"Tata Chemicals Ltd 1Q Result Discussion Conference Call"

August 05, 2015

MANAGEMENT: **MR. R. MUKUNDAN – MANAGING DIRECTOR, TATA CHEMICALS LIMITED**
MR. P. K. GHOSE – EXECUTIVE DIRECTOR & CFO, TATA CHEMICALS LIMITED
MR. RANJEEV LODHA – VICE PRESIDENT & GROUP CORPORATE CONTROLLER, TATA CHEMICALS LIMITED
MR. JOHN MULHALL – DEPUTY CHIEF FINANCIAL OFFICER, TATA CHEMICALS LIMITED

MODERATOR: **MR. SUBHAM SINHA -SENIOR MANAGER – INSTITUTIONAL SALES, TATA SECURITIES LTD**

Moderator: Ladies and gentlemen, Good Day and Welcome to Tata Chemicals Q1 Results Discussion Conference Call hosted by Tata 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 this 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. Subham Sinha of Tata Securities. Thank you and over to you, sir.

Subham Sinha: Hello everyone, Subham Sinha here from Tata Securities Limited. I welcome everyone to this Q1 FY16 Conference Call of Tata Chemicals Limited. We have here with us Mr. R. Mukundan – The Managing Director of the company; Mr. P.K. Ghose – ED & CFO, Mr. John Mulhall – Deputy CFO and Mr. Ranjeev Lodha Vice President & Group Corporate Controller. I now invite the management to take over. Over to you, sir.

R. Mukundan: Thank you very much and I would like to welcome you to this call, thank you for joining it and also my colleagues Mr. Ghose, Mr. Mulhall and Mr. Ranjeev Lodha on this call. I will briefly share with you the perspectives on the operating performance following which Mr. Ghose will share key financial details, after that we would be happy to take your queries and respond to your queries.

In terms of operational performance let me start with our overseas subsidiaries.

Magadi has turned around; this has been the third consecutive quarter where both EBITDA and PAT have been positive. This isa result of the restructuring efforts of the team and has yielded better margins this quarter. The restructuring initiative at TCEL is progressing on schedule; the steam turbine is already at site as we speak and is going to be installed, as communicated earlier, by September end, and should take some pressure off in terms of energy cost and would also ensure that the UK operation turns positive. Let me also address the third big subsidiary of ours which is TCNA. - TCNA did have some operating issues in this quarter wherein we lost some tons, the team has put in place a plan to improve the operating reliability of equipment to make sure that we can catch up, with what we have lost; although we are clear that we won't be able to make up all of the tons lost. However, the margin per ton in US has also strengthened on the back of better realization and better cost structure.

In terms of consumer business, our portfolio continues to grow, the pulse portfolio has recorded an impressive 96% growth year-on-year as well as 44% over the trailing quarter. As far as fertiliser is concerned we are delighted with the new urea policy coming in but the first quarter has had the impact of delayed announcement of the urea policy which was delayed by two months, so effectively the new urea policy is being reflected in the performance for Babrala only for one month and the first two months were very-very weak months despite good production, which was almost to full capacity. As far as Haldia is concerned the plant has completely restructured its product portfolio to produce only NPK, this has resulted in high production but low sales because the NPK sale takes place only during the season, unlike DAP which is sold consistently through the year. However, you would see the positive impact of the sale out of the inventory which has built up now in NPK in the second and third quarter.

Coming to the consolidated results for Q1 FY16, improved performance of Magadi, the India chemicals and salt businesses have contributed to the overall performance.

There was a minor shut down in urea, for a couple of days that took the tonnage down by about 10,000 to 11,000 tons but otherwise the plant has been operating perfectly fine.

In terms of the profits for the quarter, as compared to Q1 in the previous financial year, the consolidated profits have registered a marginal decline from Rs 510 crore to Rs 491 crore. The decline has been mainly on account of the performance in the fertiliser segment which has declined in the standalone accounts and are reflected in the segment results.

The other area we are addressing currently is the performance of TCNA. While improved realizations have played a positive role, the profits have been impacted due to lower production volume which we are addressing through a structured program to address plant reliability.

In terms of demand for soda ash both in India and internationally they continue to be stable, however we are beginning to see early signs of some weakening but we do believe that this will probably begin to show impact only by Q4 of this year where we could see some of the numbers coming down marginally if the current pressure on soda ash prices continues. However, relative to the cost erosion we do believe that the price erosion may not be in the same direction hence we should be able to protect our margins. We are watching this space very carefully, especially for exports coming out of China, and we will come back to you if there are any signs that this stable situation is under pressure.

As far as the Consumer Portfolio is concerned, we continue to be the leader in the salt market segment with a 67.7% market share. We are expanding the focus with double fortified salt. Spiceswhich were launched in Punjab, were to extend to other markets in northern India by this quarter is expected to be delayed and we are now expecting this to happen sometime during the second quarter; so we will see about three to four months of delay in the rollout plan across India.

Other than this our joint venture ,IMACID, has shown improved performance and Rallis whose numbers were released earlier last month has shown muted performance due to adverse climatic condition and lower global crop commodity prices. We do believe that Rallis would catch up during the year especially during the second half of the financial year as it moves forward.

Our focus remains to grow the non-subsidized agri business which is mainly a portfolio of Rallis and also to grow the consumer facing portfolio in Tata Chemicals and thus increase the share of branded products. We believe that this focused strategy of looking at food and nutrition and farm products where there is no subsidy element being played is going to be positive for the company in the long run.

With these opening remarks I would request Mr. Ghose to give insights into the financial performance.

P.K. Ghose: Thanks Mukund. A quick recap of the financials for Q1 FY16. On a consolidated basis net income for the quarter stood at Rs.4,067 crore, up 6% driven by increase witnessed across all segments. As mentioned earlier, profit from operations was lower at Rs.491 crore as compared to Rs.510 crore for the corresponding quarter in the previous year; reasons for the same have been explained by Mr. Mukundan. Profit after tax and adjusting for share of minority is Rs.153 crore as compared to Rs.176 crore in Q1 of FY15.

On a standalone basis the net income for the quarter was Rs.2,328 crore as against Rs.2,114 crore quarter in Q1 of FY15, up by 10%. Profit from operations was at Rs.247 crore as compared to Rs.279 crore in Q1 of FY15. The operating profit was impacted due to lower margins on excess production for urea and higher input cost for complex fertilizers. Profit before tax was Rs.201 crore and after considering tax provisions and net profit after tax was Rs.146 crore as compared to Rs.170 crore in the corresponding quarter last year.

The company's net debt as on 30th June, 2015 stood at Rs.2,179 crore as against Rs.2,142 crore as on 31st March, 2015 on a standalone basis. The increase in debt levels is primarily on account of delayed subsidy payment. On a consolidated basis the net debt stood at Rs.6,883 crore as against Rs.6,909 crore on 31st March, 2015. The consolidated net debt is after taking in to account Rs.209 crore of the currency translation in respect debt in overseas subsidiaries. The company holds a cash and cash equivalent balance of Rs.2,030 crore on a consolidated basis on 30th June 2015. As of 31st March, 2015 the subsidy outstanding stood at Rs.1,403 crore as compared to Rs.1,972 crore on 31st March, 2015. While the amount has been reduced, the outstanding balance continues to be in excess of normal levels and it is important in future to see the allocation of funds for the fertilizer subsidy because if the past trend continues then the subsidy levels are likely to go up again much more to the levels which we saw about Rs.1,900 crore.

To summarize, improved performance of the domestic soda ash and salt business, encouraging performance at Magadi and IMACID and improved volumes of pulses portfolio have collectively contributed to the improved performance. However, drop in Urea IPP rates, rising input costs for DAP and lower realization for MOP have impacted overall performance.

This brings me to the end of my discussion and I would like to now throw the floor open for any questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Prakash Goel from ICICI Securities. Please go ahead.

Prakash Goel: I have two questions, one with regard to the Annual Report, the British salt performance was reported to be a little over Rs.214 crore of profitability, was there any one-off or how should we project the profitability of British Salt?

R. Mukundan:

PK Ghose: During the course of operations last year. there was income which has been received as penalty income from EDF,

Prakash Goel: No, that is fine, if you just highlight what is the kind of one-off which was there so that we can actually go ahead and forecast our, because sir it's a very large number that is the reason it came as a question from my side.

P.K. Ghose: The total amount is Rs.112 crore.

Prakash Goel: That you received as a penalty?

P.K. Ghose: Yes.

Prakash Goel: Okay, that is useful sir. My second question with respect to urea, you suggested that the new policy mechanism could only work for the month of June and going forward for the next nine months that same system will continue and this should not be an issue, and the lack of performance this quarter is marginally because the policy was not applicable for the first two months or could not come into being?

R. Mukundan: That's right, because for the first two months we did not get any benefit arising out of the above cut off volumes, in fact the above cut off quantities had a negative margin during the first two months. Going forward I think even full above cut off production will now be profitable with the current IPP..

Prakash Goel: Okay. Sir just last question with regard to TCNA performance, the realization Q-o-Q is up around 4%, so what is the actual impact, there would be obviously currency translation benefit as well, so what is the kind of increase that we have seen in US and since you have contacted for this full calendar year so this is something which is likely to continue, so am I right in this presumption?

R. Mukundan: Yes, but I think there is also an issue related to drop in sales I think of about 29,000 odd tons, so while their performance has been positively impacted due to currency translation and exchange benefits and price movement, the negative side of it is a volume loss of about 29,000 ton for this quarter in terms of sales. We are trying to correct that situation going forward.

Prakash Goel: Okay. So actually I was trying to understand how much is the currency translation bandwidth and how much is actual price hike.

P.K. Ghose: See, on the EBITDA it is of an impact of about Rs 8 crore.

Moderator: Thank you. Our next question is from the line of Jasdeep Walia from Kotak. Please go ahead.

Jasdeep Walia: Sir, in the last two quarters, I am referring to third quarter and fourth quarter, you have been generally very positive on pricing environment for soda ash, now suddenly in this quarter you are indicating pricing pressure so what has changed in the soda ash market globally?

R. Mukundan: Nothing much has changed; the outlook is still very balanced and very stable. All we are saying is that we are extremely cautious because every other commodity where China is a big player has fallen, we seem to be defying gravity and are therefore going to spend a lot of time to understand what is going on which is to reconfirm our issues, so this is why I said we do not see any impact till the third quarter of this year, by which time we would have understood what the real situation unfolding is; why other commodities are seeing the kind of price change. Our numbers still show a stable performance but we want to be doubly sure so that is why we have put out a cautionary point that we can comment upon later. . I also mentioned that if at all there is a pressure point, our current understanding is that there could be close to $5 to $10 drop, but on the margin we do not know exactly what kind of a drop it will be because the costs are also dropping as we go forward.

Comment [RL1]: Need to rephrase this. I don' think we should commit getting back on the study

Jasdeep Walia: Got it sir. Sir, on the cash flow side, if I remember correctly there was large outflow on account of working capital in the fourth quarter of FY15 largely on account of build-up of fertilizer inventories. Now, I would presume those inventories would have been sold off in first quarter and the subsidy outstanding also has come down so I was expecting large amount of cash inflow in the working capital of fertilizer business in the first quarter which has not happened, so why is that?

R. Mukundan: As we explained, there is an inventory build-up which happens in quarter one and this inventory build-up has been fairly sharp in Haldia after we switched to NPK. NPK sales are bundled more or less depending on the crop season so in Q2 and Q3 you will see this inventory unwinding itself and if the government continues to pay us subsidy then we would really benefit from cash relief. But if at that same time subsidy starts to build-up there would not be any cash release. So, effectively, what has happened is the cash release out of subsidy payment has gone into inventory build-up in Haldia of about Rs.360 crore for NPK and trading which is basically for MOP as a consequence of timing of the vessels which was right at the end of the quarter of Rs.110 crore, So about Rs.470 crore has been the impact of rising inventory. And if you look at the cash release out of the subsidy received that has also closed to about 590 crore.

PK Ghose One additional point I just wanted to mention that, the inventory build-up was deliberate because when you shift from DAP into NPK right, in the complex fertilizer you have to build-up the market and therefore the management deliberately took the action of building up this inventory and then it will be released in due course in Q2 and onwards.

R. Mukundan: Yes, and also this switch to NPK is positive on the margin structure of the company; so we are doing two things in Haldia, one is to switch to 100% NPK and secondly to maximize own phos. acid production, both of these will lead to better performance in Haldia and we are continuing to focus on pushing Haldia's performance forward.

Jasdeep Walia: Sir what has been the increase in inventory position in the fertilizer business on a Y-o-Y basis?

R. Mukundan: We will give to you while we go the next questions.

Jasdeep Walia: Got it. Sir just wanted to find out about how the nutraceutical business is scaling up, I think the plant was commissioned last year?

R. Mukundan: Yes, I think the plant is, we will come back with the exact figures of the plant utilization, we would know what I would call a trial production plant of 300 tons per annum we are expanding it to 1,000 tons as we speak.

Jasdeep Walia: Sir, that's all from my side sir.

R. Mukundan: Thank you. So we will give you the two response to both the items, the inventory Y-on-Y and the nutraceutical utilization during the course of the call.

Jasdeep Walia: Sir, can I squeeze in one more question.You said that fertilizer business results have been impacted on account of delayed announcement of urea policy, but my impression is that first quarter anyways was about production of regulated volumes, so the delayed announcement should not have mattered?

R. Mukundan: It did, to go by the corresponding quarter last year we had at least a Rs. 30 crore impact between last year and this quarter. **Moderator:** Thank you. Our next question is from the line of Balwinder Singh from B&K Securities. Please go ahead.

Balwinder Singh: Firstly, I missed that part on the net debt, what is the current net debt and what is the cash held?

P.K. Ghose: The current net debt on a consolidated basis is Rs.6,883 crore and on standalone basis it is Rs.2,179 crore.

Balwinder Singh: And sir on the cash held?

P.K. Ghose: Cash held was on 30th June which is up to date is Rs.2,030 crore on a consolidated basis.

Balwinder Singh: Yes. And coming to this on the soda ash demand pricing scenario, I understand that you are turning cautious on the pricing going forward, but are there any new capacities coming in, something like that or may be China is dumping, so what exactly is happening that of late you've turned cautious on the soda ash side?

R. Mukundan: Yes, in terms of new capacity I think good news is that no new capacity, in fact, the Chinese have also pulled out of any additional plans to set up capacity so there are no fresh announcements coming out of China,. The Chinese Government has been clamping fairly heavily on weak investments. The issue fundamentally is not coming from capacity addition, we are worried whether there is a demand fall any of the consuming sectors specially real-estate, automotive etc so we are watching the flat glass demand. We have actually projected that the demand is going to be flat, but we want to re-verify whether these elements stand ground or not especially since 5% movement in China approximately means a million tons coming on the world market. We want to be extremely cautious especially since China has become such a big factor in every other commodity. In our case it is not due to addition but it is due to demand slowdown in China. Let me just put it like that, specific to China only. Demand is growing in India and demand is growing in US so our caution has been mainly the Chinese demand.

Balwinder Singh: Okay. And on the cost side of the soda ash, so what is happening on the cost cycle?

R. Mukundan: We are continuing to see the energy cost falling, as you would know across our products the energy is about anywhere between 30% to 45% of the cost structure, we continue to get the benefit and we have hedged our energy and that has led to in fact this quarter we had about Rs.19 crore odd on mark-to-market because the energy cost fell below our hedge cost. Currently our hedge ratio in energy is about 72% in US, 87% in UK and closeto 60% hedged in Kenya.

Balwinder Singh: Sir if you can repeat that?

R. Mukundan: 72% of energy is already hedged at current levels in TCNA to December '15; and 87% is hedged up to March '17 in the UK and in Magadi it is hedged close to 60% up to December '15. So we have locked in our energy cost, and if energy does go up we will be benefitted, if energy falls further we are locked on to a fixed margin.

Balwinder Singh: Okay. And on the US business if I see what your margins this year have been, your EBITDA margins are down to 19% and I understand that is also because of the production outage, so if you can throw some more colour on that and the recovery going forward on that?

R. Mukundan: I would agree with you that the entire issue has been on production outage and also increased maintenance spending which we have done; maintenance cost have been higher to the extent of Rs.8 crore to get the reliability back, The impact of cost of production was approximately about $8 million in overhead recovery, that is one single big element.

Balwinder Singh: Okay. And going forward what is the outlook there?

R. Mukundan: I think it is improving, we are still not out of the woods, we lost approximately I would say about 29,000 tons compared to last year, we do hope that we can put out a good set of numbers Q3 onwards, but Q2 may see a similar pattern repeating.

Balwinder Singh: Okay. And if I can squeeze my last question, I went you through your Leap 2020 vision in which you have been talking of increasing your consumer revenues to around Rs.5,000 crore over the next five years. So there must be a strategy that would have been laid out by you, so if you can just throw some light on the consumer strategy that you have and what is the key monitor in that.

R. Mukundan: The key monitor, there will be new product additions, the Pulses business will grow, Salt will continue to grow. The current number is shade less than Rs.500 crore for Pulses, about Rs.480 crore or Rs.490 crore target and Salt would continue to grow and they would form a bulk of the value and there could be one or two more product additions which I cannot speak as of now, in addition to that of course we have launched Spices that also would come into play by that year. Our product portfolio and pipeline is clear to us and the first step during the year is going to be rollout in northern markets for Spices and post that it will be rolled out to the western markets., We will then do a national rollout next year. Sometime during next year there will another product which will be coming in the market.

Moderator: Thank you. Our next question is from the line of Abhijeet Akela from IIFL.

Abhijeet Akela: First, just to clarify what you said about the North America business, if I got you correctly you said we lost $8 million in overhead recoveries, is that the correct number?

R. Mukundan: Yes, approximately, I think in terms of lower production compared to last year, yes in terms of overhead absorption.

Abhijeet Akela: Okay. So it is fair to assume that the EBITDA would have been higher by $8 million for the quarter had this not occurred

R. Mukundan: Yes, it should have really shown because we got about broadly let me say savings and coal and gas cost, also higher sales price, so really I think it is fair to assume that if the entire thing would have been absorbed then that would have been the impact on the margin. So it is a substantial number for us.

Abhijeet Akela: Right. And you also said that 2Q will remain similarly weak but 3Q you are expecting a recovery?

R. Mukundan: We do believe that volumes will be flat by the time the year ends compared to the last year so we would be maintaining the same numbers while we had hoped for an increase in output that is probably not going to be possible this year.

Abhijeet Akela: Okay, right, understand sir. And second, just to clarify on fertilizer, the way we do the accounting for this urea policy is so we project some kind of capacity utilization number for the full year and then depending on that we proportionally allocate the above cut off impact month-by-month, is that how it goes?

R. Mukundan: For the first two months because it was the old policy we have had to account it straight away but otherwise it is done every quarter. So proportionately if our cut off is 0.86 mtpa that is proportionately divided by 4 and anything above that during the quarter is taken as above cut off for calculation of profits.

Abhijeet Akela: Okay. So we should see an improvement for the next three quarters and then also next year in the first quarter they should be…comparable?

R. Mukundan: Yes, if the policy remains the current policy which is valid for five years I think the first two months would also come in positively next year.

Abhijeet Akela: Sure, understood sir. Also, just wanted to check that there have been recent news reports about the company being interested in possibly divesting of the fertilizer asset, is there anything that you can elaborate on that front or…?

PK Ghose: A routine assessment on the performance of our various businesses forms part of our normal business practices. We would typically consider the market conditions and assess the opportunities for growth and restructuring for all of our businesses. If any such assessment would develop into something that is required to be disclosed to our investors then we shall do so, in line with our strong commitment to our valued investors and ensuring compliance with applicable legislation.

Abhijeet Akela: Okay, fair enough sir, thank you so much for that. And lastly just on the salt business and the consumer business portfolio, I know you do not breakout numbers in terms of profitability or return ratios but I was just hoping to get your comments on whether you think the return on capital in the consumer businesses especially in salt…

R. Mukundan: Sorry, can you repeat the full question?

Abhijeet Akela: Yes, sorry for taking so long. To put it simply, what would be the ROCE profile in the consumer business especially salt, can we assume that the ROCE profile in these consumer businesses would be similar to what we see at other leading consumer companies in India?

R. Mukundan: Sorry, we do not give specific product wise information. I think it is up to us, as and when we decide that we want to release them separately we will do it, right now we are focused on scaling up these businesses and at an appropriate time we will give them the independent view. So suffice to say that the margin profile in consumer business is different from the margin profile in other businesses.

Moderator: Thank you. Our next question is from the line of Gauri Anand from Philip Capital. Please go ahead.

Gauri Anand: Sir my question is on the chemical profitability for the standalone business, I see the volumes for be it soda ash or salt having improved this quarter but the margins have slipped about 100 basis points, sir my question actually is that since this input cost have also been easing the margin should have ideally expanded or are you running some contracts which will expire? What I know from a previous talk is that for the inputs you have a short contract for three or six months and for the end product which is soda ash you run contracts almost nine months or annual.

R. Mukundan: I got it Gauri, I think the basic issue has been that we have had basically three one offs this quarter, one is there is a water provisioning which has been done, this is a settlement we have reached with government in terms of certain cess amount that is about Rs.8 crore; during the current quarter cement has performed negatively by almost 14 crore and in trading we have had a loss of approximately Rs.5.6 crore which was due to the foreign exchange movement and we are taking enough provisions to cover our foreign exchange going forward in terms of trading in the chemical business.

Gauri Anand: Okay. Sir this settlement on account of cess you said of Rs.8 crore, is it one time or?

R. Mukundan: Yes, it is one time. it relates to a past disputed amount with the state government, which is in the process of settlement, and hence we have provided for it in this quarter.

Gauri Anand: Okay. And sir is it fair to assume that your margins in soda ash for now should be improving, should soda ash prices be contracted and now that the input cost are falling?

R. Mukundan: Yes, as I explained we feel that our margins would remain flat going forward given that we are hedged for energy prices, - there is a percentage of hedging which we have done across various units especially in North America, UK and in Magadi and it is approximately give and take about 70% odd of our requirements until December, 2105 thathas been hedged>.To that extent we will see flat margins going forward and any margin gain will be on higher production and better reliability of operation. As far as India is concerned India would continue to benefit from falling prices and our energy uptake is only from coal and also in standalone these one offs will not be there going forward so we believe that this number should be trending along with those inputs.

Gauri Anand: Thank you so much. All the best.

R. Mukundan: There was a question from I think Jasdeep Walia on the inventory and fertilizer, so I'll just give. On 31st March the fertilizer inventory was Rs.1,372 crore and on 30th June, 2015 it is Rs.1,878 crore, so up by Rs.506 crore. On capacity utilization for our Nutraceuticals facility, it is about 60%.

Moderator: Thank you. We have the next question from the line of Balwinder Singh from B&K Securities. Please go ahead.

Balwinder Singh: Just one thing sir, when you mention that you are going to see flat soda ash margins going forward, so if you can give some more clarity what is the benchmark soda margin that you are referring to?

R. Mukundan: Sorry, what was it?

Balwinder Singh: To the previous participant you mentioned that soda ash margins will be flat going forward, so when you say flat are you comparing it with this quarter's margins or the last year's margins?

R. Mukundan: As I said, if you adjust for the one-off whatever you arrive I think that would be the margin going forward especially in businesses where it has been contracted. In US effectively the benefit which will come will be from better reliable production, we lost out on some overhead absorption which should go away once the reliability gets back. As far as India is concerned we will continue to get the benefit of reducing energy price cost going forward so there may be a margin expansion in India, whereas in the US, UK and in Kenya the prices have contracted and about 70% of energy is already hedged. So to that extent any benefit of energy will not flow through.

Balwinder Singh: Okay. And your guidance of $15 million for Kenya and around £25 million for UK, Kenya stays?

R. Mukundan: Yes, that stays.

P.K. Ghose: On an annualized basis.

Moderator: Thank you. Our next question is from the line of Sumant Kumar from Elara Securities. Please go ahead.

Sumant Kumar: My question is regarding the demand supply scenario of soda ash in Europe and how is the price scenario there?

R. Mukundan: Europe is not that much impacted, the early signs of worry are in Southeast Asian markets which is where the Chinese material finds its first entry. We are monitoring the developments given that Chinese materials could impact our markets in Middle East, India and other places, India of course has got anti-dumping duty so we are protected till 2017. So the biggest impact for us if at all would be in the Southeast Asian markets where Magadi has an exposure.

Sumant Kumar: Okay. And the second question is, what kind of revenue we are expecting in Spice and Pulses in next two years?

R. Mukundan: Pulses would continue to grow, I highlighted that it will be shade under Rs.500 crore odd this year, I would not want to speculate next year. The growth rate which you have achieved has been close to about 40% in the current year and the growth rates will remain high because it is growing off a low base. As far as Spice is concerned it has not even rolled out nationally so I do not want to put any figure and we will be aiming for certain market share of the packaged branded sales, ideally being a national player we would not be one of the minor players, we would head towards becoming a major player and the market share number should give you indication of where we would be headed.

Moderator: Thank you. Ladies and Gentlemen, due to time constraints that was the last question. I would now like to hand the floor over to Mr. Subham Sinha for closing comments. Thank you and over to you, sir.

Subham Sinha: On behalf of Tata Securities Limited this concludes the concall. I thank everyone for attending the call.

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