where we try to cover up all the raw materials that we can produce in our own, so that has been our thinking for many years and I think the bigger impact would be from the chlorine side where chlorine has been traditionally in India bottleneck for this industry where caustic is comfortably selling in the market, there is also export

market potential caustic, but chlorine has a lot of limitations from storing, selling and consumption of storing is always not growing as fast as the chlorine consumption takes place in India in the last 10 to 15 years, but since because of our recent development we already are consuming chlorine in a good quantity and parallelly we have other plans to use the chlorine in good quantity so from the first day of caustic unit start will be using 50% to 60% storing in house in the existing business of Bodal Chemicals, so which is a very, very strong point area, which should support the entire chlor-alkali business and for hydrogen also we are planning some captive use or there is also a very good market that is growing, so all the products are doing good. Europe and US have to work towards the other major market, which have hardly grown. China has a lot of limitations because of this air emission because things are power cost is the main cost for chlor-alkali process, China has a lot of restrictions around power plants so because of that China is also not growing or has grown very slowly in the last four to five years, which is also again about 48% of the global market, so when the global leading clear in the world is not growing or does not have a favoring scenario to grow, I think India being the fourth largest market, I think has a good opportunity to grow and you know everybody talks about this entire chemical sector that has a great opportunity in the next 10 years to grow in India so I think caustic being second biggest commodity after Sulphuric acid I think we have a great opportunity to have a continuous good margins.

Anubhav Sahu:

Got it and secondly on Sulphuric acid, we already have a plant for that right and how much of our in house is already met by this plant and how much we buy from external process?

Mayur Padhya:

So, Sulphuric acid, we already have a plant of 500 tonnes per day and that plant we use 60% and we will further use more in the SPS and some of the other expansion, but this particular plant that we are planning near Dahej next to the chlor-alkali as a different purpose. Sulphuric acid industry and the derivatives there are some other products also that have been producing the same complex those products have been doing very well in the last two years and there has not been many new plants that has come up in the area in Gujarat and surrounding Gujarat and also one of the main areas where Sulphuric acid is produced is Smelter, Smelter also in the next five years there is no major growth plant of the existing smelter companies in India and Sulphuric acid in volume wise is the biggest chemicals used in all the sectors, so I think we see Sulphuric acid also doing very well in the next two years because of all these chemical industry boom happening in India, so with all these growth, which is going to come up from agrochemicals, textiles, mainly acidic chemicals, basic chemicals all these areas will require Sulphuric acid, so I think it is a good time and in the last two years Sulphuric acid has been doing at the peak, if you look at last 20 to 30 year data, so it is a good time for us and it is going to be more of an expansion for us you know since we already have a team in house execution part will be able to stay in house on the capex part and also the operation part we have been doing it since more than 10 years now successfully, so I think it is a natural growth for us.

- Anubhav Sahu:** Sir, my last question from your long-term target that you projected for five years, upfront it looks like a very conservative estimate because if you look just from the volume perspective also, we are just seeing dyestuff business you are going to have more than double the capacity, so would you like to elaborate, which are the key assumptions behind your two times storage sales and almost in the growth impact?
- Mayur Padhya:** So, for the guidance part we try to keep it conservative because we do not want to give too strong of a guidance and not probably achieved in the next three to four years, so even this guidance that we give that does not include the unutilized capacity of dyes that we have recently finished, so adding that, that should be even more and the numbers the guidance that we are giving right now are very conservative and we are very confident about it, it can happen actually as early as about three to three-and-a-half years from now, but we are guiding around five years.
- Anubhav Sahu:** Anything you want to highlight on the pricing assumption what kind of pricing you want to mention in the assumption?
- Mayur Padhya:** Pricing wise dyes is very consistent business because it always depends on the intermediate business and intermediate is where the fluctuation is and I think next at least couple of quarters I do not see much disturbance in the supply demand scenario of dye intermediates. I think there will probably most likely continue in the same range of around 225 to 230 levels of Vinyl Sulphone and around 400 levels of H-acid, unless something big happens in China some areas probably gets affected and big company gets affected then the price will shoot up, otherwise I think in the last about seven months the situation has been quite consistent and stable, so I think it is likely to continue.
- Anubhav Sahu:** Sir, one more question, your other expenses in this quarter has essentially shot up, is it mainly because of the trial productions of Thionyl chloride or any other reason you have?
- Mayur Padhya:** As of now dyestuff expansion and Thionyl chloride these two are the projects that we have started recently, so Thionyl chloride commercialization to start, I think happening in about a month or two, we already started using for our captive views, but up to 30% will be using in house and further will go up in phases, so I think in about two months time we should be operating around 60% to 70%, so then will be selling in the market. Market is also good, so we are hoping to gain some profits from there.
- Anubhav Sahu:** My question was more in terms of the increase in other expenses, on a quarter-on-quarter basis it has shot up so anything to note why it has shot up sequentially?
- Mayur Padhya:** I need to see the detail, let us take this question offline.
- Anubhav Sahu:** Thanks. That is all from my side. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Anand Bhavnani from Unifi Capital. Please go ahead.
- Anand Bhavnani:** Sir, in terms of volume growth, do you anticipate volume growth in each of the three major segments basically dyestuff and dye intermediates for FY2020?
- Mayur Padhya:** Basic chemicals other than PC, we are operating at the optimum level continuously since many years. PC is now added and as mentioned by Ankit, within two to three months we will reach to 60% to 70% and this is the kind of continuous process plant, so it will not require much of the time like dyestuff, so may be by the year end we will be operating optimally 80% plus should definitely be there. As far as other areas are concerned dye intermediate we are not growing, but once we start production at SPS of Vinyl Sulphone that will start contributing and over there also this is our regular product, so it will not take much of time to ramp up the production so once we start the production within three to four months we will reach to 70% to 80% level and as far as dyestuff is concerned, yes, we will gradually, but continuously growing for the coming two to three years.
- Anand Bhavnani:** Sir, any specific volume numbers that you are targeting for dyestuff?
- Mayur Padhya:** Dyestuff, out of that 29000 metric tonne, which is last year's capacity we will be using within two to three months up to 75% and for the new 6000 capacity by year end we will be using more than 50% level.
- Anand Bhavnani:** So, 75% utilization let us say for within two to three months, so for the full year you might be close to 72% so that gives me a sense that dyestuff production could be roughly 22000 tones for FY2020 and this would be about a growth of 15% on our FY2019 numbers, so am I getting the numbers correct about 15% volume growth in dyestuff?
- Mayur Padhya:** It should be even better than that.
- Anand Bhavnani:** Sir, for the expansion in dyestuff in Ahmedabad and Baroda, both of these are Brownfield projects right so we would not need to spend money on common infrastructure or land acquisition?
- Mayur Padhya:** Correct.
- Anand Bhavnani:** In Ahmedabad in which unit are we having this dyestuff expansion for turquoise blue?
- Mayur Padhya:** It is in our unit number 2.
- Anand Bhavnani:** Because it is a new product we can expect this dyestuff in turquoise blue expansion to happen before the expansion at Padra, is that the right way to think?

- Mayur Padhya:** I could not follow you.
- Anand Bhavnani:** We have two expansions, one in Ahmedabad and one in Padra, so which will happen first in dyestuff?
- Mayur Padhya:** Ahmedabad is first and then we will go for Padra.
- Anand Bhavnani:** Fine, and lastly overall do you anticipate that our margins we should increase due to co-gen power inflation going to 95% to 100% because one of the key discussions during the time of last QIP was that co-gen power will help us to increase margins because we will see a lot on energy, so given that now we are commissioned the power plant and this will be the first full year of co-gen power plant we utilized, so for FY2020 how much do you think in absolute sense or in percentage margins would co-gen power plant help us?
- Mayur Padhya:** So, we are targeting again around Rs.10 Crores per annum from the co-gen power plant, so we are trying different fuels, which we have to figure out, which was the best suitable fuel for us, hence we are operating the power plant for the first time the fuel base, so we change the qualities also a couple of times and then we have last couple of months we are doing more economical quality, so plant is definitely operating at 85% to 90%, but I would say that we have not still probably reached or figured out the best quality yet, so there is definitely saving going on, but I think probably not the optimum level, so it continues to improve, there is definitely some saving coming from there.
- Anand Bhavnani:** In base case if the power plant goes well in FY2020, you should at least expect 5 Crores to 7 Crores of benefit, 10 Crores is your target?
- Mayur Padhya:** Definitely, I think around 5 Crores we are already doing that kind of saving rate I think we are already on track to do, but it should actually improve from there, it is around 10 Crores to 12 Crores as per the earlier calculation.
- Anand Bhavnani:** Sir, in the Thionyl since we are anticipating to scale up and so how much savings would happen through Thionyl chloride in the consumption as well, can you give us some sense in terms of rupees, Crores?
- Mayur Padhya:** Captive consumption, again there is a lot of volatility because the chlorine prices are still fluctuating, but the costing of Thionyl chloride in the last about six months I think average would be around Rs.15 to Rs.16 and the selling price of last six months is around Rs.30 to Rs.32, so there is definitely a good room there, but traditionally this has not been the margin, if I look at may be last three to four years the margin has been around 20% to 25% EBITDA, but of late last about six months there is a shortage that is there in the market, so the margin is big, so let us say if I use about 700 to 800 tonnes also about 30% of about 3000 tonnes per month capacity it is

about 30% of that also I can say on an average around Rs.10 also, currently the price is around Rs.25 to Rs.27, and I think the costing could be around Rs.15 to Rs.16, so still there is a good healthy saving I know that we started achieving.

Anand Bhavnani: Fine, thank you.

Moderator: Thank you. The next question is from the line of Tanmay Mehta from SBICAP Securities. Please go ahead.

Tanmay Mehta: Thanks for the opportunity. Sir, can you give us sense of the current raw material and environment you spoke about it in the call, but any particular raw material that are still facing some pricing pressure?

Mayur Padhya: I think the only raw material that is probably a bit higher compared to last week or year average is the caustic and chlorine and the other raw material has come down a lot, in the last about a month and a half and the prices are also quite stable and I think the raw materials other than these two chemical most of the raw material prices are in our favor right now.

Tanmay Mehta: Sir, about the Turkey subsidiary, what are the active products that it currently undertakes is it only marketing or that is manufacturer alone?

Mayur Padhya: So, are you talking about the company in Turkey?

Tanmay Mehta: Right.

Ankit Patel: So, the company is actually marketing set up, but they also have a small capacity to standardize the dye, so since the dye is sold in different quality in different strength there are some processes last moment processes where you can change the quality or the strength so that facility they have over there, but our primary target is to achieve and use their marketing setup. We were actually planning to open our subsidiary company in Turkey and start from zero, but now with this acquisition we will start with a very healthy monthly sales and we are also going to remain in the business for sometime, we have not finalized the exact strategy here, but as of now we are going to remain in the business and they are going to hand it over to us in the next two to three years, so we are not taking all the responsibilities as of now, we are going to be there as a partners and it is going to be smooth handover in the next two to three years and I think there is a huge potential because independently when they were working prior to this acquisition that we are going to do they were already doing good quantity from us and they were also buying a lot of quantities from other players, but now with our backhand support from India and with our larger dye basket with our direct sales to the consumers I think it is going to be very strong margin channel and so that is why that will also make our growth very much easier. Earlier they were dependent on India and China for them to grow the quantity was a bit difficult especially in the last three to four years

when the markets have been very volatile, but the volatility with our backhand support can be ignored and you can consistently grow.

Tanmay Mehta: Another question on the capex, Mr. Mayur pointed out that it is difficult to give the number, but what about the maintenance capex in FY2020-FY2021?

Ankit Patel: FY2020, maintenance capex should be around 25 Crores to 30 Crores.

Tanmay Mehta: Any rough idea on the capex that you have announced that will be coming in FY2020, if you could give some sense on that?

Ankit Patel: It will start not before third quarter of this year.

Tanmay Mehta: So, it will be starting with the dyestuff plant?

Ankit Patel: No, everything say dyestuff or chlor-alkali or Sulphuric, start from October or November.

Tanmay Mehta: Sir, our inventory is high compared to the last year, I think it is almost double the amount so is it primarily dyestuff or dye intermediate what is the reason for that?

Ankit Patel: Mainly because of dyestuff because our integration model is going stronger, so we need to keep even more intermediate norms for our captive consumption and in dyestuff there are variety of products, so we need to keep higher inventory in that business, so it should be there.

Tanmay Mehta: So, going forward this number should increase or how we should look at it?

Ankit Patel: No, this number has already increased, so this will not increase much further, may remain around this number.

Tanmay Mehta: Last question on the employee expenses, the employee expenses have been lower this quarter, so any reason for that and what would be average run rate going forward?

Ankit Patel: Going forward, you can take average run rate of about 16 Crores to 17 Crores, this quarter the effect was there. There were two reasons, one was there auditor has capitalized certain employees salary, which were only working for the project and as far as management sales commission is concerned in earlier three quarters we have done provision at higher rate and for the third quarter it has been lower down, so that is effective there otherwise you can consider 17 Crores.

Tanmay Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Saravanan Vishwanathan from Unifi Capital. Please go ahead.

- S. Vishwanathan:** This is a followup on Thionyl chloride, so 70% would be sold in the market right, 30% captive consumption?
- Ankit Patel:** Yes.
- S. Vishwanathan:** So, on the captive consumption there will be a savings whereas the 70% there will be a direct profitability?
- Ankit Patel:** Yes.
- S. Vishwanathan:** Because that is between the time you started the project and now it is commercialized, the rates have moved up, but whereas your cost remain pretty much the same?
- Ankit Patel:** The feel good prices also has been volatile, it has reached up to Rs.45 to Rs.50 also at one point about six months ago and one year back the price was around Rs.17 to Rs.18, but last about 8 to 10 minutes there has been a lot of volatility and it went from Rs.17 to Rs.18 to Rs.45 to Rs.50 level and last I would say about four to five months the price has been around Rs.25 to Rs.30 so currently it is around Rs.25 to Rs.27.
- S. Vishwanathan:** What is the utilization ramp up that you are expecting in Thionyl chloride?
- Ankit Patel:** Currently, we are already operating the plant and the desired quality has been achieved recently and we are using it for our captive purpose as of now, but the quality that we are required to sell outside to some of the largest players, so that has been achieved very recently so now we are planning to ramp up the ongoing production and we are doing it around 25% of the total capacity we are operating at that rate, so we are now targeting in the next 10 to 15 days it will take it up to 50% and when that starts happening smoothly we will start immediately with the sales outside and then the next step would be to take it up to 75% to 80% that should also take place in about one and half months.
- S. Vishwanathan:** What is the typical timeline between the sample you give to the clients and you get the order, is there any timeline?
- Ankit Patel:** Not too long, so we have already been communicating with all the large buyers across India, there are few pharma companies they are waiting for the sample, but since the market scenario there is a shortage of material in the market so I think most of the buyers are very keen that new supplier is coming up in the market, so I think they will not get too long.
- S. Vishwanathan:** From Q2 onwards some outside sales also would start happening?
- Ankit Patel:** Yes, definitely and this is a continuous plan, so once it is set operating at 70% 80%, 90%, it is not going to slow down or stop, it is like our basic channels like Sulphuric acid complex it works on a

continuous basis and works on a highly technical and startup systems so these are continuous process plans, they do not really slow down or stop too much.

S. Vishwanathan: You had mentioned that October, November is when the caustic project would start so is it subject any more clearances or what are the milestones, are there any date changes that could happen?

Ankit Patel: October, I do not think there will be any change, we have a lot of time because we are still in the process of applying to banks the term loan and similarly for the process part we have got all the clearances from the MoES, but only for one particular permission, which is just to the power plant that has been pending that is already in the process, so I think it should not take more than two to three months and if that clearance is not come we do not have to wait for it, we can start with the construction, so the main plants, all the plants and products that has already come up the clearance, only the power plant.

S. Vishwanathan: Now only financial closure that you will wait?

Ankit Patel: Financial part we will have to wait, so we are talking in May, so I think October I think we have enough time to get the bank clearances also.

S. Vishwanathan: Fine that is comforting. Thank you.

Moderator: Thank you. The next question is from the line of Dipesh Mehta from SBICAP Securities. Please go ahead.

Dipesh Mehta: Thanks for the opportunity. Just two questions about the new project, which we announced, what kind of turnover one can expect and considering the existing capacity has some utilization, scope is there in improvement side, so if I look let us say next three to five years we have to give some indication about next five year plan what kind of revenue potential we envisage, so if you can help us understand what is the existing capacity expansion contribution there and what kind of as a tonne we expect on new project capacity that is question one, second question is about what kind of peak debt to equity you envisage when we start our expansion project, if you can provide some numbers, thank you?

Ankit Patel: As far as your first question is concerned, there are mainly three new projects, which we are coming up, one is caustic chlorine, over there typical outflow is about 700 Crores, which includes even power project and from that area we expect within two to three years of operation we will reach to about 450 Crores of revenue because it is a highly capital intensive project, but at the same time giving very good EBITDA, so that is there, another is Sulphuric acid where our capital outflow is about 185 Crores and seeing that project will reach to about 250 Crores within two years of operation and third one is dyestuff where our capital outflow is about 140 Crores and

turnover, which we can achieve is about 500 Crores within two years of operation, but that will have definitely negative impact on dye intermediate turnover, so whatever turnover we will achieve in dyestuff about 50% to 60% droppage will be there in dye intermediate turnover, so Dipesh I think I have given the answer to your first question. What was your second question?

Dipesh Mehta: In our expansion phase for next couple of years, what kind of debt equity you envisage, right now we have the current debt equity is somewhere around 0.2x?

Ankit Patel: For the time being we can reach to debt equity at about 0.8% debt to equity, but in the longer run we will once again have a debt equity up 0.5, but when the project is under construction we can reach to 0.8.

Dipesh Mehta: Understand, thank you Sir.

Moderator: Thank you. The next question is from the line of Dhavan Shah from ICICI Securities. Please go ahead.

Dhavan Shah: Thanks for the opportunity again. I just have a follow up on the Turkey acquisition, so you shared the revenue number of 80 Crores, so can you share the EBITDA numbers if possible?

Ankit Patel: This is a trading concern, other operational cost, interest and depreciation are not significant, what they could achieve was at the topline of 80 Crores, bottomline of about 7 Crores, I think that will give you sense about EBITDA, so they do not have much expense other than employee cost.

Dhavan Shah: Right. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Suyash Agarwal an Individual Investor. Please go ahead.

Suyash Agarwal: Sir, thanks for giving me the opportunity. Sir, can you please give me guidelines when we will be able to again register share price around 190 to 200 one year ago, how much timeline it will take, how many quarters?

Ankit Patel: I could not understand your question.

Suyash Agarwal: Your share price is from around 120, so how much timeline we will require to again to reach to that level?

Ankit Patel: Share price is subject to many more parameters and we do not control that so what we can give guidance, which is under control is company's performance, we cannot comment on or we do not have any idea about share prices.

- Suyash Agarwal:** You know actually from last four or five quarters actually your company is going on expansion and all these things, and you are giving guidance to a higher set level, but eventually it come to someone or other region it is going to some lower level actually, so what I am asking is when we will reach that profitability like when our expansion will be over, when there is opportunity of highest order like in six months, one year?
- Ankit Patel:** As you have commented, but we have been continuously growing before three to four years our bottomline was in the range of 80 Crores to 90 Crores, last year we have reached to 144 Crores and there has been a continuous growth in that, this year there was a highest EBITDA as well as bottomline and as per our plan we are continuously growing so this company believes in continuous growth, we do not anticipate that doing after some growth we will stop at that level and that is the peak of that company level we do not fall in that category and in presentation also we have guided about what will be there or what level company will reach within five years, so that is there and that is not ultimate level, so once we will reach that then there will be another milestone we fix for ourselves.
- Suyash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jatin Damania from Kotak Securities. Please go ahead.
- Jatin Damania:** Just one question, on your current P&L, just wanted to know what was the reason for the sudden jump in other income in Q4.
- Ankit Patel:** Other income mainly there is interest income, some of the customers, which were paying late we charged interest from them and another part is from subsidiary company we are charging interest from that companies also.
- Jatin Damania:** Sir, if you can quantify the amount that you have received from the customers from the subsidiary other than the interest income?
- Ankit Patel:** I cannot tell the exact number, but from customer it was about 3 Crores and balance was from subsidiary.
- Jatin Damania:** So, near about 2 Crores or 2.5 Crores will be from the subsidiaries?
- Ankit Patel:** Yes.
- Jatin Damania:** Thank you and all the best.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Mayur Padhya: Thank you very much for the participation and patiently listening to our answers. If anybody's question remains unanswered they can contact us offline, we will be happy to answer that. Thank you and goodnight.

Moderator: Thank you very much Sir. Ladies and gentlemen, on behalf of SBICAP Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.