"GHCL Limited Q3 FY2020 Results Call"

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ANALYST: **MR. ROHIT SINHA – EMKAY GLOBAL FINANCIAL SERVICES**

MANAGEMENT: **MR. R.S. JALAN – MANAGING DIRECTOR – GHCL LIMITED**
MR. RAMAN CHOPRA – CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR (FINANCE) – GHCL LIMITED
MR. SUNIL - FINANCE TEAM – GHCL LIMITED
MR. ABHISHEK - FINANCE TEAM – GHCL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2020 Results Conference Call of GHCL Limited hosted by Emkay Global Financial Services. We have with us today, Mr. R.S. Jalan, Managing Director and Mr. Raman Chopra, CFO and Executive Director, Finance. As the reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit Sinha of Emkay Global. Thank you and over to you!

Rohit Sinha: Good evening everyone. I would like to welcome the management of GHCL and thank them for giving us this opportunity. I would now hand over the call to the management for the opening remarks. Over to you gentlemen!

R.S. Jalan: Thank you, Rohit. Good evening friends. It is a warm welcome to you and today's earning call. I am joined by Raman, our CFO, with Sunil and Abhishek from Finance Team.

For the current quarter, we have been able to maintain PAT of Rs. 101 Crore at Q3 FY 19 level, despite impact of Rs. 10 crore due to retrospective withdrawal of 4% MEIS benefit by the Government, slowdown effect in Soda ash Ash resulting in price impact of 7% and weak spinning scenario. However, this impact was neutralized with operational efficiencies, volume gain and lower corporate tax rate. On the year to date basis, we have achieved a satisfactory performance with a PAT growth of 35% at Rs. 327 Crores against Rs. 242 in corresponding quarter. Since previous 2 calls, we had communicated about the expected slowdown in Soda Ash Industry, however I would admit that the impact has been more than expected. Currently also both Global and Indian Soda ash industry are in softer zone due to lower demand growth in downstream sectors. We have been able to mitigate the impact to a reasonable extent with our initiatives on optimizing operational performance and benchmark efficiencies. Going forward also we expect that there should be a further softening of soda ash pricing by about 2-3% which we believe we should be able to cover from our operations and lower input costs. In the textile segment, Spinning Industry after facing a big slowdown, is now moving towards stabilization with the arrival of new crop. On Home Textile side, the markets are stable. Our flagship concept "REKOOP" has been placed in the UK market. I am also excited to inform that "REKOOP" has been chosen for Case Study in "HARVARD BUSSINESS SCHOOL". We shall continue to remain focused on build cost efficiencies and strengthening our Marketing and Product Development Capabilities that improve our performance going forward.

We are committed to creating value for our stakeholders. Board has approved a Buyback of Rs. 60 crore excluding tax and charges at a price of upto Rs. 250/-.

I would now invite Raman to take you through our quarterly financial performance.…..Thank you.

Raman Chopra: Good evening everyone. I welcome you all in our Q3 FY2020 earning call. As Mr. Jalan has already covered the business overview, I will now take you through the financial performance for the quarter.

Revenue for the quarter is Rs.843 Crores as compared to 875 Crores of Q3 FY2019 down by around 4% mainly due to a slowdown effect. EBITDA for the quarter is 186 Crores as compared to 210 Crores of Q3 FY2019 is down by 11%. EBITDA margins for the quarter are 22.1% as compared to 24% of the corresponding quarter last year.

The profit after tax for the quarter is 101 Crores as compared to 102 Crores of Q3 FY2019 despite an impact of 10 Crores due to retrospective withdrawn of MEIS of 4% on the Home Textile export by the government and short-term market condition in soda ash and spinning. The same has now however, been mitigated with the improved operational performance and lower corporate tax.

EPS for the quarter stood at Rs.10.30 per share. The economic slowdown had its impact on the financial performance. In the chemicals, we have recorded a net soda ash production of 2.53 lakh ton during the quarter as compared to 2.42 lakh tons in Q3 FY2019 despite weak market conditions; we have registered a volume growth of pertinent sales. There has been a price reduction in the realization by about 7%; however, we have been able to maintain revenue of Rs.549 Crores as compared to Rs. 551 Crores in Q3FY2019, EBITDA for the quarter is 157 Crores as compared to 176 Crores in Q3 FY2019.

Owing to drop in prices at the EBITDA margins for the segment has come down to 28.6% as compared to 32% in Q3 FY2019. Textile segment has continued to remain stable despite domestic spinning industry continuing to face demand slowdown and margin pressure.

Revenue is down by 9% during the quarter to Rs.294 Crores as compared to 325 Crores in Q3 FY2019. EBITDA for the quarter and this was mainly due to the spinning. EBITDA for the quarter is Rs.30 Crores as compared to Rs.34 Crores in Q3 FY2019.

EBITDA margin for the quarter stood at 10% as compared to 10.5% in the corresponding quarter. We have reduced our debt by Rs.200 Crores during the year and our debt at the end of December 2019 stood at 1092 Crores with a net debt equity ratio of 0.47. The ROCE and ROE for the quarter is 20%. I would now open the house for discussions that you may have. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Kaushal Shah from Dhanki Securities. Please go ahead.

Kaushal Shah: Thank you for the opportunity. Sir, a few questions. The soda ash per ton EBITDA has dropped quite sharply. It is actually much more than the volume drop than the realization drop, so what is the reason for that and how do you see the overall macro scenario in soda ash. What is the level of imports? How is the demand from the key two sectors, the detergent and the auto sector, so if you can throw some more colour on these aspects?

R.S. Jalan: Thank you Kaushal. You are raising two questions; one question is regarding the EBITDA per ton has been sharper than the selling price; I do not think that number looks to be correct. In any case, offline you can check with the number with our finance team. Now coming back to the point number two you said about the global outlook and Indian outlook going forward. As you right said, automobile industry at this point of a time is not showing the sign of recovery; however, the detergent industry in my understanding is that detergent industry is slightly showing the sign of recovery. Our belief is that going forward there should be some upward trend into two sectors; one your detergent sector and second is the bottle glass. As you know there is a lot of focus is there on environmental concerns and the uses of the plastics, and because of that the bottle glass sector should show some sign of improvement. Overall, my understanding is that next year the demand growth in soda ash if I can say should be around 4% to 5%.

Kaushal Shah: Sir, if you can throw some light on what was the import number for either the nine months or the three months overall in the country and how is our pricing vis-à-vis import pricing?

R.S. Jalan: At this point of time, our nine month, our understanding is import is slightly higher than the last year same period and we believe the way we look at the number; this number should not be going up. This number should be slightly on the lower side because we report that there is a new player coming in into the domestic play and there is excess supply of soda ash because of that new entrant, so because of that obviously that impact will be on the import as well. My understanding is that import will be slightly lower than this year in the next year 2020-2021 vis-à-vis 2019-2020.

Kaushal Shah: Sir, this withdrawal of MEIS benefits, so how do you see the scenario as far as Home Textile export is concerned and will it materially impact going forward because I believe there is not too much clarity about the kind of benefits that the government will give, so if you can throw some more light on that?

R.S. Jalan: Our understanding is that in terms of total volume growth or the volume, I would not say growth, but I do not see any major impact on the revenue or the volume going forward because of this withdrawal of the MEIS advantage; however, obviously that will have some impact on the margin of the industry.

Kaushal Shah: Would it be possible for you to Sir, quantify that number because some of the other players we were speaking to who were a little worried about the uncertainty?

R.S. Jalan: One thing is very clear that obviously this will definitely create a little bit of a competitiveness issue but I do not think in the short-term some kind of a big volume impact will happen because of this, but like I said the overall my understanding is definitely some impact on the margin should be felt. In terms of our position, as you know on the spinning side this year has been a bit challenging to us. We expect next year the spinning will do better because of that there will be an improvement and even in the home textile also the way we look at the customer mix and the branding exercises which we did, I personally believe that next year our margins to be slightly better than this year, maybe 1% or 2% higher margins we can expect out of the total textile businesses going forward.

Kaushal Shah: Last two questions, on the debt number this 200 Crores number which Raman Ji just shared that number is for the entire nine months, I think we retired some debt in first half also?

R.S. Jalan: As I said, as Raman has clearly said that over a period of nine months, we have reduced our debt from 1292 Crores to 1092 Crores, so 200 Crores we have reduced the debt, because Kaushal, in the last nine months, we have generated a cash flow of around 420 Crores, out of this 420 Crores, you know that cash flow is a very healthy cash flow. So this 420 Crores, out of the 200 Crores we have reduced the debt and approximately around 200 Crores we have invested into the business and we have paid around 60 Crores of dividend also. Working capital, we have been able to reduce. Overall put together we very efficiently allocated the capital versus the growth versus the debt. Like if you remember in my earlier calls, I have always said that we will be optimally allocating the capital towards the debt reduction and the growth. Today, I am very happy that our debt equity ratio is 0.47% which is a very healthy and because of this our interest cost has also we have been able to reduce the interest cost in the last nine months and some of the new loans we have even taken at the rate of around 8%. So gradually this impact of this healthy cash flow and good debt equity ratio definitely is helping the interest cost rate also reduction.

Kaushal Shah: Lastly on the capex front, if you can just share the number that is likely for the current year, March 2020 and the next year financial year 2021?

R.S. Jalan: As I have been mentioning that we are almost allocating around 40% to 50% of my cash flow towards the growth and 40% to 50% we are allocating towards the growth. As you know in this quarter, I do not too much of reduction may happen in the debt in the balance three months, because we are going for the buyback also where we have an impact of around 74 Crores, 60 Crores of the buyback and plus the dividend distribution tax which was around 14 Crores. Overall, put together we are allocating 74 Crores towards the value creation.

Kaushal Shah: Sir, I asked about the capital expenditure plan?

R.S. Jalan: As I said, Kaushal that approximately 50%, so you can just calculate, something around 250 Crores next year and this year also will be in the same range, 250 Crores to 300 Crores kind of a range, because in the major investment which we are doing in the chemical business is Brownfield expansion and doing some investment into the spinning and textile.

Kaushal Shah: Thank you Sir.

Moderator: Thank you. Our next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Good afternoon Sir. Sir, firstly what was the production number for nine months was 7.64 Lacstons of soda ash. What was the sales volume for this quarter?

R.S. Jalan: I would not like to give the sales volume number, but I have given you the growth in terms of the revenue percentage we have already given.

Saket Kapoor: Sir what was the inventory level? We have spoken about a higher inventory for the second quarter?

R.S. Jalan: Saket, I would request that this can be taken offline.

Saket Kapoor: No issue Sir. I will come to the next point. You have talked about this in beginning raw material prices benefit mitigating the reduction in the soda ash prices, so the entire benefit of raw material softening prices have been flown into the P&L or we will get the benefit in the coming quarter also?

R.S. Jalan: Surely you will be getting, next year there will be a good advantage of the raw material softening price, because as mentioned in the last call also the energy prices have softened; however, because some volume has already been booked on energy and therefore that benefit has not accrued this quarter or that has not happened in the next quarter as well. Overall, that substantial benefit will be coming in the next year.

Saket Kapoor: Raman Sir gave the net debt figure at 1069 Crores.

Raman Chopra: 1092 Crores.

Saket Kapoor: 1092 Crores, okay. If we get the breakup between the two businesses, two verticals, how would it we splitting the debt and how much is attributed to soda ash and how to the HT/Home Textile segment?

R.S. Jalan: I would like to refrain from specific debt to specific business. Overall, the company as a whole, we have around 1092.

Saket Kapoor: Sir, now I come to the major one, for investor benefit, which you have done is the buyback. Thanks to the team for looking into our request for buyback. Firstly, how did we come to this figure of 60 Crores and Rs.250 price to be the maximum price, meaning what has gone behind these two figures and what are the merits of going through open market acquisition of shares rather than a fixed price?

R.S. Jalan: These are all Board level decisions Saket. I mean at the Board level discussion, a lot of discussions have taken place, the independent directors are also there, some of the market experts are sitting on our Board also and everybody put together had a long debate on this that how much volume we should buy, what price we should buy and what rules we should adopt and after a long deliberation this has been decided. I think, overall it is very difficult to say what is the merit and why 60, somebody can ask even if suppose with the figure of 180, you could have asked me why 80, why not 200. These numbers are based on a lot of deliberation, cash flow, everything put together this has been done and second as I said, in terms of the market wise, where we believe that the value creation of value for our shareholders, it is important that we should buy from the open market and this was what the Board's view was.

Saket Kapoor: Sir, now if you can draw some more on the soda ash as a commodity, what are your internal understanding of this segment. Where in the cycle are we in terms of soda ash prices, because still the commodity is imported in the country, so we are not self sufficient, but in terms of the price graph, where are we currently and when can this price decline can reverse and how is the expansion of Turkey and I think that has been factored in the market, the entire production, what is your take on that Sir?

R.S. Jalan: See, if you look at, I would like to go back to earlier discussions on this conference call. I have been always maintaining that it is because the longer-term view of the soda ash, we will find that the prices are quite stable. From quarter-to-quarter some slip can happen and the margin wise, we can because the margin has already been in the range bound of 28% to 32% kind of a range, even if you look at nine months period, you will find that the margins are in the range of around 30%, 30.5%. So in one quarter the price can be slightly lower but overall if you look at the year as a whole, the margins have been maintaining at the same level what is for last year. So it is quite stable business. Yes, one thing has happened because of this, I would say that this has softened in fact in the soda ash business is there, a new player has come in which has approximately overall production this year will be roughly around 200000 tons or 250000 tons kind of a thing. Well, the demand growth because of the extended monsoons between July to November plus slowdown in the consuming sectors, some slip in the demand has also happened, but overall if you look at long-term, I am very confident about this business. In terms of the global yes one-time the big production has come in, but globally the requirement is also almost around 1.5 million tons of the extra requirements every year. So, if you want to see the long-term view on the soda ash, I am very confident on this business.

Saket Kapoor: Q4 is generally the best for the industry and the way after Q2 the price decline, and the inventory buildup, do you think Sir that the same environment as we used to have for a couple of years as Q4 as the best quarter, may not be the case this year?

R.S. Jalan: No. You see again you are going on a quarter-to-quarter basis. As I mentioned already in my opening remarks that the prices are further being seen at a 2% to 3% drop and that 2% to 3% drop should be compensated by the internal control or the cost efficiencies and things like that. So, broadly my understanding is that we will be in a position to 28% EBITDA margin kind of a level, which is a very good margin as per my understanding.

Saket Kapoor: Year as a whole Sir?

R.S. Jalan: Year as a whole, if you are talking in 2019-2020 it could take three months of extra limit of likely of 28% will be in the range of around same 30%, 30.5% kind of a range. It was the same last year. It is more or less in the same margin last year versus this year the same margin.

Saket Kapoor: Sir, on annual basis, 90% plus utilization levels can be expected for this year as a whole also?

R.S. Jalan: It is more than that Sir.

Saket Kapoor: It will be more than that.

R.S. Jalan: Right.

Saket Kapoor: Last two points, if I could make. Firstly on the Home Textile segment, so we are seeing the green shoots which you have contemplated and articulated to us less than two quarters ago that that quarter-on-quarter Home Textile will be addition only to the bottomline and that is happening Sir. So, congratulations to the team for doing a remarkable job on that front. Sir, now do you think that the environment is conducive that our Home Textile segment will also reach that critical mass that it can stand on its own and it can be separate entity altogether as investors and investors like us have always been debating on this fact of an independent Home Textile company and an independent soda ash unit. So, where are we in that process? When are we going to reach that critical mass where this can also happen in future?

R.S. Jalan: My understanding from a couple of years, I have been always saying that in Textile business a margin of around 15% is the margin which should be a kind of a respectable margin into the Textile business and I am talking of both the business put together because you should not see these two businesses separately whereas at this point of a time, we are on a 10% bracket and like I just said, 1% or 2% upside, I am seeing next year. So we just say that still we are crossing 11% to 12% next year. Still the journey is there, but the question is stability of the standing at its own, yes, even today, also if you look at you will find that there is a positive EBITDA into the textile business and there is a positive cash flow also. So, definitely both the businesses put together the textile can stand on its own.

Saket Kapoor: Likely Raman Sir, the employee benefit expenses have gone down for this quarter by I think 8 Crores if I am not wrong, so how would you explain this Sir, the employee benefit quarter-on-quarter also and year-on-year also from 53 Crores to 44.5 Crores?

Raman Chopra: You should be happy that the employee costs are going down Saket.

Saket Kapoor: Sir just wanted to understand, it generally does not happen.

Raman Chopra: Total activity engagement, contract workers, all put together, we derive the number which is there.

Saket Kapoor: For the year also means, this 44 Crores, 45 Crores now should be the average going forward? Meaning this is a permanent reduction?

Raman Chopra: This should be in this range. The overall reduction will be in this range of 6 Crores to 7 Crores which has happened.

Saket Kapoor: Sir, I will come back in the queue. Thank you for extended answers.

Moderator: Thank you. The next question is from the line of Jatin Damania from Kotak Securities. Please go ahead.

Jatin Damania: Thank you for the opportunity. Sir, as you just mentioned that domestic demand is likely to grow in the range of 4% to 5% which means there is an incremental demand that will come in the domestic market will be in the range of 150000 to 200000 tons, but however, incremental supply will be much more than that and probably double that that. So, how are we going to face this inventory or liquidate this inventory in the coming months, where are we seeing our green shoots coming from?

R.S. Jalan: Next year if you look at like you rightly said, if suppose you take demand growth of around 200000 tons, and the extra production, which I could see next year will be in the range of around 150000 to 200000 tons. There will be no further inventory built up happening in 2020-2021. However, like I said, import is likely to be lower than this year. So, to that said the liquidation of the inventory, which has happened during this year, should help, number one. Second, industry and we also are focusing on some of the natural market, which are closer to India, like for export markets. Some inventories will get exported to those countries as well. Overall, my understanding is clinically one the built up of the inventory should go down.

Jatin Damania: Yes Sir, but if you look at, if you say that imports will come down and where we are exploring the export market, I mean we used to this in the past also, as an industry, but if you look overall last 10-months data, which is published by the industry sources from January to October, the total exports have actually come down by 23% on year-on-year basis. I am wondering whether does the globally, the incremental 1.2 million demand still remain intact or we can see an overall decline in the growth globally?

R.S. Jalan: Like I said, if you look at even the domestic side, see last many, many years, never the industry has seen an inventory built up, and I think only this nine, ten months, which you are talking about is some inventory built up is there, that is primarily because of new players coming in into the domestic place. However, in the medium term, I do not think, like somebody rightly said still the country is importing 25% of the total consumption. I do not see any reason that next year the situation will be better than what it is today. I am just giving you a math that even if the demand growth is around 1500-2000 tons the volume growth itself is 4% to 5% will take care of that supply. Whatever is the inventory at this point in time for the blockage of the inventory that is there, that will get liquidated either by imports reduction because domestic players are competitive vis-à-vis the import.

Jatin Damania: As you rightly said that domestically we would adjust something to the production but what about the global factor because if you look we had seen an announcement that few of the China provinces will shut down their capacities but if you look at Inner Mongolia, Mongolia region, where the Berun Group has announced the commission of almost around 7 million tons capacity in two phases, so do not you think in the next one or two years, the demand is only going to grow by 1.2% globally and 4% in the domestic market, there will be still oversupply in the market?

R.S. Jalan: Can you get the Mongolia volume will be coming? It will take at least seven, eight years. Mongolia is in a country where lot of infrastructure has to be built through. Turkey has taken almost more than five years to build the infrastructure if the 7 million tons in seven years that is the volume growth we are talking about a million ton a year. Go back to the history. See, please understand one thing, soda ash it is an industry of a high capital intensity and if you look at the history you will find that oversupply situation has never been except a few here and there, fine, but not in a long-term basis.

Jatin Damania: Sir secondly on this pricing front, as you said that the prices will further go down by 2% to 3% in the coming months, have we taken any further price reduction starting January?

R.S. Jalan: We have not taken any price reduction, but you know that when there is oversupply situation there some will get each possible by way of incentives and things like that, which is my guess, maybe this may not happen, but this is my guess is.

Jatin Damania: Because at the same time, you are saying that import will also come down in the next financial year from the level, which we have seen in this financial year. So, just wanted to understand the price cut which inventory will take to match the imports or probably we are currently selling at a cheaper rate than the blended prices?

R.S. Jalan: Like I said this is what my estimation is that the prices may drop by 3%. Now reality will be known only after the quarter gets end.

Jatin Damania: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: Just a couple of quick questions, typically how much of our textile EBITDA is from spinning as opposed to Home Textiles? Is it the majority of it?

R.S. Jalan: We are not segregating this EBITDA between the spinning and Home Textile, but in kind of a guidance I can say that both the businesses on one side Home Textile has done better in this quarter as compared to earlier quarters and spinning has not done as good as they have done in the same quarter last year. So, overall margins will be around 10% vis-à-vis last year same quarter 10.5% , and 8.6 against last quarter%. This major contribution comes from Home Textile.

Riddhesh Gandhi: Spinning has been hard for everybody over the last year but we are expecting normalization after the new crop. So, are we looking at the aggregate gross margins with regards to spinning and we can only see upside from here?

R.S. Jalan: Yes, you can see the upside from here as well. Like I said, you can see the upside from here. Like I have already given that mix year 2020-2021 you will find a better margin in the spinning and overall also the margins will be better in the textile business.

Riddhesh Gandhi: If I go back at the history of soda ash, the extreme pricing per se, there have been only actually small periods of a few months when there has been disruption where prices have actually reduced. So just wanted to get if hence from is this in line with the small cyclical blip which you see, or could there be a structural issue, which is now leading to this reduction in prices? If you could give some thoughts on that?

R.S. Jalan: You are right, if you look at the last 15 years, you will find that the soda ash prices have never fallen, except one year. So it is not any structural issues. It is a slip for some quarters and after that it will recover.

Riddhesh Gandhi: Got it, because ideally if you look at the overall intensity or capital required for projects, you would not see at these rates incremental actual supply coming on board?

R.S. Jalan: Absolutely, you are 100%. You are bang on, but like I have always been saying that today if you want to setup a plant of half a million tons, you require something around Rs.4000 Crores and for that this kind of a margin will never be sufficient. That is the reason that a lot of volume is not coming into India in the last 10, 15 years. After a long period of time, this new volume, new player has come in.

Riddhesh Gandhi: Just to understand so it is effectively a combination of a slightly economic slowdown with inventory buildup and new supply which has come in, how long would we expect this demand supply mismatch to even out in the next let us say the three to six months?

R.S. Jalan: See, three to six months will be little optimistic, but my understanding is next year by maybe second or third quarter onwards, things will start looking up.

Riddhesh Gandhi: Got it, but we do not expect to see any reduction except for maybe 2% to 3% in terms of pricing which would be offset by RM, the pricing and effectively efficiencies further from here. This would be the bottom margins, which we see?

R.S. Jalan: I think so.

Riddhesh Gandhi: Got it. So, if we look at both soda ash and Textiles as a whole we are pretty much at the low end of the cycle with regards to pricing and margins.

R.S. Jalan: I think so.

Riddhesh Gandhi: Got it. Understood. Thank you so much. That is all from me.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.

Rohit Nagaraj: Thank you for the opportunity. Sir, you have mentioned that you are expecting about 2% to 3% price decline in the quarter and you will be able to neutralize that impact through operational efficiencies, so what is the leverage that we will get in terms of those operational efficiencies?

R.S. Jalan: See operational efficiencies is the raw material cost, better efficiency, better control on the cost. These are the only way you can do it.

Rohit Nagaraj: Effectively, you mean to say that EBITDA margin per ton would not get impacted? Is that a right understanding?

R.S. Jalan: EBITDA margin in terms of the percentage should be in the same range bound.

Rohit Nagaraj: Sir, another question on the Brownfield expansion, so currently we are undergoing 50000 metric tons and we had plans of doing 50000 tons in FY2021. So, given the current scenario of oversupply situation, are there any plans to probably postpone the second phase of 50000 tons which was expected to come in FY2021?

R.S. Jalan: Not at all, because please understand the incremental cost per ton of this volume will be much smaller and it is always in the advantage that in terms of if you look at the absolute bottomline, this will really help us.

Rohit Nagaraj: Sir, just your understanding of different global markets such as China, Europe, US, what is intuition, out there and what you expect from those markets? Thank you.

R.S. Jalan: Like I said, global markets Turkey is on full production now and US is also on the peak of the volume. Overall, the capacity is kind of a slightly slowed down, but my understanding is now in view of this China-US settlement taking place, the recovery should be seen. So, going forward my understanding is things will be better.

Rohit Nagaraj: Thank you so much Sir.

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

Dhaval Shah: Thank you for the opportunity. I have a few questions. Sir, firstly, if I look at your production volume and the price degrowth, so if I compare it with your closest competitor, listed competitor, so I mean, they have not seen such pricing pressure for the first half, what you are witnessing, so just wanted to understand your segmental industry mix out of this nine months production volume, how much it goes to the auto, detergent, container glass, if you can share?

R.S. Jalan: Let me tell you, of course we have not comprised our pricing with the competition and we do not know whether these is any gap is there or not, but you know the commodity cycle my understanding is that the price gap that cannot happen because ultimately the same commodity is sold to the same customers and the same segment, be it the glass, be it the bottle glass or be it any segments.

Dhaval Shah: Yes, but industry mix wise, can you share what is your breakup?

R.S. Jalan: Segment wise, I have a mix at this point of a time, which we can give you on offline all this, but at this point of a time we do not have that number.

Dhaval Shah: Secondly, you have mentioned that there is an increased imports of soda ash for the first nine months. So, from which regions are these imports coming in and at what price it is?

R.S. Jalan: Generally, there are two major countries from where the imports are coming at this point of time, which is one from U.S. and another is Turkey, balance are all scattered, something is coming from Europe, also something is coming from Magadi, or you can say Africa also, but major portion comes from U.S. and Turkey.

Dhaval Shah: So, we have also seen that there is a large imports from U.S., so going forward there will be let us assume that the Gulf presence would remain at the lower level, so what kind of the competitiveness do you see vis-à-vis our competitors in terms of the pricing, I am talking about for the U.S. manufacturers versus you?

R.S. Jalan: See, our sense is that always the domestic players are very competitive vis-à-vis any imports because of the supply chain costs. Overall, if you look at it on delivered basis, I do not see any challenge in the competitiveness of the domestic industry versus the imported materials.

Dhaval Shah: So, the imported material was coming to the Southern market, right?

R.S. Jalan: Yes.

Dhaval Shah: Is this still continuing? Is it feasible to sell in the other parts of the country?

R.S. Jalan: Sure.

Dhaval Shah: Thank you.

Moderator: Thank you. The next question is from the line of Viraj Kataria from SEC Invest Managers. Please go ahead.

Viraj Kacharia: Thanks for the opportunity. Just have three questions; first is on soda ash. If you can just give some colour on what is the inventory in the system in the domestic market? Second question is related to the same is if I look at the supply which is coming next year, both in terms of the remaining capacity of Rohit Surfactants and possibly part of the capacity of Tata Chemicals. It seems the inventory overhang will still continue for additional year and year and half now considering the demand growth that we are expecting. So, how should we look at the overall price trends in the market? That is the second one. Third, if I look at again soda ash for our performance both in terms of value and per ton realizations and profitability per ton, for the last two to three quarters, we have seen a volume growth in an industry overhang scenario, but our per ton profitability has seen a sharp deterioration. Now this is in sharp contrast to the competitors who have been seeing a volume pressure, but the per ton profitability is quite robust for them. So, just trying to understand are we kind of seeing the price as a mechanism to drive the volumes? Is that a way to look at it?

R.S. Jalan: Let me answer you one by one. In terms of the inventory that you said, some inventory has definitely been built up in the industry and that is primarily because of the demand not being there and the oversupplies coming in. How much is that inventory? It should be in the range bound, because I do not have a specific number that of the competition. Hence it is very difficult to speak about that.

Viraj Kacharia: Tentatively. Channel demand is say 3.5 per million ton or how long should be the inventory?

R.S. Jalan: I do not think it is inventory, all put together maybe around 150000 to 200000 ton kind of an inventory, all put together.

Viraj Kacharia: Demand basically?

R.S. Jalan: The total demand for the year is more than 40 lakhs.

Viraj Kacharia: No, what I meant is in terms of incremental demand it is equivalent to what the inventory is?

R.S. Jalan: Yes, you can say around 150000 to 200000 tons.

Viraj Kacharia: How much is the inventory in the system?

R.S. Jalan: It should be in the range of 60000, 70000 tons should be the increase in supply chain. Broadly, you can say something around 125000 tons of inventory each on the higher side. Now your third question was about how do we see 2020-2021? See, if the demand growth takes to around 4% to 5%, we are talking about something around 200000 tons of the extra demand coming in. Against that my estimate is next year Rohit Surfactants will have approximately around 100000 tons of extra volume coming in and balance may be 30000, 40000 tons will be coming in from us and we do not see too much of volume coming in from other competitors. This is what my understanding is. Now what about this 125000 tons of extra inventory, which I said to you. There are two parts which everybody is trying. We are also trying for that to reduce the import and my understanding that some import possibility for next year, a reduction in import is likely to be seen and the second is the export possibility, which also are being explored by us also. My sense is next year this inventory reduction will happen. This is what my sense is, but let us see if the demand, because I do not know, if you look at first four months, the demand growth was almost around 10%, but after this extended monsoon the demand has dropped. If this 4% or 5% demand growth goes to 2% more than whole equation will change.

Viraj Kacharia: My question on volumes versus profitability per ton, if I look at two or three quarters…?

R.S. Jalan: I do not think that question is valid to my understanding is because I personally believe of course, I do not have a competitor number, so I will not be able to comment specifically on that.

Viraj Kacharia: It is just our own numbers. We have seen consistently a volume growth for the last three quarters, but a per ton realization for us in terms of profitability that has been going down, so especially in Q2 and Q3 we have seen…?

R.S. Jalan: I think you are talking about only one specific quarter, one of the specific quarters. If you look at slightly five, six quarters, you will find that the per ton realization has always improved. I think I do not know from where you have got the numbers. I cannot give you the specific numbers obviously because of the competition, but if I can give you a kind of a sense that last year versus this year…

Raman Chopra: Our numbers last year versus this year have got the same number.

R.S. Jalan: If you look at the margin if you look at per ton, is same as it was last year, number one. Number two in terms of the pricing.

Viraj Kacharia: I will take offline. I am just taking the numbers from the press release, I mean the presentation.

R.S. Jalan: Specific numbers will be difficult to give, but I can tell you that my numbers overall if you look at the number of FY2020 versus FY2019, nine months you will find that the margin per ton, is same. I do not know from where you are getting.

Viraj Kacharia: No, I am talking of sequentially the per ton margins just keeps on dropping down for the last two, three quarters. One can look year-on-year but eventually what I was trying to look is sequentially because it is a commodity business?

R.S. Jalan: If I can give you a slightly small feedback on this, if you look at last year FY2019 you will find that quarter-by-quarter my margin has improved. Almost I will say 30% increase or more than 35% increase Q1 versus Q4, 35%, my margin has improved in FY2019. In FY2020 I have always been telling that the prices are under pressure. I just said that around 7% reduction and prior to that approximately around 3% reduction almost the prices have reduced by 10%. Obviously if the price is going down by 10% and that has grown quarter-by-quarter, right? So, because of that definitely this year you have seen the sequential drop in the per margin.

Viraj Kacharia: So the 2% to 3% price cut which you talked about which will happen from January, in terms of per ton profitability should we expect what we did in terms of Q3 or if you see pressure going sequentially?

R.S. Jalan: I do not see any pressure in Q4 vis-à-vis the Q3, but let me clarify the point number one first, as I have been mentioning that FY2019 every quarter, four quarters the margin has improved and from one quarter to the fourth quarter the margin has improved more than 35%. Whether in this year, quarter-on-quarter definitely the margin has dropped and that is primarily because of your prices have gone down. In the last quarter, the price drop is almost around 6%, which I have told in my last call, in the last Q2 call, I have already said that the prices are likely to be fallen to 4% to 5%.

Viraj Kacharia: Just one question, on the MEIS part, what is the change in terms of the duty now for us compared to what it will be and is there any retrospective impact which we would have to take?

R.S. Jalan: We have already taken that because the government has withdrawn this with retrospective effect of MEIS of 4%. This accounting we got the entire benefit.

Viraj Kacharia: So, the 4% completely goes off, right?

R.S. Jalan: Yes, it completely goes away and we have taken an accounting of that. Of course the industry is looking at some legal part of it but as a prudent accounting we have taken a write off one point in this quarter.

Viraj Kacharia: Thank you very much.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: My question is related to the capex part. So, we are just looking to about 50 Crores kind of capex, and I believe primarily we will be spending on this soda ash. So, what is the kind of capacity addition you are looking at every year?

R.S. Jalan: See, if you look at this year, we are talking about around 250 Crores of capex. In that the segment of textile as well as soda ash is there. Out of this 250 Crores, approximately around 150 Crores is on the Brownfield expansion and approximately around 50 Crores we are talking about the Greenfield because as I have been mentioning that we are acquiring the land for the Greenfield project. Against this 155 Crores we are making a Brownfield expansion of around 50000 tons.

Giriraj Daga: So every year 50 Crores for land acquisition, 50 Crores for textile, and about 150 Crores for the 50000 tons?

R.S. Jalan: Not that way. The figure I have given you only for this year. Next year, we will have another 50000 Crores and that could be in the range of around 200 Crores then there will be additional approximately around the Greenfield some additional capex will be required. All put together next year we are talking of around 250 Crores investment into the soda ash business.

Giriraj Daga: How much possibility we have to add more on a Brownfield level?

R.S. Jalan: No, that is going to be the last. Next year whatever the expansions are through after that the Brownfield expansion will be over after that it will be Greenfield only.

Giriraj Daga: The last year you spoke about that 5 lakh tons capex of 3000 Crores, right?

R.S. Jalan: But that will take at least three years and we are looking it as a kind of investment into that so that my debt equity ratio remain not more than 1:1 and it does not come, the complete capex comes on one time to the balance sheet to manage our cash flow in a better way.

Giriraj Daga: Thanks a lot.

Moderator: Thank you. The next question is from the line of Pritesh Chedda from Lucky Investment Managers. Please go ahead.

Pritesh Chedda: Sir, I just wanted to understand until last quarter the thought that the lower energy prices would offset the decline in realization, so just in this quarter has the energy prices, lower energy prices flowed in or it is expected to flow or is there any deviation in the thought process which you mentioned until Q2?

R.S. Jalan: As I mentioned last quarter also energy prices have softened; however, the major benefit or the full benefit of that will happen in 2021. This quarter what we thought that the selling price or the drop in the selling price will be in the range of around 4% to 5% whereas the drop has been slightly sharper than that and that has led around 2% extra, prices have dropped. So, all put together the margin drop is around 2%.

Pritesh Chedda: With another 2% incremental drop in soda ash prices, which you called out in your opening commentary, so there could be a slightly lower margin first and then the energy prices, soft energy prices, will flow into your margins. Is it a fair assessment?

R.S. Jalan: Q4 my understanding is we will be able to maintain the similar margins what we have achieved in this quarter because of two reasons some benefit of energy prices softening will have some benefit in this quarter as well in Q4 plus efficiency will also be better. My sense is we will be able to maintain around 28% margin in Q4 as well.

Pritesh Chedda: It was continuing here. So, can you tell us in the unit EBITDA margin or unit EBITDA for soda ash, how much of energy cost benefit will come?

R.S. Jalan: I do not have a specific number at this point of time. We can always collect that number offline.

Pritesh Chedda: One more question on sodium bicarbonate expansion, what is the status? What is the volume? What will be the benefit of that sodium bicarbonate?

R.S. Jalan: We are not doing any sodium bicarbonate expansion during this year. We have already done last year, but one good thing is that there is a big upsize on the sodium bicarbonate could be seen next year because as I have been mentioning sodium bicarbonate first time has been used by the NTPC to control the glue gas and that could require a huge amount of sodium bicarbonate going forward and that will give a different outlook on the sodium bicarbonate going forward. Just a few months back they have taken some small volumes for the trial and they are in the process, and they have already got a bidding of around 3000 volume they have got. If that number could be seen, then probably next year there could be around 50000 to 60000 tons of extra demand may come against the total production will be around 200000 tons approximately overall put together may be 250000 tons we are talking of almost 20% growth in the sodium bicarbonate will happen next year.

Pritesh Chedda: Sir what is our capacity?

R.S. Jalan: We are roughly around 60000 tons production we can do.

Pritesh Chedda: Are you utilizing it fully?

R.S. Jalan: Yes, at this point of a time, we are utilizing fully, but my understanding that if the demand growth picks up the firmers in the sodium bicarbonate prices could be seen next year.

Pritesh Chedda: What is the incremental EBITDA there, so if soda ash we do Rs.6 to Rs.7 a kg what is sodium bicarbonate?

R.S. Jalan: It will be slightly better than the soda ash because you only consume two-thirds of soda ash and we are marginally almost at the same level of soda ash.

Pritesh Chedda: It will be about Rs.10, Rs.11 a kg?

R.S. Jalan: Probably yes.

Pritesh Chedda: Thank you Sir.

Moderator: Thank you. The next question is from the line of Sagar Shah from Arsaline Wealth advisors. Please go ahead.

Sagar Shah: Good evening. Actually my first question was regarding to our demand, what you have stated our domestic demand for soda ash is basically 4 million tons, right?

R.S. Jalan: Approximately yes.

Sagar Shah: So, according to your investor presentation we are producing around 3.6 million tons and basically, I think around maybe I think 20% odd we would be exporting also. So, how I wanted to assess the situation, how would oversupply has come actually and secondly also capacity addition, you already told, actually it is not so much coming in next year around 70000 tons or so, and we have a 5% demand increase every year, CAGR so you will be quietly something like would be able to absorb actually in the industry according to you, but I wanted to assess the situation how the oversupply situation actually is there based on your matrix itself?

R.S. Jalan: If you look at the overall you will find that out of the total demand of India approximately around 23% to 25% is being met by the import. Balance 75% is only being met by the domestic players. So, this year because of this new entrant of soda ash producer there is a slightly oversupply situation which to my understanding as I explained may get neutralized next year.

Sagar Shah: Basically the imports are coming from Turkey, right?

R.S. Jalan: Turkey and U.S., major portion

Sagar Shah: So, is there any import duty for the same currently?

R.S. Jalan: Not anti-dumping duty. This is normal duty.

Sagar Shah: No anti-dumping duty is being there?

R.S. Jalan: No, there is no anti-dumping duty.

Sagar Shah: That is why the imports are being hurt, maybe because of that? So for this situation, are we are looking for opportunities outside India?

R.S. Jalan: No, as I said, the markets which are closer to India like Bangladesh or Sri Lanka or Nepal, these are the markets surely we are looking at and we have plans to export some volume.

Sagar Shah: So basically from FY2021, the outlook looks stable as far as the soda ash realization is concerned for GHCL, correct?

R.S. Jalan: I think so, yes.

Sagar Shah: So, it would be better in FY2020 as far as the soda ash is concerned, if my assessment is right?

R.S. Jalan: Year as a whole, I do not know, but yes, it is Q3 versus next year it is slightly better.

Sagar Shah: You would probably have a 5% increase in the demand for soda ash, as compared to FY2020?

R.S. Jalan: I think so, 4% to 5% should be.

Sagar Shah: In respect of extra edge basically how is the REKOOP being doing actually especially in U.S.?

R.S. Jalan: We have successfully been able to introduce the REKOOP with a co-branding in one of the major retailers in U.K., and this has just happened a few days back. So, we are very hopeful that we get a good demand coming in from the consumers and once that success happens then probably it will be a good chance of getting placed in U.S., some retail in the U.S. as well. So, we have quite a big hope from this client.

Sagar Shah: Currently, we are not having any revenue from REKOOP, right?

R.S. Jalan: Currently, we do not. We have just started getting the revenue out of this REKOOP by placing this into one of the retailers into the U.K. market.

Sagar Shah: One more thing Sir again on the soda ash front, you said, we would see a further correction of 2% to 3% on the soda ash prices, so, based on your experience till this price correction of this commodity chemical of this soda ash would continue even in FY2021 or will we see some stabilization?

R.S. Jalan: Again in this market, my sense at this point of a time, at least 3% should be in this range; however, in the current context, so much volatility is there, is very hard to predict anything.

Sagar Shah: But if the current rate picks up as it is projected in after the first half of FY2021, so after that maybe some stabilization can we see?

R.S. Jalan: Yes surely, we should.

Sagar Shah: Thank you.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good evening Sir. Thanks for taking my question. One question is in the context of the textile business, which as previous participant was mentioning that the idea was to eventually either a demerge or do something about that business, so in that context we have this appointment of one of the promoter directors as ED, so what should we read about that? What are the plans there because we were also seeing that incrementally most of our capital allocation would be towards soda ash? So, how should we read that?

R.S. Jalan: I do not think we should read too much on that. Our commitment as a management remains the same way, but capital allocation will always be on the chemical side and till the textile business performs on the expected lines which I have always articulated in my past discussions, we are not seeing any major capital allocation to the textile business. The promoter director, which you said he was already there in the textile business. We have just reallocated him from our U.S., business to this business. There is no extra cost to the company because of this.

Sarvesh Gupta: So, basically no change or plan of change in terms of the overall management and the direction of the company as such?

R.S. Jalan: Absolutely no. It is run by the professionals and it will continue to be run by the professionals.

Sarvesh Gupta: That is good to know. The other thing is overall the idea for this year in terms of soda ash business, was that we would be able to sell the entire incremental capacity that we have built in Q4 of last year which is around 5% or 6% of volume growth, or correct me if I am wrong plus we would be able to maintain the same EBITDA level per ton.

R.S. Jalan: If you are talking about 2021 I would say that I have articulated that we believe that yes we will be in a position to sell the entire volume but what about the inventory; small built up has happened that probably will have faced either by replacing the import or some volumes will be going for the export. All put together my total belief is next year we will be in a position to come back to the normal inventory.

Sarvesh Gupta: You were also mentioning that you had visited some conferences outside of India and the prevailing view was that the firmness of soda ash pricing should be there globally and now given this slowdown and the changes in this quarter does that change in any way or how do you look at it?

R.S. Jalan: See, the global view, which I have said was that the prices should be firm. Quarter-by-quarter some kind of flip has happened, but the long-term view is still maintained.

Moderator: Thank you. The next question is from the line of Yogansh Jeswani from Mittal Investment. Please go ahead.

Yogansh Jeswani: Thanks for the opportunity. Just a bookkeeping question if I see your other expenses, year-on-year there has been a decline both on quarterly terms and for the nine months basis. So, can you throw some light on that please?

Raman Chopra: Yes, this is mainly because of there are certain job work which we used to get done in our textile business since we have removed some of the customers, which were not steady to us, we have reduced that activity and therefore those were appearing in the other expenses because there was reduction in that activity, that is why the expenses have come down.

Yogansh Jeswani: Sir, in response to a previous participant's you mentioned about employee cost being down. I missed out on your comments on that? Can you please help me if you can with that one Sir?

R.S. Jalan: That again depends on the activity what kind of volumes you are achieving and what kind of activities are there and there were some excess provisions earlier that has also not been there, so overall this cost has come down.

Yogansh Jeswani: Going forward 40%, 45% kind of run rate can be maintained?

R.S. Jalan: Yes.

Yogansh Jeswani: Sir, a couple of days back, there was a promoter share that got invoked around 400000 shares and that event was triggered. So can you throw some more light on what exactly happened and we see some more shares pledged. So, just can you throw some light on this whole event?

R.S. Jalan: The promoter has a company called Golden Tobacco. They were holding around approximately 400000 shares, which for their business need base they took some loans and under that got triggered. However, the balance shares of the promoters are completely free from any pledge and I do not see any area of concern because of any pledge.

Yogansh Jeswani: So basically the reason I am asking this is we already have a very low promoter holding of around 18.5% and after such low holding if event like this happens it just looks bad for the overall company perspective.

R.S. Jalan: I understand your concern, but please understand one thing that as a management we have hardly control on that, number one. Number two, as we have mentioned to you that the GTC or the Golden Tobacco, which has an operating challenges and they had some requirement of the resources and they did it, but balance all shares are free from any encumbrance and we do not see any concern on those shares.

Yogansh Jeswani: Sir, secondly on your textile division, the MEIS impact that we saw of 10 Crores, what are your thoughts around the other policy that is coming up, RoSCTL. So do we expect that the MEIS benefit will get replaced and we should not see much of an impact on the margins or do we anticipate that some bit of margin is going to go away because of this? And is this 10 Crores the impact for the whole year or do we still have some more to come up in the Q4?

R.S. Jalan: We have taken the entire provision of the retrospective withdrawal of this benefit by the government. We have taken entirely out of the system. So, there is no backlog which is pending to be booked into the Q4. To your first question that as I said that definitely I do not see a major hope that this benefit will get resolved and therefore some margin drop may happen for the industry because of this withdrawal of this export incentives.

Yogansh Jeswani: Any percentages around that Sir, your expectation?

R.S. Jalan: See, very difficult. Everybody has a different mix. For us as I mentioned because the ceiling will be doing better than this year and next year, and overall Home Textile will also be showing a sign of recovery, which you are seeing quarter-by-quarter things are improving. My sense is that next year in 2020-2021 my overall textile should see a margin growth of around 1% to 2%. We are not effecting this because into our business.

Yogansh Jeswani: Sir lastly now that we have announced a buyback, do we still plan to continue with a dividend payout that we had in say previously of say around Rs.5, Rs.6? Do we still intend to do that as well going forward?

R.S. Jalan: This is a prerogative of the board to decide. It is very difficult for me to say something, but as per my understanding there is no reason that we should say that we will not be rewarding our shareholders. We are always working towards the creation of value for our stakeholders and surely we will definitely recommend to the board for continuing the same dividend what we have declared as per the dividend policy. This has nothing to do with the buyback. Buyback is separate and the dividend policy is separate.

Yogansh Jeswani: Great. That is it from my side. Best of luck Sir. Thank you.

Moderator: Thank you. The next question is from the line of Ayush Mital from MAPL Value Investing Fund. Please go ahead.

Ayush Mital: Sir, most of the questions have been answered. I must appreciate the management for maintaining the margins in a range despite the price drop. Can I get some more understanding on this pricing discussion that we are having. When we look at international prices, we see that the drop has been much sharper than what we have seen in India like international prices have fallen maybe 15% or so, while you are saying that 2% to 3% further cut may happen. Can the situation get further weak for the industry?

R.S. Jalan: As I said, if you look at the year as a whole, this year if I take another 1% or 2% drop or maybe 2% to 3% drop.

Ayush Mital: My question is can the drop be more because the international drop has been higher? The international price has dropped I think 15% to 20% is that right?

R.S. Jalan: Not really. My understanding is around 10% to 12%. Of course, these numbers keep on fluctuating, but my understanding is I personally believe, of course anything can happen, but my understanding is I do not see any much sharper reduction. If you look at my last call, I said the price reduction maybe in the range of around 4% to 5%, whereas the price has dropped by around 6%. So, 1% or 2% higher than what I anticipated. This quarter my understanding is this 2%, 3% could be 1% plus or 2.1% down, that should not be more than that, but anything can happen, we do not know.

Ayush Mital: Thank you.

Moderator: Thank you. The next question is from the line of Sidharth Mohta from Principal India. Please go ahead.

Sidharth Mohta: Good evening. Sir with the sodium bicarbonate segment you have mentioned that large opportunity can come from NTPC. So how are we planning to address this opportunity in the sense are we planning to convert some of our soda ash capacity into sodium bicarbonate?

R.S. Jalan: Definitely we are looking at the possibility of enhancing the sodium bicarbonate volume and probably all other possibilities are being seen of how can we increase the capacity of this. That may take a little time. I do not think it can happen in a few months, maybe end of the year of 2020-2021 something can be seen, but possibility definitely we are trying, we are looking at it.

Sidharth Mohta: Sir, how large this opportunity it can be, might be after two years or three years down the line?

R.S. Jalan: It is a huge opportunity, but I can only give you a sense that today there is no uses of the sodium bicarbonate for flue gas. The first NTPC is doing it and if the way the environmental focus is there with the entire globe and also in India I would not say far off where we can say that a lot of people have to use to control the environment they have to use some means and sodium bicarbonate is one of them and probably this can definitely create a big opportunity for us and for the entire industry of soda ash.

Sidharth Mohta: Globally, whether the sodium bicarbonate is being used to negate this flue gas?

R.S. Jalan: Yes it is in a big way.

Sidharth Mohta: So it is more of a tried and tested method globally?

R.S. Jalan: Yes.

Sidharth Mohta: Best wishes to you. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

R.S. Jalan: Thank you everyone who has participated and asked us the questions because your questions definitely makes us to learn more and to work towards betterment of creating a value for the stakeholders. We are committed for this business to do our best to make sure that we do all things possible to continue to have our journey and that is the one because of your thoughts and because of your engagement with us, we have been growing in this business, if you look at the last five years, we have been able to deliver 25% CAGR growth on the bottomline and I think with all contribution from you people as well, makes us be proud of being a part of the GHCL team. Thank you very much everyone. Good evening to all of you.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.