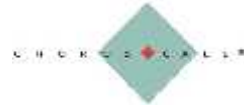




“Ratnamani Metals Limited
Q1 FY2022 Earnings Conference Call”

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ANALYST: **MR. SAHIL SANGHVI – MONARCH NETWORK CAPITAL LIMITED**

MANAGEMENT: **MR. PRAKASH SANGHAVI – CHAIRMAN & MANAGING DIRECTOR – RATNAMANI METALS LIMITED**
MR. VIMAL KATTA – SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER – RATNAMANI METALS LIMITED

Moderator: Ladies and gentlemen good day and welcome to Ratnamani Metals & Tubes Limited Q1 FY2021 earnings conference call hosted by Monarch Network Capital Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the initial remarks from the Promoters are concluded. Should you need assistance during the conference, please signal the 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. Sahil Sanghvi from Monarch Network Capital Limited. Thank you and over to you!

Sahil Sanghvi: Thank you Mallika. Good evening to all. On behalf of Monarch Network Capital, we welcome you all for the Ratnamani Q1 FY2022 earnings call. We are delighted to host the Management of the Ratnamani today, and from their side we have their MD, Mr. Prakash Sanghavi, and the CFO Mr. Vimal Katta. Without any much time, I will hand over the call to Mr. Prakash, for the opening remarks. Thank you and over to you Sir!

Prakash Sanghavi: Good evening to everyone. You might have got the results of Q1 of 2021-2022. Of course it is little bit down. The turnover total is Rs. 533 Crores corresponding to Rs.591 Crores. Of course, the second wave was there in the month of April and May that was the reason some of the dispatches had not took place otherwise some finished goods and some work in process materials are in finishing stages there, so this will reflect in the second quarter and the net profit is 50 Crores, almost you can say it is same with the corresponding quarter.

Order in hands is a reasonable one, good one say about Rs. 1600 Crores both in carbon steel as well as in stainless steel, even some more order is online some big order we have become L1 but it will come so it will add to the Rs.1600 Crores. So the rest the capitalization took place last year itself for both the plants. Both the plants are running with some small quantity and some trial, but things will improve over here.

We are booking some order in carbon steel also to start with some reasonable good quantity. We have become L1 but we as soon as we get new plant also LSAW will also for line pipe it will run. This stainless steel also we are taking trial and we took up 8 inch MV one side remains that we are going to taking in the next two to eight months some toolings are required otherwise the plates is also running reasonably good, some teething problems are there but it will be settled in a month's time then we will do a good production in stainless steel as well as in carbon steel both the side and existing capacities are booked in ERW a reasonably good one up to December, January then in spiral also, in stainless business is doing well we have a good booking recently, small, small good orders we have booked. Overall visibility is good.

Corona is not you can say completely total but in Gujarat and this area it is very much okay and people are working very freely so things are improving and of course the raw material price had

gone up in both carbon steel as well as stainless steel so some difficulties are there in to our customer rather they booked order long back and they are finalizing the order so some problems are there but things are because we are in various segments so we are booking everyday something or other so things are looking good to take further forward. Thank you.

Moderator: Shall we begin with the question and answer session?

Prakash Sanghavi: Yes please.

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

Kaushal Shah: Thank you for the opportunity. Sir if you can share what is the likely utilization level that we are looking at for our LSAW plant as well as the SS plant you mentioned that ERW capacity has been booked till December so if you can just share the new capacity that we have for carbon steel LSAW and the SS what is the likely utilization in the current year?

Prakash Sanghavi: Current year it might be at the level of 20% to 30% only because still lot of approvals we have to get back most important approval is Engineers India that we already got and APIL 5L, API 2B that we already got and we have just recently booked some order also of course it will start because raw material has to come, a reasonable quantity we have booked but somewhere we have good quantity L1 definitely the order will come in a month's time so it will be a reasonable tonnage we are going to use so it will be say 25% to 30% in carbon steel. At the same time in stainless steel we have taken trial up to 8 inch, only one remaining 10 inch that some tooling coming from import it will take some time but down the level sizes we are manufacturing and some sheeting problems are there that we have sort it out over vendors or sort it out then we will take that. Here little bit delay it looks like but we did so far all the five, six sizes and we got good output also so it has something will come and then it will also be rectified, these all teething problem we may produce some 2000 to 3000 tonnes for the balance period.

Kaushal Shah: This is in SS?

Prakash Sanghavi: Yes.

Kaushal Shah: Thank you. Coming to the next year, this year of course and especially the first quarter was impacted by the COVID second wave so how do you expect the ramp up to happen and at the customer end are you seeing increased activity now that crude oil has crossed 70 dollars are you seeing increased activity both domestically as well as in foreign export market?

Prakash Sanghavi: Yes we are seeing good visibility. We are indirectly getting orders from Middle East through the fabricator, even we are getting international orders also recently also we have booked and in second wave also not much affected the plant of course people were panicked and lot of deaths took place so the fear complex was there but the plant was running with 70% to 80% capacity the visibility is reasonably good and orders are coming from import or export market, orders are coming from domestic market also and in one sizeable order we have become L1 that also we are going to get so the LSAW will run for the next two to three months at good capacity. In some of the stainless area there also we have booked up to December, January, especially heat exchangers and others. So I see a good visibility one is oil and gas other one is pharma, other one is export these are all three and certainly it will have number of segments or something or other is moving ahead at our end.

Kaushal Shah: Sir one last question, two parts we had indicated about target of around 3000 Crores revenue for the current year and we had also expected that in terms of tonnage also the new capacities will do a little better now obviously the first quarter has been impacted not just for you but for everybody so do we want to kind of revise our guidance?

Prakash Sanghavi: No we are still in our target. What you have said Rs. 3000 Crores we are quite confident the way the enquiries are with us, the way the orders in hand say about Rs. 1600 Crores order is in hand in some of the cases we have become L1 so I am quite hopeful we can cross 3000 Crores.

Kaushal Shah: Sir on the margins we had indicated range of 16% to 18% so there also.

Prakash Sanghavi: That remains there.

Kaushal Shah: Just one last question if I can squeeze in what is our bid book as of now in terms of either tonnage or any indication about that and how it is going to go up, let us say six months?

Prakash Sanghavi: It is really too much but I cannot say because our strike, in SS Steel something different, in carbon steel something different, so it is a quite big requirements are there only little hold up point is the raw materials because the customer is having some problem because they have booked long back so right now the price had in both whether stainless steel or carbon steel had gone above raw material so they are taking little more time and they are booking small, small quantities and they do not want to go really big, let us say 50000 tonnes or 40000 tonnes they really has done 2000 and 3000 tonnes whatever they require for the next two to three months because they feel the prices will come down.

Kaushal Shah: Okay. That was very helpful Sir. I will join back in the queue.

- Moderator:** Thank you. The next question is from the line of Adyasha Bhanja from Axis Bank. Please go ahead.
- Adyasha Bhanja:** Sir, can you just throw some light on the volumes that we have done in this quarter compared to the previous quarter?
- Vimal Katta:** Madam, volume figures we have already shared it who have shared with us their e-mail details so my request is if you can share your e-mail detail so that info I will share with you separately.
- Adyasha Bhanja:** Sir otherwise broadly compared to Q4 how much volume did have we seen in this year in Q1 FY2022?
- Prakash Sanghavi:** Volume in case carbon steel have been little better otherwise the volumes have been lower if we look at the figures of corresponding quarter of the last financial year.
- Adyasha Bhanja:** Sequentially if we compare with Q4 Sir?
- Prakash Sanghavi:** Q4 was extraordinary. In our case quarter-on-quarter performance is never comparable because lot of factors is there which impacted dispatches. So basically year-on-year basis if you look at so this 3000 Crores of topline target what we are trying to do some help should be there on the higher raw material prices also so volumes growth will not be in tandem with the turnover growth. Turnover growth will have some element of higher raw material prices also.
- Adyasha Bhanja:** My second question is on the project. I did not get you whether are we in possession of all the approvals required for starting production of all the product categories that we had planned or is any approval pending?
- Prakash Sanghavi:** Some international approval is pending from our LSAW plant because we have still COVID our people are not able to reach it and the customer side also they are not going to reach it so this will take more time, whatever you can do on virtual that we are trying to get, local we have already got CIL and API both of them are important. Now case to case, customer to customer we are going to get and that will take little more time because of the steel some of the countries, some of the visas are not available even today also.
- Adyasha Bhanja:** So that approval will be required for all kinds of customers or specific orders?
- Prakash Sanghavi:** No, for new facility only and for some of the customers are sending us enquiry and we are getting order also, for some of the specific customer it is only from facility. People like Saudi Aramco something like that.

- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities Private Limited. Please go ahead.
- Ashutosh Tiwari:** Sir I think we saw good traction in the existing order book in the quarter so where did we get the order form like the export it has gone up from 300 odd Crores quarter-on-quarter.
- Prakash Sanghavi:** In SS steel you know very well, we are booking in a small, small order, 5 Crores, 10 Crores, 15 Crores, 18 Crores, but continuous booking is there whether it is a export market, whether it is a domestic market, 20 days we are booking so whatever we are disposing, you can say about 200 Crores or 180 Crores to 190 Crores that much order you are getting so order flow is good this time so almost 456 plus some more order in the last two to three days we have got, it might be say equal to 500 Crores.
- Ashutosh Tiwari:** So currently order book is around 600 odd Crores?
- Prakash Sanghavi:** Yes and somewhere Ashutosh we have become L1 in this line, that was approved so it will come in a month or so you know PSU take their own time that we become L1?
- Ashutosh Tiwari:** That could be what size of order will it be?
- Prakash Sanghavi:** 200 odd Crores that you cannot ask me one to one.
- Ashutosh Tiwari:** Lastly in terms of whether it is domestic project of basically overseas which are the areas you are seeing you could probably get some orders from apart this L1 you have mentioned like where the order bookings for 2021 that is currently going on?
- Prakash Sanghavi:** We booked some order of LSAW new facility also just day before yesterday only.
- Ashutosh Tiwari:** I am saying that which are the projects basically like say domestic market?
- Prakash Sanghavi:** Project, this HRL is going on this new refinery Barmer is going on continuous then there is expansion in Baroda, IOCL Refinery and in export market this Saudi Aramco, they have placed order with the fabricators, it is like that and then this side pharma, this API business that is good and then there is export business also good till USA you can say.
- Ashutosh Tiwari:** Okay, so overall I think things are looking good and lastly from my side I think we have mentioned that couple of times in the last three quarters the steel prices have gone up so that is why customers holding on to it. So that thing is easy of now customers are now basically.

- Prakash Sanghavi:** Now things are improving because they have to complete the project of course right now suppose somebody want to have 30000 tonnes total order but they are in piecemeal they will say they will take 3000 tonnes and then they will go and comes in next month something like that because they feel things will down, raw materials are down they will get some benefit, totally linked with the raw material our prices.
- Ashutosh Tiwari:** Okay so you will decide that even if they have a bigger to order place they probably are just splitting into small prices just to see that?
- Prakash Sanghavi:** In small quantities, they may be in pieces.
- Ashutosh Tiwari:** I got it. On water side what is happening is there a momentum happening in water side?
- Prakash Sanghavi:** Water side also there is but still not much from Jal to Nal but local state government there is a requirement but their EPC is bidding first then they will come back to us, two to three places we have already given indicative price, write what are the market price today so they are bidding based on that.
- Ashutosh Tiwari:** Okay I got it. Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Abhishek Ghosh from DSP MF. Please go ahead.
- Abhishek Ghosh:** Thank you so much for the opportunity. Sir one thing in the stainless steel pipes import used to be a major proportion especially on the mother hollow, whole logistical challenge that one is seeing freight rate cost moving up you think there is a chance now with your own capacity having come up that 20000 tonnes that provides you better visibility to able to push your mother hollow how is the dynamic change if you can just help us understand it will be good.
- Prakash Sanghavi:** It is an opportunity for us in terms of my freight had gone up for import but it is difficult for the people so definitely they will go for buying local as much as possible, number one. Number 2, there are tender by the PSUs up to 200 Crores any tender they have to buy local if availabilities are not there if countries are manufacturing then in export market of course little bit difficulties also at the same time because the trade is at both sides while importing, while exporting also so there is a little bit difficulty but with this 20000 tonnes it will take little more time to establish fully an approval with all the big customer you can say so this year we are targeting very low utilization from this stainless steel and mother pipes and some general piping but we missed a month to give some stock, to give them and they will test our material and everything something like that.
- Abhishek Ghosh:** Sir this tender by PSU which you spoke about what would be this as a proportion of the overall SS market is it like 30, 40% 50%?

- Prakash Sanghavi:** Definitely because the PSU in our product they have a major role whether it is a power, whether it is power, whether it is a refinery, petrochemical all these are the PSU so it is about you can say 30% to 35% definitely their role is there.
- Abhishek Ghosh:** Which is where you have the support of the tariff barriers or barriers in form of local?
- Prakash Sanghavi:** Correct.
- Abhishek Ghosh:** This is similar to Sir what we had?
- Prakash Sanghavi:** In carbon steel line pipe it is a 100% barrier for import in carbon steel line pipe because anybody has to import they have to do some 35% value addition over here in the country suppose they are importing the pipe then they have to do 35% value addition in the country then only they will be able to import.
- Abhishek Ghosh:** This you are referring to carbon steel seamless pipe?
- Prakash Sanghavi:** It is carbon steel line pipe you can say whether it is ERW, whether it is helical saw, LSAW, anything.
- Abhishek Ghosh:** Okay this is effective when Sir?
- Prakash Sanghavi:** It was there since last two years to two-and-a-half years.
- Abhishek Ghosh:** Sir the other thing is in the global market in stainless steel is China a very, very major supplier?
- Prakash Sanghavi:** China is supplier but recently they have withdrawn the export that is number one. Number two they are going to put of course it is a talk right now going on they are going to put export tax because they themselves have huge investment plan in the country itself and that the reason they are going to put some export tax and of course because of raw material, because of freight part, everything had gone up so of course it is a competitor and in Europe there is antidumping duty on Chinese products, in USA there is some duty so for us European market is there, even somewhere it is not being acceptable because their process is something different from the old, so lot many reasons are there we get the order against them.
- Abhishek Ghosh:** Okay fair enough. Sir in coming to the water orders Jal se Nal Yojana so are you seeing now traction now that the second wave has kind of subsided the state governments are they spending and you trying to kind of ramp up or increase order size there any thoughts on that?

- Prakash Sanghavi:** We are totally ready. Our EPC is bidding to the state government. In Gujarat itself there are say about 600 to something they have announced right now also one line for Kutch up to Mundra so should this all will come back it will take three to four months minimum to finish with the EPC. First EPC will get the order then we will get the order something like that but it is momentum is there in Gujarat and we are here so we will definitely improve our share.
- Abhishek Ghosh:** Would you like to expand into other regions because water is typically price sensitive?
- Prakash Sanghavi:** Yeah that is there in the line but let this Corona still people have a third wave here so we are still waiting let it be over because we have extra with us, we are supposed to put in the eastern side, but still we are waiting for this pandemic.
- Abhishek Ghosh:** Sir just coming back to SS again so apart from China and because China is now of the view that it does not going to export lot of stuff and that is the overall view, if they go in that direction apart from China in SS who are the other larger players?
- Prakash Sanghavi:** Local players are there and then internationally Japanese are there, Koreans are there, Europeans are there but easily we can compete them because their labor, our labors something different rather today we are exporting Japan, Korea, Europe, entire Middle East, US everywhere because of our labor most important and the raw material prices same for everyone.
- Abhishek Ghosh:** Labor is the cost of expense?
- Prakash Sanghavi:** Yes.
- Abhishek Ghosh:** But the freight has to subsidize for them?
- Prakash Sanghavi:** Yes.
- Abhishek Ghosh:** Just one last question from my side given that 3000 Crores of revenue that we were all talking about and with things even normalizing 2023 should be even a better year Sir, that is price to generation that is happening in the company is very strong now that the major amount of capex has been done away with so any thoughts because broadly 400 Crores of free capex cash flow can be generated and maybe little upward that every year any thoughts because there is a lead time for putting up lot of these plants any thoughts there how should one look at it?
- Prakash Sanghavi:** Our team is working what next because you rightly said, it will take two years anything if you decide today so definitely our team thinking whether it is better to be acquired or some other area we have to put carbon steel capacity because equipments are available most of the equipments are available so what you need land, building, and power that is all. So our team is seriously thinking

and we will definitely come out in six months or something because first we would like to establish this two expansion what we did in carbon steel, stainless steel but you would like to complete all these approval and this should start earning from there and by that time we will make some program of 300 Crores to 400 Crores investment in the next two to three years you can say. There is a very good possibility steel we have to go forward also and backward also.

Abhishek Ghosh: Sir just one last question from my side. In the carbon steel between LSAW, HSAW, ERW given the gas capex which is happening in the country in the form of grid formation and water projects they are virtually happening at the same time do you see a lot lesser competitive intensity and better margin profile from the same project in the last two to three years what you have observed and any comment on the industry utilization of carbon steel pipes will be helpful?

Prakash Sanghavi: Definitely country has to go on to big capitalizations, because the Modi Saab regime is very clear in the next 10 years every village have gas and for that they have to lay the pipeline whether it is city gas distribution pipeline that is a ERW or that is cross country pipeline that is helical saw or LSAW. So it is next 10 year program you can say, not three, four years, and lot of LNG terminal will come on the coastal there are also tubes and pipes both stainless steel and carbon steel will go. We feel definitely good visibility and that is the reason we put in both the area the new capability.

Abhishek Ghosh: Thank you so much for answering my questions

Moderator: Thank you. The next question is from the line of Susmit Patodia from Motilal Oswal AMC Limited. Please go ahead.

Susmit Patodia: Good evening. Sir, at the beginning you had mentioned that 3 Crores of revenue you have not been able to book is that correct understanding?

Prakash Sanghavi: As this impact of certain states being closed because COVID second wave turnover would have been as per our expectation and as per our learning. So we should be in the range of 600 Crores. That is the reason we are still holding on to this 300 Crores of topline.

Susmit Patodia: Sir second is on this China export rebate going away have you seen any increase in demand from traders or you should take it from China earlier?

Prakash Sanghavi: Yes of course, the one is helping us the quality control order that BIS because any mill they want to export here from China they should have a BIS certification so because nobody has visited over there because they have to call BIS people, BIS people they have to inspect the mill over there, and then they will give them the certificate, so it will be a long process of a year or two because of COVID right now nobody is visiting them neither they are calling also so the import coming from China is getting almost stopped from September onwards even this last date 23rd August any

material comes from there then there is a quality order is there any mill want to export to India they have to have this BIS certification and none of the certification had been given so fast because of this Corona. So it will take a year or two for them to get and right now they are also busy in their domestic requirement because they are expanding petrochemical in a big, big manner, they have withdrawn the export tax to rebate and they are going to put some export tax also so we are not much feared about the Chinese import.

Susmit Patodia: Sir the third thing is on MEIS, any discussion any visibility on the MEIS?

Prakash Sanghavi: New scheme came but it is not much clear. MEIS still we have gone into court after August 2020 because we have booked some orders in this MEIS benefit we will be available but all of certain they have stopped and they are going to give 2 Crores only that before August month we have exported our some orders so we are fighting with the government based on this only we have booked the order so you cannot take of course henceforth any order we are going to put you are introducing new policy but that policy is also not clear and whatever order we have executed that window is also closed. The window is not open so we cannot put our claim so that is still pending.

Susmit Patodia: Sir in the new scheme what is the visibility anything Sir?

Prakash Sanghavi: New scheme there is some 2% or 3% but it is not clear so we have not gone for that very small percentage are there not it is encouraging percentage.

Susmit Patodia: Thank you very much. Best of luck.

Moderator: Thank you. The next question is from the line of Bhavin Chedda from Enam Holdings. Please go ahead.

Bhavin Chedda: Good afternoon Sir. Overall, good set of numbers and strong order book. Sir what will be the capex for the next two years, this year and next?

Vimal Katta: See right now only normal capex is what we can discuss that should be in the range of roughly 50 Crores each year and any new capex that will be announced separately because team is still working on and board is yet to take a call on that thing.

Bhavin Chedda: In terms of order book what has been the export order book right now?

Vimal Katta: Export order book as on August 1, was closer to Rs. 249 Crores.

Bhavin Chedda: Thank you Sir.

- Moderator:** Thank you. The next question is from the line of Devang Sanghvi from ICICI Securities. Please go ahead.
- Devang Sanghvi:** Thank you Sir. My question is regarding the stainless steel order book. What kind of order book we are targeting for the current year?
- Prakash Sanghavi:** Entire current year target has been aggressive. Let us see how much does materialize. It is more than 1000 Crores.
- Devang Sanghvi:** How is the demand from the refineries earlier you were saying there was reluctant because of the pricing. Is there kind of traction out there?
- Prakash Sanghavi:** Some demand has started coming in and that is the reason that order position moved up in case of stainless steel a little bit. So stainless steel should be on track whatever they have planned for the existing capacity should not be a very big challenge, for new capacity once the production stabilizes they are confident they will be in a position to achieve the target. Anyway that has not been very aggressive also so hopefully we should see living between 800 Crores and 1000 Crores coming from the stainless steel itself.
- Devang Sanghvi:** That was helpful. Secondly what is the cash balance as on June 30 Sir?
- Prakash Sanghavi:** Cash and cash equivalents were closer to 600 Crores.
- Devang Sanghvi:** Closer to 600. Thank you Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.
- Kunal Kothari:** Sir my question is related to the titanium product business from many years, we are like understanding the company also grow in this segment too and after large capex that we did in stainless steel and carbon steel I was like hopeful and expecting the next leg we will see in the titanium side so can you just give broad outlook on how we are taking titanium business forward like three years, five years down the line?
- Prakash Sanghavi:** See we have a reasonable good capacity in titanium even we have put an external bid whenever the load was more but it is based on the critical application of corrosion or sea based power plant, there are only they become use even recently we do not have and last we have a good export also and some local order is expected but it is taking time because in power plant the period is three to four years for NTPC and all. Then this containers that is required on a large term so they are taking little more time but there are requirement is pending a good tonnage available and we are looking

some export orders also so it is in whatever capacity is there we are keeping that and it comes time to time.

Kunal Kothari: Can you just quantify the capacity and percentage of revenue mix that we are seeing right now?

Prakash Sanghavi: It is based on the projects so we have a reasonable capacity with us and I do not think that will cover in stainless steel in total capacity. Our capacity is 20000 tonnes of welded stainless steel so in that it is there.

Kunal Kothari: I understand hence like I was of view that after the new additional expansion there will be dedicated titanium welded tube facility too?

Prakash Sanghavi: No in this expansion we have not put any additional capacity of titanium. It is not required also so we have already dedicated windmills for titanium welded tube manufacturing and in case demand visibility is good our existing tube mills can be modified to take care of titanium also and everything is dependent on the demand in the market. We are well equipped to ramp up the capacities as and when demand increases.

Kunal Kothari: Given gross milestone or like goal that you have in the titanium business?

Prakash Sanghavi: Nothing of that sort.

Kunal Kothari: Thank you.

Moderator: Thank you. We have the next question from the line of Sailesh S from Batlivala & Karani Securities. Please go ahead.

Sailesh S: Thanks for the opportunity sir. Sir our peers like Jindal, Welspun are targeting big volumes in this stainless steel division in the next three years will this add pressure to our SS division margins. Competitors have similar backward integration facility like us, your view on this?

Prakash Sanghavi: They have just started some production but for competition is in lower definitely they might be there but in all special alloys and we are still competing international competitor only. At the same time, we are utilizing our capacity reasonably good and for me the global market is there. It is not only domestic market and of course any new comer will take definitely a longer time because in stainless steel the application is so critical so the reliability of the product is more simple and the approvals and reference and it will take further three to four years for them,

Sailesh S: In the SS Steel how the export mix will change sir from current levels of 20% to 25% how the mix will change in the next three years?

- Prakash Sanghavi:** Because in carbon steel we have a good capacity and that being used more for domestic use so the percentage remains same percent, 20% to 25% but it will increase, if you can take stainless steel alone then it will be definitely 40% to 50%.
- Sailesh S:** My next question is similar to Bhavin's question our cash generation will be very strong next three years and also our cash balance is 600 Crores will you please tell us on the capital allocation plans going forward of the total Rs.100 cash generation, for example how much if you go to working capital requirement, how much if you go to maintenance capex or new capex and how much it will be for the dividend in the next three years any numbers you have in your mind Sir?
- Vimal Katta:** Basically whatever we have done once this two new capex stabilizes then we will be taking up with next capex for maintaining the growth. So some amount will be utilized to meet that capex requirements and that site can be reasonably good also. Second thing once the capacity ramp up happens in case of the two new capex our working capital requirements are going to increase significantly so incremental working capital requirements are also going to be met using the internal cash accruals. Third thing is we are open for opportunities also for inorganic growth also so some amount will be kept in hand to thing sort of those opportunities and everything is going to take some time because right now team is busy in ensuring this thing at the earliest these two capex whatever we have done is stabilized and then next thing will be taken up simultaneously one team is working on various alternatives but it may take 6 months to 8 months time minimum before we decided about anything. Normal capex maintenance and the debottlenecking will be closer to 50 Crores per year you can take.
- Sailesh S:** Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Kaushal Shah from Dhanki Securities. Please go ahead.
- Kaushal Shah:** Thank you for the opportunity again. Sir just a clarification we had an enabling resolution for an NCD of Rs. 500 Crores any update on that?
- Prakash Sanghavi:** Kaushal, basically if you can recollect SEBI now requires in case of outstanding loans above Rs. 100 Crores, company has to raise money by way of bonds also. This is an enabling resolution. Right now there are no plans to raise any debt. As and when if it is required then this resolution will be helpful otherwise in next AGM we will go for a fresh mandate one because this enabling resolution has a life of one year.
- Kaushal Shah:** As of now in the current financial year it looks unlikely that we will need one?

- Prakash Sanghavi:** Almost you can say 99% right now is unlikely. In case opportunities arise and management takes a call to do something big and opportunities really exciting one and then it may be helpful just to save on time this resolution has been taken.
- Kaushal Shah:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference to Mr. Sahil Sanghvi from Monarch Network Capital Limited for closing comments.
- Sahil Sanghvi:** Thank you Melissa. We would first like to thank the management for patiently answering all the questions and on behalf of Monarch Network I would also thank all the participants. Prakash Sir would you like to give any closing comment Sir.
- Prakash Sanghavi:** Thank you very much and reasonably things are improving and both this new capacity going to utilize in time to come and I see definitely a good visibility because oil prices had gone up, international market is opening and domestic market is also getting more and more requirement so things will improve totally. Thank you.
- Moderator:** Thank you. On behalf of Monarch Network Capital Limited that concludes this conference. Thank you for joining us.