"Piramal Glass Limited Results Q3FY'13 Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Piramal Glass Limited Q3FY'13 Conference Call. As a reminder for the duration of the conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you need assistance during the conference call please signal an operator by pressing '*' followed by '0' on your touchtone phone. At this time I would like to hand the conference over to Mr. Srinivas Chunduru. Thank you and over to you, Sir.

Srinivas Chunduru: Thank you so much. Good evening to all of you. I am Srinivas Chunduru over here. We have Mr. Vijay Shah – Director of Piramal Glass and Sandeep Arora – CFO, Piramal Glass on this call to share their parts and results and also answer any of your queries. I will first hand over to Mr. Vijay Shah – Director, Piramal Glass for him to share the market scenario and the competition scenario before we go to the specific results of Q3.

Vijay Shah: Good afternoon participants, and welcome to this conference call. So I will first take you through the market scenario. The cosmetic and perfumery market, the premium market which is more in the West continues to be sluggish, as we mentioned in the last quarter with very few new launches. People adding a lot more flankers and are not launching new products. Actually the market is supported by some growth coming Latin America and the Asian markets. The supply of glass industry primarily from Europe is laden with excess capacity and almost all the players have shut some part of the capacity. The competition is quite severe and there is some price competition too, to gain share in the market. On the other hand in the mass market things are more stable. The growth has been impacted to some extent because of US sanctions on countries like Syria, Yemen, Sudan, etc. That has impacted both the mass nail polish and perfumery market in these countries. Among all the global markets, LATAM still continues to grow strong and to some extent Asia. Another signal of our business, especially food and beverages which we cater to primarily from Sri Lanka and to some extent from US, as also we had intended to cater to this business from India from the new capacity created because as you know when we create capacity we begin, it is a step increase and initially we saw markets other than the intended market, that is the new capacity created was for the mass market, but as we grow deeper into that market initially you have to depend on some other segments to fall back upon because glass industry is 24/7 and you have to draw full capacity. So, we had intended to service the food and beverage industry in India, for the new capacity created in 160 TPD.

So I need to share with you some perspective on the Indian market, which normally we would not discuss. The Indian glass container industry has added 25% capacity this year and because of that and sluggish demand from the liquor segment of the market in India there has been a blood bath in India, lots of players who are out of business, smaller players and the leading players also have cut production significantly. As I mentioned, this is not the market we cater to directly. It only because of the increased capacity we were addressing this market. However, the price pressure is tremendous and unlike the past time when we added capacity and depended on this market to act as a filler this time it is not hitting us very badly because of the product mix and the price realization from this business. So, this is the external market scenario and in terms of our business we have grown by 15%, however our margins this quarter have been under pressure partly because of the new capacity of 160 TBD. I am happy to say that in this furnace, the production, our initial teething issues are over and the productivity of the furnace or efficiency of the furnace this month has reached to the expected levels of 84 to 85% and in the last quarter was around an average of 82%, so the initial teething trouble and stabilization issues are behind us. On the other hand as I mentioned earlier, what plagued this furnace is mainly the product mix, so we are not catering to the market that we would like to cater to, as we try and get growth in the mass segment of the market. Separately, there was an unprecedented technical issue in one our furnaces, which is our amber furnace which is 255 tonnes per day. We had a problem of bubbles which is a normal rejection for our bottles and ranges anywhere between 3% to 10% on our product lines. However, this bubble problem was unprecedented and impacted some of the lines from 30% to 90% rejections. This lasted right through the quarter with efforts from the furnace designers Hon from Germany and a lot of trial and error from the batch composition on temperature and other things. Finally we brought the problem under control and we are back to normalcy on this furnace. So this had an impact on the profit for this quarter. Our premium growth story is intact particularly from India to Europe, to some extent in US, the perfumery business is not growing, it is stagnant, and from India we continue grow in the premium business. So this is the broad overview in the market and the operations, and I will hand over to Srini to take you through the presentation and later on we will answer the questions that you have. Thank you.

Srinivas Chunduru: Thank you Mr. Shah. The presentation has been e-mailed to all you are also loaded on the website. I am on Slide #4, which gives the split of the sales across all the three locations and India continues to have 50% plus percentage of our sales and it is 57% of our sales. US contributes to about 29% of sales and Sri Lanka 14% of our sales. I am now moving on Slide #6, which gives the details of the profit and loss account for the quarter. As Mr. Shah said, sales in terms of value grew by 15%, however as you observe the operating EBITDA is at 19.1% compared to 23.2% that we had last year and this 400 bps contraction in margin is mainly on account of the technical issue of formation of bubbles which are gaseous products on the surface of the bottle and because of that the rejections were high for a particular line of production. So, probably two thirds of this 400 bps contraction is on account of the 255 TPD bubbles issue, which we faced in the last quarter. 160 TPD, the product mix is still subdued and though the performance has improved in terms of efficiency compared to the previous quarters, still it is loss making and that is mainly because of the product mix that we talked about. So the balance of one third of the contraction in the margin is on account of 160 TPD new furnace that we have. As an update compared to 50 plus percentage of efficiency we had in the first two quarters for the new furnace, the current efficiency is around 85. Last quarter the average was about 82%, so the initial teething trouble that we had in terms of stabilizing the furnace probably is behind us and productivity wise it is improving. With the increase in the depreciation by almost about 5 crores and increase in interest by about 5 crores and contracting of EBITDA, overall it had an impact on PAT, and PAT is at 9 crores compare to 22.9 crores in the last quarter same year. Also we will have to factor that last year we had some gains on account of mark to market and FOREX gains. This year we have a loss, so the net of all these things, the PAT stands at about 9 crores as compared to 22.9 crores of last financial year.

I will now move on to Slide #7, sales grew by about 21% on a YTD basis. As you observe the EBITDA margin has come down from 24.3% to 20% which is contraction of 430 bps. One fourth of that is explained by this technical issue that we faced on bubbles, the balance is on account of new furnace, both productivity and product mix on an YTD basis. As you would recall we had productivity issues on this furnace in the first 2 quarters and currently we continue to have the product mix issue. So 24.3% to 20% is explained broadly by the new furnace and the 255 tonnes where we had a technical issue in this quarter. I will move on to Slide #8 where certain key ratios have been mentioned. Because of falling EBITDA that we had ROC 11.26 and asset turnover remaining same, ROCE is subdued and is about 9.6% on an annualized basis and ROE is 9%, net debt to EBITDA, we have netted off the cash that is available, has marginally gone up from 2.7 that we had in the last financial year to 2.9. Annualized EPSs of the three quarters is about Rs 2.7 compared to 11.85 of the last financial year.

I will now move to Slide #10, which is a little more specific to the segments that we operate in. Cosmetics and perfumery which is what the strategy of the company is and focus area is, is about 52% of overall sales and the growth has been about 17% on value terms. Pharma contributes to 25% of the sales, grew by 30%, Speciality Food and Beverage is 23% of our overall sales growing by 18%, When we look at Pharma, the growth apparently looks higher, that is mainly because you would recall that last financial year, we had a realigning of the pharmaceutical furnace, the large furnace 230 tonnes, which got converted into 255, so capacity was not available for almost 75 days in the last financial year. This year we have got full capacity, so the growth is mainly on account of availability of the capacity of Pharma. Speciality Food and Beverage as Mr. Shah has mentioned, in Indian markets as a stop gap arrangement and as a filler capacity we are catering to this market, so some of that growth is on account of using some of the new facilities for making Speciality Food and Beverage.

I will now move on to Slide #11, Cosmetics and Perfumery reaches 52% of our sales over a period of about 7 years it has shown a 30% CAGR and pharmaceutical has shown a 10% CAGR over the same period, and 27% CAGR Speciality Food and Beverage has shown. So this Slide is to emphasize on the continued focus on Cosmetics and Perfumery that the company has.

I will now move on to Slide #13, Bottom part of the Slide 13, in the quarter overall cosmetic and perfumery grew by 19%, mainly mass grew by 32% and premium grew by 6%. On an YTD basis, the Cosmetics and Perfumery segment grew by 17%, premium grew by 14% and mass of 21%. These are consolidated numbers, so if you split that into two parts, what is the growth from India and what is overall growth. From India the growth has been 30% in Q3 and

21% in YTD. So, the growth is substantially higher compared to an average growth, and the growth is subdued on account of the US markets.

I now will move on to Slide #15, in this specific quarter we had a 5% growth on sales, YTD basis is 30% as I have already mentioned that this growth in pharmaceutical of 30% is on account of availability of full capacity, which we did not have last year, same period. So in Q3 if you look at it, we had a loss of sales of about 18 crores on account of the bubbles that we have mentioned. There was a profit impact as well as a sales impact. If that 18 crores sales was there, this number would have looked at early double digits, or early teen number compared to 5% what is being looked at.

I will now move on to Slide #17, Slide #17 is on Speciality Food and Beverage, on an YTD basis the growth is 18%, on a Q3 basis the growth is 16%. The growth is also on account of the fact that currently we are also catering from India which is not a long term plan, but as a filler capacity we are catering to this segment so part of the growth is also on account of the new furnace capacity being diverted to the liquor segment. So with this we are open for questions. Again I repeat we have Mr. Shah, Director of Piramal Glass, and Sandeep Arora, CFO, of Piramal Glass on this call. So we are open for questions please.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line Neha Manohar from Kotak Bank. Please go ahead.

Neha Manohar: Sir, I just had one question, any new brands added and new customers added?

Vijay Shah: We, in the premium segment, we keep adding brands more than customers, because as we have been telling in the earlier calls, we have got most of the customers in Europe, the leading customers are dealing with us. So one is for brands, we do not want to discuss until they are commercialized, because they are well known brands. I can name a couple of companies, like Bogart, who do new launches with us so several on that. Company where we are developing or developed close to commercialization of a couple of products. The market is kind of stagnant in perfumery at the moment and if you see any growth in the numbers, it is primarily because of addition of new products.

Neha Manohar: So, on the numbers, okay if you do not disclose the names like how many brands or how many customers, do you have a specific number?

Vijay Shah: If you see our growth numbers in premium segment, they primarily because of the new additions or brands because the market is such at that the moment that the existing brands are not growing. They are stable. If you see the growth, the growth is mainly because of new brands added to our portfolio.

Neha Manohar: Okay, and what is the CAPEX guidance for the next year?

Vijay Shah: We are not getting into next year yet. But there are no expansions, there is no major CAPEX. There may be a small relining's.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from Systematix. Please go ahead.

Rahul Agarwal: My first question is for nine months on console basis, almost all our costs have grown higher than our revenue including our employee expenses. So, what has led to such a sharp growth in employee expenses, both in India as well as abroad?

Vijay Shah: Mainly the employee expenses normally grow between 12 to 15% on the base. If it is more than that, it reflects the addition of capacity. The new furnace that was added, was 160 TPD, and I am saying 12 to 15% on an Indian employee cost, you see international cost looking larger than then it may be the dollar conversions, because in US we do not give any increases.

Rahul Agarwal: But, if I subtract the stand alone from consolidated, I still see that there is 22% growth in Sri Lanka and US employee cost.

Vijay Shah: It may be translation of dollar to rupee. Sri Lanka may have a similar inflationary cost just like India. Because there also it ranges between 12 and 15%. US has no cost increase, if at all there is an increase it will be dollar to rupee conversion, may be.

Rahul Agarwal: Sir, my second question is on your past financial, if you would like to take it. In FY12 on a consolidated cash flow statement there was some translation loss of cash, close to 75 crores, I was trying to understand, but could not get much on that. So if you can explain what led to that?

Vijay Shah: Rahul, this you can take up offline and we will explain this to your satisfaction. Sandeep and Srini can talk to you offline and then explain this.

Rahul Agarwal: Okay, and what is the average realization you are getting from the 160 TPD furnace?

Vijay Shah:21:20 Average realization is very difficult in tonnage terms, there are different segments of the market, so we do not, unlike liquor and food business, where they discuss average realization, in our business we don't look at it per ton, but I can share with you the fact that in liquor and food the prices are falling because of very, very severe competition. So we are not getting the realization that we wanted from this.

Rahul Agarwal: What is the revenue you have earned from the 160 TPD furnace in the last 3 quarters?

Vijay Shah: I think it is 53 to 55 crores.

Rahul Agarwal: For the nine months?

Vijay Shah: Around 40 crores.

Rahul Agarwal: 40 crores for nine months.

Vijay Shah: I want to just remind you that this furnace initially for the first two quarters had severe teething troubles and productivity losses, so it is only this quarter that it is slightly on track and then efficiency has just reached expected levels recently.

Moderator: Thank you. The next question is from the line of Prashant Kutty from Emkay Global. Please go ahead.

Prashant Kutty: Firstly, when do we expect this new capacity to achieve optimal product mix, because we have been seeing that for the past nine months, the product mix continues to be sub optimal, that has been impacting the margins a lot, so when do we expect that to improve?

Vijay Shah: Yes Prashant, on the new furnace, there are two issues, one is, the product mix and the other is teething trouble and productivity. So the first part, which was plaguing on the first couple of quarters, so that is kind of behind us. But product mix, we have to get more mass perfume business which we are growing quite well, so it will be a linear growth in that, not only that, we kept away a couple of lines to address the premium liquor market, so within the liquor business also there is a premium segment where people expect very good quality clear bottles, so there are certain brands in India which require that. So that was also part of our product mix as planned. However, what has happened is that the blood bath in the overall market in the liquor in India, because of which even the price variation on this product mix has come down significantly. So, what should have been our optimum product mix or what we are catering to low end market and the price variations under pressure, so I would say that we would be clawing back into the market that we want to be in during the course of the next year.

Prashant Kutty: The second question is with regards to competition. A player like HSR does Speciality Glass, and is also into cosmetic glasses as well. How would that affect our calculations or probably the dynamics of our business?

Vijay Shah: I don't want to discuss competitors directly, both H&G and HSIL, I am a bit surprised in the statement do mention cosmetic glass, but I do not know of any cosmetic glass being manufactured by HSIL and in H&G also there are certain lines manufacturing only nail polish bottles, which are meant for the very, very low priced mass market, what we call the "local Delhi markets t". So we have not seen any competition to us in the perfumery market out of India that is emerging as a new competition, in fact one or two small odd players like Pragati Glass and all that in fact are downing shutters.

Prashant Kutty: Regarding the premium business, the premium segment market, in this quarter we have seen the number of India being fairly good, it is about 20% odd, what is actually happening in the international market because we have been seeing the overall US and Europe market we have been talking about as the market being a bit weak, when do we expect this scenario to improve, what is the situation over there.

Vijay Shah: US and Europe, as I mentioned last call also, I had just been to a fair there, both the Western markets are undergoing recessionary trends exactly like what it was 2 years back. You see growth in the numbers from India consistently quarter-over-quarter is because India addresses the Europe market, so there the premium growth engines from India to address the Europe market, on the US market, we have been stagnant more because of the customer base which is there in the US, they are not growing. If you look at it historically also, US growth in premium, C&P has always been very low; it is India which has been leading the growth. So India, quarter-over-quarter the number is different, it has been significantly larger in the past, so it is 30% Q3 and 21% YTD from India. When I say from India, I am referring to from India to Europe. So our growth story and our confidence in premium remain intact.

Prashant Kutty: So could we know what the current global market share right now?

Vijay Shah: We were around 5%, which would be around 6% that is a small growth.

Prashant Kutty: Because in the last quarter we were also at 6%, so we maintain that.

Vijay Shah: I have not done a calculation, because market share should be in the context of the current demand and as I said, the markets are showing recessionary trends currently, so in the light of that overall market of a couple of billions, which is 2.1 is the overall market, but the premium market is almost 1.7 billion, so in that we would not have made a big difference in market share.

Prashant Kutty: Coming to the mass segment, we have seen a strong growth in this particular quarter, it is about 32% growth, you said LATAM and probably part of Asia was the reason.

Vijay Shah: No, no. That time when I was discussing in the opening remarks, I was discussing markets. That LATAM is strong and Asia is strong. For us, when we say growth in mass market it is more to with Asia, that means the Middle East and other markets. So, as our production stabilizes on 150 TPD, we could also offer more products to the mass market which are of the relevant quality. So when the production was not stabilizing, we also had issues with the quality of a perfume model that we made. As it stabilizes we started getting share in the mass market that is what is showing in the numbers. By the way that also includes nail polish.

Prashant Kutty: Is there any change in our revenue guidance for the full year, especially post this technical issue which you stated?

Vijay Shah: This quarter the number was impacted by 18 crores, on Amber production and corresponding in the sales, to that extent it will be lower for sure. But that is already reflected in our numbers for this quarter.

Prashant Kutty: What will be the guidance for the next year?

Vijay Shah: Next year, we will be discussing maybe by the next call, so in the fourth quarter the Amber sales I assume would be higher by this 18 crores. There is a Pharma business.

Moderator Thank you. The next question is from the line of Pankaj Bobade from Axis Direct. Please go ahead.

Pankaj Bobade: There has been a change of around 12 crores QoQ on the interest paid. Has the debt level increased so drastically in this quarter or what is the reason for that, what is the current debt level and cash amount?

Sandeep Arora The interest has two components. There is a base interest that you pay out and the other one is just a mark-to-market. So the base interest almost remains the same except a crore here and there.

Pankaj Bobade What was the amount for this quarter?

Sandeep Arora: 25 crores or so. What you see is 28 crores, right?

Pankaj Bobade: 28.9 crores.

Sandeep Arora: That is because of the mark-to-market on the loans that we have. Last time there was a gain in that segment. And that is why the interest that you see in the last quarter was lower. Last quarter was 23.9 crores as I told you it was about a crore less on the normal interest and the mark-to-market was a gain of 7.3 crores or so. That brings down to 216 or something.

Pankaj Bobade: Approximately you are paying 25 crores every quarter on an average?

Sandeep Arora: 24 crores.

Pankaj Bobade: 24 to 25 crores, so you will be paying around 100 crores on our debt, right?

Sandeep Arora: Yes.

Pankaj Bobade: What is the total debt that we have and the rate of interest?

Sandeep Arora: Rate of interest currently on a global basis about 8.5% to 8.8% or something and the debt is about 1290.

Pankaj Bobade What is the cash amount?

Vijay Shah: We will come back to you with this number.

Pankaj Bobade	Just one more question, as you said these are hit by 18 crores of loss in this amber colored Pharma Bottle segment. So has the problem been sorted out completely?
Vijay Shah:	Yeah, it has been. There is some slightly higher bubble out in one out of eight lines and they told us to restrain the draw. So it is a 255 tonnes furnace. Normally, we are allowed 10-15% overdrawing. So for the short-term they told us to restrain the draw around 260 tonnes which could go up to I mean (Inaudible) 270 tonnes earlier. So to a slight extent the short-term will be impacted on holding back the draw and slightly higher bubble on one of the lines. But watching the genuine numbers, other than that we are quite under control.
Pankaj Bobade	No, what I mean to say is that in this quarter we have shown some 30% growth in our Pharma Glass…
Vijay Shah:	The 30% growth is because last year during August-September-October, earlier quarter, we had a relining in the furnace last year. That is why it is showing significant growth.
Srinivas Chunduru:	That is on YTD basis, it is 5% only (
Pankaj Bobade:	So if this 18 crores of business will be coming next quarter, I mean, Q4…?
Vijay Shah:	Let me answer differently. 95 would have been 105 and 112 over a base of 95. The growth would be say close to 30% which is what is showing in the last YTD also.
Pankaj Bobade:	In Q4, are we expected to be on 95 level or 110-115 level?
Vijay Shah:	I think more on the higher level.
Srinivas Chunduru:	And the cash is 45 crores.
Moderator	Thank you. We have a follow-on question from the line of Prashant Kutty from Emkay Global. Please go ahead.
Prashant Kutty:	Could I just have the numbers of the Sri Lankan subsidiary for the quarter?
Vijay Shah:	What do you want, sales and EBITDA?
Prashant Kutty:	Yeah.
Vijay Shah:	Can we mail it to you? I can only tell you that it is more or less on track.
Moderator:	Thank you. The next question is from the line of Rahul Agarwal from Systematix. Please go ahead.

Rahul Agarwal: A question on our gas cost and whether we have been able to take on any price increase in exports, be it during the quarter or for future?

Vijay Shah:37:59 Gas prices, I think the numbers that you see, I recall in April we had a spade of increase in gas prices. After that, we buy gas from three sources – Gujarat Gas, GSPC and GAIL. From January, there is one more increase of 10% by GSPC. Other than that average energy rate we are paying today is $12-13 with APM I think. Without APM gas that we are getting is $15.5 today.

Rahul Agarwal: And have we been able to pass on part of this cost increase to ……

Vijay Shah: Let me explain, since the beginning of the year we have had our price increase in Sri Lanka, we have been able to effectively pass on the cost increase in the local market. Out of India, there is something called within Pharma, Type-I Glass where we have taken a price increase of 10% during the course of the year. However, in the balance, Amber Glass because of the local competition and excess capacity this year there has been no increase. In Cosmetics and Perfumery market too, this year we have not taken any price increase in the market both exports and local markets . On the exports we hope that as we get into the next year at the new exchange rate we are currently locked in because of our forward cover close to Rs. 49 we will gain on exchange rate to forward for some of our costs.

Rahul Agarwal: But I think we our cover was till December only?

Vijay Shah: No, it was till March.

Moderator Thank you. We have a follow on question from the line of Pankaj Bobade from Axis Direct. Please go ahead.

Pankaj Bobade: One question, as you said, we have locked in our currency rate till March. Going forward, for FY'14, will there be any renegotiation in the prices in dollar terms due to change in currency rate or will we be able to gain from the change in currency rate for FY'14 or FY'15?

Vijay Shah: International buyers do not normally negotiate because of the currency rate change in India. But if there is an across the globe cost increase then we can negotiate the price increase because the other people are also taking. We will be benefiting definitely from April onwards because currently we are pegged at Rs. 49 to a Dollar, so whatever maybe the predicted dollar rate next year we would gain from that. In terms of forward cover, as a policy what we have decided is that we would not cover more than 50% of our net exposure at any point of time in the future and we had also pegged this exposure at Rs. 59-60 so we have got some cover for the next year in the later part of the year that means Q3 and Q4 which is around Rs.59-60.

Pankaj Bobade: Come again, I did not get the last point. You have covered for Q3 and Q4?

Vijay Shah: Of FY'14.

Pankaj Bobade: I mean not the whole FY'14 but only Q3 and Q4 at Rs. 59-60.

Vijay Shah: Because we had done two things. As a policy we decided we will not cover more than 50% of our net exposure. And second is, we had also put a band which we review on an ongoing basis but we had initially put a band that we would not cover less than Rs.59. So that is why we have got some cover in last two quarters.

Pankaj Bobade: What about the first two quarters?

Vijay Shah: First two quarters we are still open.

Moderator Thank you. The follow-on question is from the line of Rahul Agarwal from Systematix. Please go ahead.

Rahul Agarwal: As you just said that we have a cover for Q3, Q4 FY'14. I was trying to understand why do we cover for so much ahead in future because we do not know what the gas price will be and what will be the demand scenario? So our net exposure may vary a lot.

Vijay Shah: Gas price actually has an impact because gas price is in dollar terms. So, whether the rupee strengthens or it weakens gas price follows the dollar. In terms of why did we cover such a long-term in the future because at the board level we debated and discussed this issue, many corporateshave gone wrong on this issue. So the first policy we came up is that we will not cover more than 50% of our net exposure. And second, we discussed that let us look at some kind of band because initial part of the year the rupee was weakening very fast that is why we got this opportunity of Rs. 59-60. When if you look at it today it is just Rs. 54, 55, 56 or 59. So it is moving in a band wise showing strengthening and that is why we took where we felt that there is opportunity out there. There is a contrary view that at whatever rate one should cover but we felt that we should keep a band to in addition.

Srinivas Chunduru: And also the fact that the policy 50% of the naked exposure you have enough leeway on that about import cost, etc., you have that enough leeway to work on that.

Vijay Shah: 50% is net exposure. Let me explain that in our case our entire gas is in dollar term, freight is in dollar term, and some part of soda ash is in dollar term. So roughly 30% of India's cost is in dollar terms.

Moderator Thank you. The next question is from the line of Shradha Sheth from Antique PMS. Please go ahead.

Shradha Sheth Just wanted to understand on the debt level. With our plants stabilizing and as compared to last year our PBT margins have come down drastically mainly because of plants not being able to function fully. So with our plants now stabilizing do we see the leverage coming down with the cash flow being generated? Second question is any repayment for this year?

Vijay Shah: You are right that directionally we should be starting to repay debt.

Sandeep Arora: There are no pressures on repayment, they are generally tied up.

Shradha Sheth: But can you give an indication, what could the debt-equity level stabilize at with the kind of cash flows being generated or any kind of sense on where the leverage could stabilize?

Srinivas Chunduru As we mentioned in the past, the aim is to move more towards 1.5:1. So as we get into more and more profit the equity also goes up and that money is being used to reduce the debt, so double impact will reduce the ratio .

Moderator Thank you. Mr. Chunduru, there are no further questions in the queue.

Srinivas Chunduru: Thank you so much for the patience and for the questions. Any further questions my e-mail id is on the last sheet and feel free to send me e-mails and some of you who need to take some questions offline feel free to start talking to me from Monday and we could meet up to answer these questions. Thank you so much and have a good day.

Moderator Thank you. On behalf of Piramal Glass Limited that concludes the conference. You may now disconnect the lines.