# S H Kelkar and Company Limited

## Q3 & 9M FY17 Earnings Conference Call Transcript
## February 15, 2017

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**Moderator** Ladies and gentlemen, good day and welcome to SH Kelkar & Company Limited Earnings conference call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. In case 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. Anoop Poojari from CDR India. Thank you and over to you, sir.

**Anoop Poojari** Thank you. Good morning, everyone and thank you for joining us on SH Kelkar & Company Limited's Q3 and 9M FY 2017 Earnings conference call. We have with us Mr. Kedar Vaze – Whole-time Director and CEO; Mr. B. Ramkrishnan – Head-Strategy; Mr. Tapas Majumdar – CFO and Mr. Shrikant Mate – VP-Strategy of the company.

We will begin the call with opening remarks from the management following which we will have the forum opened for a question-and-answer session. Before we start I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Kedar Vaze to make his opening remarks.

**Kedar Vaze** Good morning everyone and thank you for joining us for our third quarter and nine months ended FY17 earnings call. I will begin by taking you through the operational and financial highlights of the quarter and we will look forward to taking your questions and suggestions.

I am pleased to share with you that we have reported healthy performance despite the muted environment witnessed by us in the domestic as well as the international market. In 9MFY17 our total income increased by 11% to Rs. 733 crore, EBITDA improved by 21% to Rs. 136 crore and PAT grew by 58% to Rs. 77 crore. Even though demonetization impacted the FMCG sector we have been able to grow our domestic business by 21%.

In 9MFY17 growth in the Fragrance division was 5%. While we saw a healthy traction in the domestic markets where revenues were up 15%,. our overseas revenues were lower by 13%. The performance in the overseas segment remained subdued as lower demand and depreciating foreign currency continued to impact our result this quarter. However, the division registered a notable 27% growth in profitability to Rs. 102 crore as margins improved by 270 bps to 15.7% in 9M FY17.

We continue to work on several cost benefit measures which should help us lower our cost going forward. I would like to highlight here that our board has approved the proposal to acquire and develop the Intellectual Property in Fragrance Encapsulation Technology held by Tanishka Products. Tanishka is a partnership firm in its startup phase and this technology would allow us to offer differentiated Fragrance products and systems. This is the technology for the future and we would like to integrate that with the development of Fragrance so there is a consolidated development of Fragrance along with the technology which will give us unique synergies going forward. A nominal consideration is payable and we hope to see tangible long term outcomes from this strategic acquisition which is structured in a manner that there is a pay out at the end of five years based on the business performance.

Coming to our Flavor business, in 9MFY17 the division registered a robust 110% increase year-on-year to Rs. 85 crore with both domestic and export business growing by 164% and 70% respectively. This growth has enabled us to significantly increase our market share in the industry. The tuck-in acquisition of HTT along with significant off take in the domestic and overseas markets enabled us to report such strong performance. The business also registered healthy growth of 196% in profitability. Operating profit stood at Rs. 22 crore and margins improved to 25% compared to 18% in 9MFY16. The operating leverage achieved by shifting production from HTT's Daman facility to the company's Vashivali facility has primarily helped us report better operating margins. With the acquisition of Gujarat Flavors also expected to be integrated soon we hope to report similar operating efficiency benefit and better performance going forward as well.

To sum up, in all our markets we are witnessing increased level of business activities. This keeps us excited and fully engaged in our business to tap these opportunities and transform them into tangible business. This along with our leadership position in niche industry, increasing investments in R&D, a strong balance sheet and unique business model should enable us to deliver sustainable growth in the future.

This brings me to the end of my discussion. Thank you for your time and I would now request the moderator to open the forum for any questions or suggestions that you may have.

**Moderator** Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session.

We have the first question from the line of Chintan Modi from Motilal Oswal Securities. Please go ahead.

**Chintan Modi** Sir, firstly if you can share one data like what is your breakup in the Fragrance part of the business between domestic, exports and service income? And if you can share the growth of each for the third quarter specific?

**Kedar Vaze** The third quarter number for the domestic growth is 7%. International is minus 22%. In this we have the service business which was roughly 1% growth and the rest of it 6% was domestic organic growth. And in the international we have the operations out of Netherlands which has witnessed slack demand on the global basis. So the global demand has been very poor. And that has led to a decline in the operations in Netherlands by almost 20%. The ingredient or the formulation business continues to be flat in the market as we have continued our strategy to move to higher value added products while reducing our sales to lower value or low margin products which we are phasing out.

**Chintan Modi** So this problem with the Netherlands business was it because more of the currency issue or we had seen decline from the volume perspective also?

**Kedar Vaze** The global Fragrance and Flavor industry typically looks at growing by 4% to 5% CAGR . Last two or three years it has been soft which has led to overcapacity in the market place. The declining margins and declining volumes for the current market place. We will continue to invest and we have a program to invest in our domestic units in the next six to nine months which will allow us to be flexible on our operations. Netherlands is roughly 80% at an operating level today kind of capacity utilization.

While today we are at low capacity utilization of 45% in India, we do not have enough capacity to absorb the entire Netherlands operations at one go. So we will add some capacity and be ready for both options either the global economy and growth is restored to normal growth or fast growth in which case we have the capacity for that. Or we can operationally have flexibility to change the operations to merge or reduce the operating locations or cost savings thereof.

So we will invest to be prepared for both options. We can be ready for future growth and if the growth does not come in we will operationally move the productions around to have the right production at the right location and be able to bring better operating efficiencies.

**Chintan Modi** So going ahead do you see that this issues will be there in FY18 also or you continue with your projections of 17% to 18% kind of growth in the overall fragrance business?

**Kedar Vaze** The topline decline which has happened is already in the numbers. I do not see there will be further erosion beyond the 20% which has happened in the global markets. So we will continue to grow on a normal trajectory.

**Chintan Modi** Coming to the gross margins we have seen significant improvement in the quarter but I can see that in the base quarter also that is 3Q FY16 there was some good amount of gross margin expansion compared with previous trajectory. So do you think there is some peculiarity with product mix in third quarter or there is something else to it? I mean it is more from a sustainable perspective?

**Kedar Vaze** No, I think it is sustainable. As we are growing our operating efficiencies kick in and we continue to improve our margin. And we have benefitted from making contracts at the right time on some of the raw materials and so on and so forth. So I think the operating margins of 20% EBITDA level is what we aspire and we are targeting on a longer term.

**Chintan Modi** And last two questions. One is whether the impact of demonetization that I think was not seen much but considering that we are into a B2B business, do we expect any kind of impact in the fourth quarter?

**Kedar Vaze** Our domestic business, both Flavor and Fragrance, has seen an impact of demonetization. So the momentum prior to the first week of November was even better. The business was running at a better growth rate. Post demonetization while the overall number for the year-to-date does not seem to be affected. It is substantially lower growth than the first half of the year or the first 45 days of the quarter. So there is an effect on demonetization in terms of a slowdown. But prior to that we were at a 14% or 15% kind of a revenue growth quarter-on-quarter. This quarter we were at 9% or 7% when you take in to account the ingredient.

So this is the result of definite slow down due to the demonetization in this quarter. And we see that there is a generally uncertain environment in terms of product launches particularly new launches. So the fourth quarter which normally is our strongest quarter launches in for the summer and the next year's budget for most of the companies come in. I think this year we are witnessing a slowing pace of new products coming to the market and therefore we are observing the market. There is a clear effect of demonetization.

**Chintan Modi** And coming to this encapsulation technology that we have acquired. One thing I wanted to understand how do we see it going ahead I mean in terms of applications what is the kind of market and what kind of value does it bring on for us?

**Kedar Vaze** So there are two models to exploit the encapsulation technology - One is the technology becoming in-house. This technology has been around for some years particularly in Europe and America. In the other model, the technology is outsourced by the fragrance companies / final use companies from technology experts. We will be making this technology in house which will allow us to jointly develop the fragrances together with the technology experts.

So it is combined to give us the best synergy and best use of the technology in fragrant applications. The immediate markets are all fabric softener and liquid detergent and body wash or any liquid format of fragrance. FMCG is an immediate application for this technology.

**Chintan Modi** Can you name some products where this technology is being currently used in India?

**Kedar Vaze** So this is not yet used in India. This technology is prevalent globally and definitely it is used in things like fabrics softener and liquid detergents on a global basis. I do not think it has been adopted in India at this point and we are the early movers in that.

**Chintan Modi** But I believe that since this technology brings some value addition would the price of the end product or the price of the fragrance that we will supply will go up significantly so it would be targeted only for the luxury or the premium kind of customers?

**Kedar Vaze** No, I think, at the moment, the way the technology is being used globally, it is targeted at the premium customers. We have some development around that which will enable us to target low cost or popular segments of the market as well. And that is the exciting part of the partnership with Tanishka Products which is to bring this technology at a cost level where it can be commercialized such that popular or even sub-popular categories can avail of this technology.

So we are not looking at one more technology which is already there in the global world but to innovate to bring in this kind of technology at a price point which is not really currently available in the market.

**Moderator** Thank you. We have the next question from the line of Lakshmi Narayanan from Catamaran. Please go ahead.

**Lakshmi Narayanan** A couple of questions. What is the repeat business for you in fragrances? And second if I look at the turnover from fragrances and split in to three which is new business from existing customers, new business from new customers and old business. What will be the kind of split there? And then pertaining to fragrances.

How many of the customers you are a sole source supplier for that particular brand or that particular fragrance and how much that contributes to your overall fragrance revenue? And then I have another question related to the flavors. In India who is the next immediate competitor for you in terms of flavors, are you looking at Synthite as a competitor or who are the others who are actually doing the similar things? These are my questions related to fragrances and flavors.

**Kedar Vaze** I may not answer all your questions point-by-point. I will answer you in a summary so all the questions get covered so that you have an understanding. If you still have further question then you can ask me. I think in terms of Fragrances, barring the products out of Netherlands almost 85% of our Fragrance products are unique proprietary products and our company is the only company that makes it. And the brands and FMCG companies are buying it exclusively from us. So there is a one-to-one relation between what we are selling and what they are buying in both ways.

On your question in terms of new customer, new business within India - by and large we are already a supplier to almost all the FMCG companies. So there is very few new customer acquisition and we continue to supply new products to all of the companies which in the last three years has been roughly 13% of our revenue has come from new products. So this is an ongoing process with all the customers.

**Lakshmi Narayanan** You said 13%?

**Kedar Vaze** 13% of our revenue today this year would be of products which are new products developed in the last three years. And that is an ongoing cycle as new products are introduced in the market. Your question on Flavors, I am not particularly knowledgeable about the activities of Synthite in Flavor. So our main competition in Flavors are the big four flavor companies Givaudan, Symrise, IFF and Firmenich and to some extent Takasago. These are the global five companies which are also present in India. And we look at them as our main competitors in the Flavor market.

There are various smaller companies with niche customers and products across India which we look as their competitors but they are not really competing on all the flavor segments.

**Lakshmi Narayanan** Sir, and I see that there is a movement towards the so called non-chemical based fragrance or flavors, right. Now do you actually see that as an opportunity and what kind of contribution you actually would be getting from those things which are 100% natural? And then the other question which I had is that when it comes to negotiations how often do you actually negotiate the prices for example 85% of your business?

**Kedar Vaze** So in terms of the question on naturals yes, there is a definite trend towards natural products and trend towards Ayurveda. Just that we already have an Ayurveda extraction unit within our group which enables us to offer this Ayurveda or natural products to our customer. We will further enhance our offerings in the natural space particularly on the flavor side. We are amongst the first company in India to make fully natural flavors and offer that on extensive range of natural flavors to our customers for various applications. So this is an ongoing trend we are aware of it, we are working in that trend.

**Lakshmi Narayanan** And also globally Givaudan, Symrise their end consumers are also demanding natural modes of fragrance as well as flavors?

**Kedar Vaze** So I think in general, globally there is a trend towards naturals in wellness and beauty products. It is a global trend. Within that each economy and each cost point has a different reality. So if you look at let us say a Jasmine flower extract that will cost you Rs. 3 lakhs, Rs. 4 lakhs a kilo which is prohibitive and it cannot be used in isolation. So it needs to be combined with other natural and synthetic products to make it commercially viable. So yes, there is a definite trend towards naturals. I would not say 100% natural is still economically unviable for many products. But there is a definite trend towards more natural content and more natural actives in the product.

**Lakshmi Narayanan** And the last question on the negotiation. How often the cycle is, do you negotiate once in a year or once in three years?

**Kedar Vaze** Typically once in a year. But it is not a hard bound basis. We will negotiate if there is a change in the economics or change in the raw material prices we will go back to the customer and negotiate. But typically once a year is a typical cycle.

**Lakshmi Narayanan** And the operating margins enhancement you have got in the last one year, how much you can actually explain due to the price negotiations and how much is the product mix?

**Kedar Vaze** So the operating margin improvement I would say there is improvement on the product mix which is roughly half of the operating margin improvement which is a conscious call where we got rid of some of the low value products. The other part is in terms of our R&D so we have continuously invested to improve our operating efficiencies and supply chain and we have made processes to make some of these products at a more economical cost by doing contract farming or doing in-house processing. So another percentage point improvement is actually attributable to our R&D efforts in internally improving the cost base.

**Moderator** Thank you. We have the next question from the line of Jignesh Makwana from AMSEC. Please go ahead.

**Jignesh Makwana** Sir, can you quantify the service income for this quarter?

**Kedar Vaze** It is Rs. 11 crore.

**Jignesh Makwana** And sir, can you break down the flavor sales between the organic sales STT and overseas revenue from the flavors?

**Kedar Vaze** Yes, I will get you the numbers. Just to put in context. The organic revenue growth for flavors was 30% combined, 22% in the domestic and 33% for the International business.

**Jignesh Makwana** For this quarter?

**Kedar Vaze** This quarter. And the year-to-date it was 26% for domestic and 70% for international, organic growth.

**Jignesh Makwana** And sir, we have been acquiring business in the flavor segment for almost like one year. But most of them are relatively small in size. So can we expect some sizeable or scalable acquisition in the Flavor business? Is this the lack of opportunity of targeting the flavor market?

**Kedar Vaze** I think we will continue to look at tuck-in acquisitions, if you look at our acquisition of HTT for example while the business was small in overall picture it is sizeable in relation with our Flavor Domestic Sales. So it was almost equal size or 80% of our domestic sales. It was a quite a sizeable acquisition from operations and improvement point of view. As we continue to grow our Flavor business our appetite for larger acquisitions will also be better.

**Jignesh Makwana** So what kind of ticket size we are targeting, it will be Rs. 50 crore to Rs. 100 crore or more than Rs. 100 crore in flavor segment?

**Kedar Vaze** So we are I think rather than on the smaller side each one we will look at a strategic fit and synergy and we will evaluate. We have no sweet spot but I would just say that we would not look at an acquisition which is bigger than our revenue in terms of Flavors.

**Jignesh Makwana** And sir, margin in flavor business improved substantially. So I think the 25% level is norm for flavor business or can we expect some more improvement or some decline from here onwards or some decline in the margins?

**Kedar Vaze** I think I would say long term we are still looking at a 20% margin level for EBITDA on a consolidated level. And different businesses would typically be between 18% and 22% margin profile.

**Jignesh Makwana** No, I am talking about particularly the flavor business what is the margin? So this quarter I think you have reported some 29% EBIT margin. So I think it has improved substantially on QoQ basis as well as YoY basis. So can we expect the similar improvement or it will settle down at 25% level over the next say three, four quarters?

**Kedar Vaze** If you look at it we have grown the overall business in organic and inorganic by the year-to-date almost 110%. So you have a huge amount of growth and therefore a huge amount of operating leverage has kicked in in this year. And now year-on-year we will aspire to keep the margin profile as best as possible. We will also continue to invest more money in R&D and sales and development so that we balance the margin for today and the growth opportunity for tomorrow. So long term view we will still look at a 20% level to be susintable.

**Jignesh Makwana** And sir, last question. How is the working capital cycle for the December month ending?

**Kedar Vaze** I think the working capital cycle for December I would just put a rider that because of the demonetization lot of the stock which would normally have moved were still lying with the company as on the 31st of December. But it is not a fair comparison vis-à-vis the normal quarter ending. Having said that we have been at the same level of 150, 159 or 160 days of sales as net working capital and Rs. Rs 430 crore as net working capital. Large part of that is in inventory around 90% across the group.

So our target was to continue to bring down the inventory as a result of our improvements in the supply chain. We have had an effect of demonetization where the finished goods which we normally would expect to be sold in November and December have not got sold. So we have I would estimate Rs. 10 crore to Rs. 15 crore increase in the working capital by the end of December which is a one-off issue. And we will continue to bring down the working capital going forward. We have also operationalizing the Singapore hub as a buying and sourcing hub so that we can further benefit from synergies of buying in consolidated terms.

**Jignesh Makwana** And sir lastly, the flavor segment breakup between organic sales, HTT and overseas operations? So you have mentioned the growth rate I think the sales mix, if you can just?

**Kedar Vaze** You want the absolute number?

**Jignesh Makwana** Yes, it will be really helpful.

**Kedar Vaze** The domestic flavor which is the quarter 3 number is Rs. 6.5 crore which is 21% over last year same quarter. And the export flavor is Rs. 15.8 crore which is 33% over last year. HTT was Rs. 6 crore for this quarter.

**Moderator** Thank you. We have the next question from the line of Niket Shah from Motilal Oswal. Please go ahead.

**Niket Shah** Kedar, just a few questions from my end. Wanted to know within the domestic revenue growth of 15% that you have seen any specific category that you have seen which has grown at a faster pace because most of the listed companies in the FMCG space would have reported better than expected numbers but would have been much more subdued because of demonetization. So any specific categories stood out for you?

**Kedar Vaze** No, I think no specific category was different in this quarter it sustained as in earlier quarters. One I would say, that the specific product mix so within the category there are type of customers the large customer and the very small customers who are more affected by demonetization.

**Niket Shah** And on the opportunity of the ingredient part of the business you had mentioned obviously the restructuring of moving away from Netherlands and moving to India largely in Vapi and within Vapi looking at opportunities of outsourcing where obviously you will look at larger bag size orders being manufactured in-house and smaller bag size being outsourced. Just wanted to get a sense on how is that plan happening, is it likely to accelerate over a period of next 12 months or is that on a slow footing?

**Kedar Vaze** No, we will accelerate that and we have plans to deploy and put the operating efficiency plans in right away. So we are going ahead with the necessary investments and plans to our next year budget. And we will continue to implement that as soon as possible being ready for the future.

**Niket Shah** So it is safe to assume 12 months would be a good time for all of this to get over and the benefits to start seeing 12 month down the line?

**Kedar Vaze** I think 12 to 18 months. There are a lot of variables which we need to consider.

**Niket Shah** And the final question on the point that you just mentioned on the sourcing from Singapore. If you can just elaborate is it more of like you mentioned that the sourcing?

**Kedar Vaze** It is a supply chain efficiency target measure. So we will combine our buying in one location and we will keep our excess inventory hedging stock in one location rather than multiple operating locations. That allows us to keep same amount of inventory and service more businesses.

**Niket Shah** At this point in time what was the status was it being sourced from multiple locations?

**Kedar Vaze** Yes, it is actually at this point that the supply chain is organized plant-by-plant. So each plant does its own supply its own procurement and own stock of buffer stock and future inventories. We will combine the buffer stock.

**Niket Shah**

So this is become more like centralized sourcing benefitting the purchase of raw material cost or it is just supply chain management efficiency and nothing to do with raw material benefit that you would get?

**Kedar Vaze**

Our sourcing is already there. This is more working capital management. So if I combine the inventories in one location we will see operating plants as and when they need to keep separate inventory. So the same say 50 tons I can look at the peak demand or variability in two plants rather than keeping 50 or 30 tons in two locations.

**Moderator**

Thank you. We have the next question from the line of Suvarna Joshi from SMC Global Securities. Please go ahead.

**Suvarna Joshi**

I had one question on the fragrance encapsulation technology. You mentioned that we have acquired this particular company Tanishka Products to avail of the superior technology specifically for the domestic market. If I understand that correctly. So with this technology will we also stand to be better placed in the global markets as compared to the other players who are offering this technology? And is this technology globally offered by Givaudan, Firmenich, Symrise and the likes?

**Kedar Vaze**

Yes, this technology has been around for almost 15 to 18 years in the developed world in America and in Europe it is already been used. It is also been applied in Southeast Asia to some extent. What we are saying is not that the technology alone the technology which is current state of technology we are acquiring. But we have also our own development program which has given us some proof of concept of improving the technology to a cost level where it will be a breakthrough cost proposition. So that is really what we are trying to take in this.

We will take the technology we have improvement which we have already done at a proof of concept. We will use the synergy of this in terms of a fragrance which is co-designed with the technology rather than separately designed and fitted to the technology. And that will enable us to drive our synergies and drive cost structure of this technology to where it can be sold at the price points in India and in Asia.

**Suvarna Joshi**

Sir, just adding to the other question on the same point was it has been mentioned that we will be paying some additional amount at the end of five years. So based on the business that we do have we decided upon any percentage payout at the end of five years or something of that, sir?

**Kedar Vaze**

Yes, so this is an entrepreneurship model which we are incubating. So it is typical model used for technology incubation. We have acquired 51% of the company and the technology. So we have a 100% ownership of the technology. We will work with the current team of founder chief if I may call or the current technology people along with our people which will further use and commercialize this technology and the final payout of the technology will happen post commercialization at a period five years down the line.

**Suvarna Joshi**

Yes, so is it going to be some percentage basis that we will be looking at or?

**Kedar Vaze**

The current owners or current partners continue to hold 49% in the JV share in the technology which will be valued at the end of five years on a pre-agreed valuation metrics.

**Suvarna Joshi**

Sir, my second question was you mentioned in your initial comments about some gains in market share in the flavors business if I recall that rightly. So could you just help us with what the market share stands at today and what it was may be in Q2 of FY17 and Q3 of FY16?

**Kedar Vaze** We do not track market share quarter-on-quarter. I think the market is being growing at 10% to 12% estimated for this year. We are growing at 21%. So there is a gain in the market share. I do not have an exact number which I can point out. We do not have that study or that number. What we are tracking is growth faster almost twice that of the general market.

**Suvarna Joshi** So sir, what would you allude this growth in the flavors business besides the HTT acquisition? I mean have we got access to new customers or are we I mean providing new flavors to the existing customers or what would that be?

**Kedar Vaze** Continuing to develop new flavors we are continuing to add more people on the ground and reach customers which we did not have earlier. So across the country we have put and deployed 14 people and 4 offices in North India, South India, East India and that the national network for sales. This is actually the reason the business is growing and we continue to invest in growing this business.

**Suvarna Joshi** And the last question sir was on the Southeast Asian markets. I think a couple of quarters in one of the previous con call you had mentioned that we will be looking to grow our international business by focusing on the Southeast Asian geographies. So could you just help us with some update on that front?

**Kedar Vaze** We continue to grow our business there. In the Southeast Asia there are businesses, our business is continued to grow there. It is that in dollar terms $15 million more or less for this year. We have certain businesses in Southeast Asia which was catering to the Africa demand. So products were made in Southeast Asia particularly Indonesia and exports out to African countries. That has been somewhere where there is decline in the demand. And to that extent we have declined sales for our Africa consumption. The remaining consumption within Asia continues to grow at 20%.

**Moderator** Thank you. We have the next question from the line of Vicky Punjabi from JM Financial. Please go ahead.

**Vicky Punjabi** Sir, the first question was on the domestic fragrance segments. So we have seen some sharp slowdown in this quarter on account of demonetization. How is the trends been during this quarter sir? Are we seeing some kind of an improvement?

**Kedar Vaze** It is too early to comment on that there is it is back to normal or what is the status. We keep hearing that some of the brand launches are postponed or have missed the board. So that is something we are keeping watching carefully. I would not want to comment either ways we have seen some normalization in January, good momentum with some customers, not so favorable business with other. So I would not make a general comment wait and watch.

**Vicky Punjabi** And sir secondly, on the cashless side I mean when I was going through your slides there was this cash from investing activities where you probably spent around Rs. 99 crore during the year. If I had to leave all the acquisitions aside that would probably be HTT, Rasiklal and the Gujarat Flavors which would come up to around Rs. 45 crore to Rs. 50 crore. We still have a balance of around Rs. 45 crore to Rs. 50 crore spent extra. What would be that related to?

**Kedar Vaze** So it is I think if you look at the acquisitions we have done acquisitions of roughly Rs. 92 crore or Rs. 93 crore in the four acquisitions. We have paid out already advance to Gujarat Flavors which is not yet in our revenues with a Rs. 12 crore was paid out in this period. We have Rs. 33 crore roughly on the RHAPL acquisition, Rs. 23 crore to Rs. 24 crore on the HTT acquisition. So this is entirely Rs. 90 odd crore is the acquisition.

**Vicky Punjabi** So I thought that Rasiklal was around Rs. 5 crore and the balance Rs. 25 crore were largely cash?

**Kedar Vaze** Yes, it was cash. So from a cash flow point of view we have to account having paid it out. And then it comes in your balance sheet as a cash in hand. So cash flow point of view it is cash out.

**Moderator** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference call over to the management for their closing remarks. Thank you and over to you.

**Kedar Vaze** Thank you. I hope we have been able to answer your questions satisfactorily. Should you need any further clarifications or would like to know more about company feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call.

**Moderator** Thank you very much, members of the management. Ladies and gentlemen, on behalf of SH Kelkar & Company Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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