““Vardhman Textiles Q3 FY12 Results Conference Call”

January 27, 2012

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Moderator Ladies and gentlemen good day and welcome to the Q3 FY12 Results Conference Call of Vardhman Textiles hosted by IIFL Capital Limited. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Avi Mehta from IIFL Capital Limited. Thank you. And over to you sir.

Avi Mehta Thanks. Hi, good evening everyone. On behalf of IIFL I would like to welcome all of you to the Q3 FY12 Conference Call of Vardhman Textiles. From the company we have with us Mr. Sachit Jain -- Executive Director; Mr. Rajeev Thapar -- CFO; and Ms. Jasmeet Gill from Corporate Finance and IR. I would now like to hand over the call to the management for their comments. Over to you, sir.

Sachit Jain Good afternoon, everybody. Thank you once again to be present on the Vardhman call. I just wanted to share a few opening remarks and then I will pass on the phone to Jasmeet to take you through the numbers. But, overall, as you know we have gone through a lot of pain in the first quarter of this year and we have to take huge write-downs on Cotton which led to a loss in the first quarter. Second quarter, we had recovered, but we could not recover the full loss, and third quarter we have done better. Overall, I think as management our belief is that the worst is behind us. Overall, in the global situation, still uncertainty remains because of Europe as well as U.S, so that uncertainity will remain. Till that get sorted out we cannot say we are in a bullish phase but really the crazy phase we were in is over. And as far as management our belief is the current kind of situation is likely to remain for the next few quarters. Again, a lot depends on the global economic situation.

One more part of the opening remarks, Vardhman Special Steels still has not been listed, still pending with SEBI, and all kinds of questions they are raising and raising the same questions again and we are answering them, there is a same questions again, our sincerest apologies. I have now sort personal meeting with the Chairman, SEBI and I have got time next week. We will try to explain our case. And if any of you have any issues please go, at least write to SEBI and share with SEBI how you are suffering as shareholders of Vardhman. That will help in the cause, and therefore, we like to share with them that all our institutional shareholders particularly are suffering. So we can understand what you are going through but we are trying our best. Over to Jasmeet and I will be here for answering questions and remarks.

Jasmeet Gill Good evening, everybody. I will be taking you through the financial numbers and the quantitative data. To begin with the financial numbers for the quarter, sales for Yarn business has shown a marginal improvement; they are at 828 Crores to the quarter-ended December 2012 as against 812 Crores to the quarter-ended December 2010. Fabric business has shown a 17% increase in the QoQ sales; it has gone to 320 Crores from 274 Crores last quarter. Steel business is no longer a part of this company. I am talking about the standalone numbers and last year's Steel business had contributed 98 Crores in terms of gross sales. The total sales including unallocated figure would be 1,186 Crores for this quarter as against 1,217 Crores for the same quarter last year, a decrease of 3%. The net turnover after accounting for the intersegment revenue is 984 Crores this quarter against 996 Crores the same quarter last year. If you look at the YTD numbers there is an improvement in overall Yarn sales of about 20%. The Yarn sale for December YTD 2011-12 has gone up to 2,570 Crores as against 2,149 Crores for the same period last year. Fabric business has been increased by another 19% to 916 Crores from 768 Crores last year. Steel business which had contributed 281 Crores in the December YTD 2010-11 is now at zero because it has moved to a new company. The total gross sales has increased to 3,598 Crores for the YTD December 2011-12 as against 3,300 Crores for the previous year, an increase of 9% and the net turnover has gone up to 2,979 Crores from 2,711 Crores same period last year. If you look at PBDIT, the Yarn business has shown a decrease in PBDIT. For the quarter, Yarn business has a PBDIT of 124 Crores as against 216 Crores for the same quarter last year. The gross margin has gone down in the Yarn business to 15% from 27% in the same quarter last year. Fabric business has shown an improvement. The absolute PBDIT for the quarter is 52 Crores as against 45 Crores same period last quarter. The gross margin of Fabric is the same at 16%. The total PBDIT of the company standalone is 180 Crores for the December quarter as against 276 Crores for the same quarter last year. If I look at the YTD figures the total PBDIT of the company is at 376 Crores for this quarter for the December '11-12 period as against 687 Crores for the year-ended December 2010-11, a decrease of 35%. The EBITDA to sales for the quarter is at 18% as against 28% same period last quarter and for the YTD the EBITDA to sales is 13% against 25% for the same period last year. EBIT levels in Yarn business, absolute levels have gone down to 82 Crores from 176 Crores in the same quarter last year. Fabric business is at 38 Crores from 30 Crores in the same quarter last year. The total EBIT of the company for the quarter December 2011 is 126 Crores against 225 Crores for the same period last year. There is a slight decrease also because of Steel which had contributed 13 Crores in the last quarter. The Steel business is no longer a part of this company now. On a gross basis the company has given a total EBIT of 208 Crores for the year-ended December 2011-12 as against 523 Crores for the same period last year. Capital employed of the Yarn business has gone up marginally. It's on 2,579 Crores from 2,542 Crores in the last quarter and in the Fabric business the capital employed has gone up to 981 Crores from 905 Crores as on 31st December 2010 last year. The total capital employed of the company as on 31St December 2011 was 4,679 Crores as against 4,999 Crores for December 2010. The decrease is mainly on account of Steel which was 189 Crores of capital employed and there is some decrease in the unallocated capital employed. We have not given our consolidated numbers so far in this quarter.

So moving on to the quantitative data. Yarn production for the quarter has gone up to 34,754 MT from 32,555 MT in the same quarter last year. This is a production of 378 tons per day against 354 tons per day, which was there in the last quarter same period. Sales have decreased to 36,581 MT for December quarter 2011 as against 37,667 for the quarter-ended December

2010-11. The proportion of sales is divided into exports, inter-unit and domestic at 33%, 30% and 36% for this quarter against 33%, 35% and 32% for the same quarter last year.

The realization for Yarn business has come down by about 4% as compared to the last year and at the same time the raw material prices are also up by about 13% if I am looking at QoQ comparison. If we look at the YTD figures for Yarn the production has increased to 1,00,298 MT from 97,068 MT for December 2010. The sales have increased to 1,12,589 MT for the YTD December 2011 as against 1,08,891 for December 2010, an increase of 3.4% in the total sales for the YTD figure. The division is again 36%, 31% and 34% for YTD this financial year as against 33%, 35% and 32% for December YTD last year. The realizations on Yarn on YTD basis has improved by about 11%. They have gone up from Rs. 206 a Kg last year to Rs. 228 a Kg for YTD December this year. Again, the raw material price has shown an increase of 50%. So, overall the margins on Yarn have shown a declining trend.

Grey Fabric, the utilization for the quarter is similar 97% for December 2010-11 quarter and 97% this quarter as well. The production is slightly lower. It is at 276 lakh meters as against 290 lakh meters for the same quarter last year. Sales were at 299 lakh meters against 289 lakh meters for the same quarter last year. Out of which this quarter 8% was exported and 72% was inter-unit transfer and the balance was domestic sales.

The average realization for Fabric has gone down slightly. It was Rs.76 a meter in this quarter as against Rs.79 a meter in the same quarter last year, a decrease of 4%. The utilization of Grey Fabric is lower. It is 91% for YTD December 2012 as against 96% for December 2010. The production was 804 lakh meters for YTD December ‘11 against 860 lakh meters for YTD December ‘10. Sales are 817 lakh meters as against 857 lakh meters for same period last year. The realization has improved by about 12% in Fabric. If you look at the YTD numbers it has gone around Rs. 72 a meter to about Rs. 81 a meter. Process Fabric, the quarterly numbers the utilization is almost the same. It is 89% utilization for this quarter against 90% utilization for the same quarter last year. Production in absolute is 212 lakh meters against 202 lakh meters for the same quarter last year. Sales for December quarter this year was 210 lakh meters against 179 lakh meters for same quarter last year. Out of which this quarter we exported 32% against 19% export in the same quarter last year, the balance was domestic sales. The average realization for Fabric has improved by about 7% as compared to the December 2010-11 quarter. If we look at the YTD figures the utilization in Fabric is lower at 82% for YTD December ‘11 against 88% for YTD December ‘10. The production for YTD December ‘11 was 563 lakh meters against 565 lakh meters for the same period last year. The sales were 564 lakh meters against 536 lakh meters for the same period last year. Out of which 32% was exported again and 16% was exported for the same period last year, so average rate has shown an improvement of almost 21%. They have gone up from Rs. 107 a metre last year to about Rs. 129 a metre for the period-ended YTD December 2011. I think that’s it for the numbers.

Sachit Jain One more thing, the reason why Fabric seems to have gone down from quarter last year to this year first quarter but improved from YTD. Actually, last quarter, we have had a lower utilization and overall performance in this quarter has improved from last quarter. That is one reason. Also, we have had rates which were higher because of higher prices of Yarn and the rate in Fabric have been declining, which is why second quarter rates have been little higher than third quarter rates. We are open to questions now. Over to you, Avi.

Moderator Thank you very much. Ladies and gentlemen we will now begin with the question-and-answer session. Anyone who wishes to ask a question at this time may press "*" and "1" on your touchtone telephone. Participants are requested to use only handsets while asking a question. Anyone who has a question may press "*" and "1." Our first question is from the line of Naga Deepika from Capital Market. Please go ahead.

Naga Deepika Just first on a broad industry base, a last couple of months I find the Cotton price are falling substantially but Yarn price have been improving, especially after this Free Trade Agreement with Bangladesh. There are also reports that our Yarn exports to Bangladesh have also improved while Fabric and RMG imports from Bangladesh have also increased. So is this a step-up of Yarn exports to Bangladesh sustainable without bringing down Yarn prices? And how is industry tackling with this?

Sachit Jain I don't think I have an answer to what's happening in the rest of the industry but Bangladesh anyway is a very important market as far as Indian Yarn and Fabric goes, because the government exports overall for Bangladesh, forget what's coming to India, it is miniscule, but what is going to rest of the world is growing leaps and bounds. So Bangladesh is a logical market for Indian companies and Vardhman has also opened a branch six months ago, which is what you see our Fabric business the exports for Fabrics has improved substantially. So, we are very clearly seeing Bangladesh as a huge market for us.

Naga Deepika Okay. And can you just tell us what will be the ForEx impact on this quarter revenues?

Sachit Jain The quarter that has gone by?

Naga Deepika The quarter ended December 2011.

Sachit Jain There is marginal ForEx losses. There is no big impact on ForEx. There is any foreign currency borrowing with Vardhman Textiles.

Naga Deepika Okay. We have exported some 33% of Yarn. At what rates we have booked the currency rate?

Sachit Jain It keeps varying. It is between Rs. 50 to Rs. 51. We have a combination of forwards, which have been mark-to-markets and we have some auctions, which we don't mark-to-market and we give a statement to that effect in the quarter. But more or less we are perfectly okay in terms of ForEx.

Naga Deepika If you can figure out what would be the tune of ForEx impact in this quarter?

Sachit Jain We don't have the exact figure here but 5 Crores to 7 Crores.

Naga Deepika And have we booked any orders for Yarn outstanding for March quarter?

Sachit Jain We always book month and month-and-a-half forward, so yes, currently we would be selling up to March.

Naga Deepika Okay. And largely our exports pertain to what country?

Sachit Jain It is spread over; Bangladesh, Hong Kong, China and Japan. These would be our main markets. But otherwise, it is spread over Europe, Mauritius, Australia, South Korea, South America, and Central America so it's quiet spread over. But the main markets would be Bangladesh, Hong Kong, China and Japan.

Naga Deepika How about the Yarn and Fabric realizations moving when we see --?

Sachit Jain Fabric, as I shared with you has been falling between second quarter to third quarter because Yarn was at an unrealistically high rate because of unrealisitically high Cotton prices. As Cotton crash so did Yarn crash and after Yarn crash Fabric prices have also fallen. But now the Fabric prices seem to have stabilized. But some contracts of the older part are still carrying on. So there could be a possibility that as we move ahead into fourth quarter average rate realization in the fourth quarter could also be a bit lower.

Naga Deepika And how is it Yarn, sir?

Sachit Jain Currently, Yarn, of course dropped from first quarter to second quarter. Third quarter was higher than second quarter. And fourth quarter is going to be in the similar range, may be a little bit higher, a little bit lower. Those are normal fluctuations and nothing abnormal happening just now in prices.

Moderator Thank you very much. Our next question is from the line of Dhvani Modi from ICICI Securities. Please go ahead.

Dhvani Modi Just a couple of clarifications that I wanted. You just mentioned that we do not have significant exposure in terms of foreign currency debt. If you could just give us an amount as to ……

Sachit Jain We have none.

Dhvani Modi Another thing that I noticed is if we see the various costs, if you break down the costs as a percentage of sales what we see is that the raw material cost as a percentage of sales was higher than 60% in Q1 and Q2 which has dropped substantially, which come down to as much as 55% of sales in Q3 and on the other hand other expenses have shot up. They were about 22% of sales which was 18% last quarter.

Sachit Jain What has happened is, as Fabric sales have improved fabric utilization has gone up. As fabric business goes up, raw material as a percentage of sales goes down. And there are other expenses like Dyes and Chemicals and other expenses come in.

Moderator Thank you very much. Our next question is from the line of Jignesh Kamani from Nirmal Bang. Please go ahead.

Nirmal Bang Sir, I just wanted to understand your highlight. Since the Cotton price has been shoting down, do we think man-made Fiber will reduce and Cotton, Yarn or the Fabric Garments will improve going forward?

Sachit Jain Overall, globally the trend is that going forward Synthetics will continue to increase as a proportion of total Fiber consumption. So that trend when high prices of Cotton happens that trend also gets faster in India also. So we are seeing that trend going on. So the man-made Fiber consumption is growing faster than Cotton.

Nirmal Bang But Cotton price play at around means suppose growth rate was --

Sachit Jain If Cotton prices shoot up like this then it makes it faster.

Nirmal Bang And if it remains at an even lower level then the Fiber will move?

Sachit Jain Even then, because there are performances at one which is of Synthetic Fiber, but Synthetic Fiber cannot normally be used as 100% Synthetic Fibers definitely. So, a lot of it, at least in Spun business goes into blended, because they will be blended with Cotton to get superior performance in Fabric.

Nirmal Bang So that blending ratio might change depending on…..

Sachit Jain Blending ratio will always change depending on fashion and requirements. But as a spinner, we are agnostic to Fiber, because we are a spinner and we can spin various blends, various kinds of Fibers. We depend on what is the trend in the market, what is the market want, what our customers want and we can modify reasonable proportion of our capacity either to Cotton or to blends.

Nirmal Bang Dollar price or dollar/rupee impact the Cotton price since comparative POY or the Synthetic Yarn is depend upon dollar imparity?

Sachit Jain Even Cotton is linked, I will not say totally dependent on but cotton is linked to Dollar Yarn parity, because today there is huge demand for Indian Cotton in overseas market and the Government has put cotton on OGM. Export of Cotton will depend on the parity with the international prices of Cotton. If the Rupee appreciates than the Cotton prices in the domestic market have to fall, as they have recently fallen in the last 3-4 days. The Rupee has appreciated beyond 50 the Cotton prices have fallen.

Nirmal Bang And the last question sir. Definitely, there is slowdown in U.S and Europe, but do you see that in India growth may be mooted out on account of India-specific issues?

Sachit Jain India is a very small part of the overall consumption. So I don't think India's growth is going to have too much of an impact. But, one interesting factor is like 2008 because production came down drastically in terms of spinning as well as fabric, so overall channels are pretty dry which means that if any consumption improvements starts happening, volume will shoot up pretty fast and possibility of price appreciation cannot be ruled out. As of now, it was fine, but if and when that trigger happens then we can see some sharp movement in prices.

Moderator Thank you very much. Our next question is from the line of Ritesh Poladia from RBS. Please go ahead.

Ritesh Poladia I just wanted to know what kind of Cotton inventory we would be carrying and at what cost?

Sachit Jain Normally, on 31st March we will have between 6 months to 8 months of Cotton and that varies year-to-year depending on how we see the progress of Cotton and the overall demand/supply scenario. So at a minimum we should normally have 6 months and at a maximum we can have 8 to 8½ months stock of Cotton also which we don't normally declare our stocks.

Ritesh Poladia Okay, to put it in a different way, would your right now Cotton inventory cost would be equal to the market value or would be lower?

Sachit Jain Again, these are stocks that we don't normally comment on.

Moderator Thank you. Our next question is from the line of Vinay Shah from Reliance Mutual Fund. Please go ahead.

Vinay Shah If you can share the consolidated debt numbers as on 31st December?

Sachit Jain Vardhman Textiles standalone debt is 2,140 Crores and consolidated will be 2,200 Crores.

Vinay Shah Okay, so in terms of debt-to-equity where will be standing as on December on a consol basis?.

Sachit Jain December figures don't make sense but should be about 1.3 to 1.45, around that.

Vinay Shah By March '12, where do we see getting going forward?

Sachit Jain This is March figures. By March will be around 1.3 to 1.45.

Vinay Shah Okay. Can we expect it to be around one level, say in 15 months?

Sachit Jain It should be at similar levels or little marginally higher.

Vinay Shah During these nine months what amount we have spent on CapEx and what are the further plans?

Sachit Jain CapEx plan in '11-12 is approximately 400 Crores and next year as of now about 350 Crores. As we had put two projects on hold, which is 200 looms in weaving as well as one spinning plant of 56,000 spindles. So these two together will be about 350 Crores of investment. So this is on hold and our view is expected to be patent in the next two months time, but without that 400 Crores this year and 350 Crores next year.

Vinay Shah So this 400 Crores is spent?

Sachit Jain This 400 Crores will be spent by 31st March.

Vinay Shah So my question is out of the 400 Crores, how much amount is spent?

Sachit Jain We don't have these exact figures all the time but most of it would be spent.

Vinay Shah Okay and in terms of debt maturity profile, what kind of maturity profile is there for FY13?

Sachit Jain Average maturity is about 5 years.

Vinay Shah Amount of debt that is coming from maturity in FY13, if you could share that figure?

Sachit Jain For FY13 will be about 150-160 crores will be for repayment. Major repayment is going to happen in 2015-16.

Moderator Thank you. Our next question is from the line of Aparna Shanker from SBI Mutual Fund. Please go ahead.

Aparna Shanker Good improvement over QoQ.

Sachit Jain Yes, we are heaving a sigh of relief. We had gone through a very dramatic time in the company in the first quarter.

Aparna Shanker One small request. I think the financial numbers which you start with I think can do away with that because we have the numbers with us. What is more important is volume data? I think the three, can we do ….

Sachit Jain We will stop the financial data, and if somebody asks the question you can always answer that.

Aparna Shanker It was too fast, volume data, half of it I could not gather. I think if she can go little slow that would be wonderful.

Sachit Jain Okay. She is listening in, so she will get the full speed back brake.

Aparna Shanker On the CapEx we had started this year maybe around saying that maybe 76,000 spindles we will add in FY12. As of now, how much?

Sachit Jain I think it has already got completed but let's say within mid-February some part is still under trial production. Next 10-15 days this entire thing will be in production.

Aparna Shanker So after this how was consolidated and standalone capacity would stand?

Sachit Jain Standalone capacity is about 8.60 lakh spindles.

Aparna Shanker And consol?

Sachit Jain Consolidated 9.5-9.6.

Aparna Shanker Would you like to share any outlook for next one year or maybe next 6 months?

Sachit Jain You are asking me to stick my neck out, but as of now we are seeing reasonably relatively stable performance because that major volatility that we experienced we are unlikely to see that again. The stabilizing factor is that China is buying Cotton at $1.20. So they are building up reserve. So a lot depends on China's reserve policy. Because of China Cotton being available at $1.20 in terms of what the government is buying, so the Yarn prices in China should not go below $4.1-$4.2, which means that at that level Indian prices have seen around 85-90 cents which may be even 15-20 cents at a discount because it is a distance market are seem to be reasonable. So there seems to be support. And if cotton prices fall too much in India then Indian government will also come under pressure to improve support prices and so on. As of now things look stable because inventory pipeline is pretty dry, so unlikely to fall too much. As of now visibility is very clear for fourth quarter. Fourth quarter's performance is going to be similar to third quarter, could be little bit high, little bit lower, but similar order. Also, as things stand first quarter of next year would not be worse than second quarter of this year. Overall situation seems to be more stable than what it has been.

Aparna Shanker On the Fabric, from where are you seeing better demand?

Sachit Jain Bangladesh.

Aparna Shanker Okay and what would be China**'s** requirement of our cotton? What kind of inventory they would be holding?

Sachit Jain Just a minute. I will pass on to our raw material expert Mr. Duria. The inventory Chinese government is holding?

Duria The inventory Chinese government as on today from the domestic source they have already sourced 2.48 million tonnes and another 1.1 million ton they have sourced from outside China. So they are sitting on inventory of about 3.6 million tonnes. And after Lunar Holidays they will again start buying. Already they have declared that they have built up an inventory up to 4.1 million tons.

Aparna Shanker Okay, let me re-read these numbers. Currently, the inventory built is 4.1 million tons.

Sachit Jain There is a target of 4.1 million tons. They are currently in 3.5-3.6 million tons.

Moderator Thank you very much. Our next question is from the line of Rajesh Pherwani from HDFC Asset Management. Please go ahead.

Rajesh Pherwani Actually, my question has already been asked, but I would just put it in a different way. Last year we saw profitability peaking because of high Yarn prices and the current year again we have seen a downslide in the prices, so our margins have got squeezed. Now, question is given the situation globally in terms of the cost of production in China and the current Yarn prices, where do we see normalize profitability settling? How do we look at this industry going forward?

Sachit Jain One, last year was we have been maintaining all along is absolutely unprecedented. So what happened last year was crazy because the speculators getting into the market and so on, so that is not the right benchmark. I think EBITDA standalone is on an ongoing basis between 550-750 is the right range.

Rajesh Pherwani What does that fire into in terms of the margins, let's say Cotton to Cotton Yarn what sort of margins --?

Sachit Jain Margins keep changing because of prices moving. Earlier, these margins were pretty stable at about 15% to 20% of EBITDA to sales. As prices are fluctuating far more very difficult to say, but I think between 13% to 20%.

Rajesh Pherwani Okay and in absolute terms, is it correct to look at that way?

Sachit Jain In absolute terms I said total we expect between 550 and 750 Crores.

Rajesh Pherwani I am saying per Kg basis.

Sachit Jain It is spread over $1-1.1 at the current levels. Current levels are fine.

Rajesh Pherwani And would a Chinese player also been making similar margins at this point?

Sachit Jain Unlikely.

Rajesh Pherwani It will be lower.

Sachit Jain It will be lower than us.

Sachit Jain That's what we believe, but we cannot analyze.

Moderator Thank you very much. Our next question is from the line of Sumant Bhutoria from Jet Age Securities. Please go ahead.

Sumant Bhutoria Could you share with us the consolidated numbers for H1? I think you don't have the numbers for quarter 3, right?

Sachit Jain Yeah. We can mail it to you. I think it's on the website but we will make sure it's on the website by tomorrow.

Sumant Bhutoria Okay. What would be your cost of debt right now?

Sachit Jain About 7.5%.

Sumant Bhutoria Can you break that up for working capital on long-term?

Sachit Jain Working capital is miniscule.

Sumant Bhutoria Yeah, but what's the rate that you are getting there?

Sachit Jain It hardly matters. It was 50 Crores out of the total debt of 2,100 Crores.

Sumant Bhutoria Yeah, but you will be requiring that in this quarter, right?

Sachit Jain Not that much. Anyway we can borrow 10%.

Sumant Bhutoria 10%. Okay. And for your long term?

Sachit Jain Long term is little lower, 7.5%.

Sumant Bhutoria Can you also give us the Yarn prices and Raw Cotton prices currently in the market that you are getting?

Sachit Jain Current prices of Cotton is about 36,200 will be candy for Shankar-6 and Yarn prices of $30 is combed in dollar is about $3.85 per kilo.

Sumant Bhutoria Okay, another one quick question on one of your subsidiaries which is Vardhman Acrylics. You announced buyback of a certain percentage of this. What is the status on that? Have you got the……

Sachit Jain It is pending with SEBI. We have not yet figured out how to get things past to from SEBI.

Sumant Bhutoria Okay and you have another 6 months or so, right? After that it will just lap?

Sachit Jain Yes. We have to consider in the Board what to do now.

Sachit Jain Before somebody else ask a question, the Board meeting of Vardhman Acrylics is 1st of February and Vardhman Yarns & Threads is somewhere in the middle of February. So after that we will put the consolidated numbers again on the website. Our apology this time. This was again because of foreign joint venture and scheduling of travel of our foreign partners that this time the Board meeting of the subsidiaries is much later and rather than waiting for the parent company we decided to release the results earlier. But the moment the subsidiaries meetings are held we will put the consolidated results on the website.

Moderator Thank you very much sir. Our next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda I missed out on the volumes, if you can repeat the sales volume for the quarter?

Jasmeet Gill The sale volume for Yarn for the quarter December 2011 was 36,581 MT and previous quarter was 37,667 MT. The sale volume for the Grey Fabric was 299 lakh meters against 289 lakh meters for the previous quarter. The sale volume for the Process Fabric was 210 lakh meters for this quarter as against 175 lakh meters for the same quarter last year.

Bhavin Chheda And the production volumes also if you can repeat?

Jasmeet Gill Production volume for yarn was 34,754 MT for this quarter against 32,555 MT for the same quarter last year. Grey Fabric production was 276 lakh meters against 290 lakh meters for same quarter last year and Process Fabric was 212 lakh meters against 202 lakh meters for same quarter last year.

Bhavin Chheda And sir, this segment-wise results is not there on the website. So you plan to upload it?

Jasmeet Gill It should be there. We will check and if it is not there, we will put it up.

Bhavin Chheda Yeah, because I think the quarterly result is just giving a one page PDF, normally, the segment-wise is there on the second page.

Sachit Jain It will be done by tomorrow or today evening.

Moderator Thank you very much. As there are no further questions from the participants I would now like to hand the conference over to Mr. Avi Mehta.

Avi Mehta Sir, before that I had one question if I could. I just wanted to understand, if we look at FY12 obviously, 3Q is may be if I can see a normalized kind of year. It would be fair in my estimate if you can correct me that Q4 would be similar in the statistical market, the session has only gone better not worse.

Sachit Jain Q4 will be similar.

Avi Mehta Sir, in terms of now if I see going forward I understand it I am asking it thoroughly persay to say but how do you see the Cotton situation now spanning out? Do you see a pull up now and the whole market situation from how 1Q was and now you think that going forward it can be probably better than this rather than worse than this?

Sachit Jain It is very difficult to predict that things will be better than what it is happening in the third quarter. The global environment of positivity changes. Out of this gloom mood . I don't think we can predict much better times than this. We get that, which is a different thing, but can't predict that.

Speaker 2 In terms of the sales, now for example, you have seen Fabric sales has actually been better even on YoY basis?

Sachit Jain I don't know whether it has happened for the industry as a whole or only for Vardhman.

Speaker 2 Okay, I understand now what you mean. Thanks a lot sir. That's all. Any final comments I will hand it over to you sir.

Sachit Jain No, I think as I said the worst is behind us. Uncertain times continue. Overall, our Fabric business is going pretty well in terms of operational performance as well as cost cutting. So, all those factors have been working. And we are pretty confident that as the second line comes on which is going to happen by July-August, so by second quarter this year the second line of Process Fabric will be ready. After that even our variable cost are going to come down. So we are seeing our marginal performance improving after second quarter of this year as far as the Fabric is concerned. Rest I think as you said that in another two months we will take a decision on the further investment of 200 looms and one plant of 56 tonnes produced. But thank you all and as the management we are trying our best.

Moderator Thank you very much. On behalf of IIFL Capital Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.