#### **Operator**

Good evening, ladies and gentlemen. I'm Ram, moderator for this conference. Welcome to the Conference Call of Vinati Organics Limited. We have with us today Ms. Vinati Saraf Mutreja, Executive Director; and Mr. N. K. Goyal, CFO. At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions]. Please note, this conference is recorded. I would now like to hand over the conference to Mr. Ajay Jindal. Please go ahead, sir.

#### **Ajay Jindal**

Good evening to all of you. On behalf of Four-S Services, I welcome you all to the conference call of Vinati Organics to discuss the audited annual results of the company for the financial year ending 2011.

We have with us Ms. Vinati Saraf Mutreja, Executive Director; and Mr. N.K. Goyal, CFO. I will now hand over the call to Ms. Vinati Saraf to give you an overview of the company and the development during the financial year 2011.

## Vinati Saraf Mutreja, Executive Director

Good afternoon everyone. We have had a very healthy Q4, wherein sales and PAT has increased by 41 and 44% respectively on a Q-on-Q basis. As maintained by us in our earlier outlook, sales of ATBS have been growing at a phenomenal pace.

For FY11, we had crossed 11,000 metric tonnes of sales of ATBS, representing a more than 65% increase over the previous year.

As we go into the next year, due to robust demand of ATBS, we will increase our capacity further to 18,000 metric tonnes. We are very proud of the rapid and profitable growth that our company has achieved in the past five years.

Our sales have grown from 57 crores in FY06 to 316 crore in FY11 at a cumulative annual growth rate of 41%. In terms of profits, the rise has been even more impressive with a cumulative growth rate of 93%. Whereas profit has increased from 2 crores in FY06 to 52 crores in FY11. Going ahead, we expect our revenue to grow at upwards of 30% and should cross 1,000 crores in revenue in the next four to five years.

Now, Mr. Goyal will discuss some of the key financial highlights of our performance during last year.

# Nandkishore Goyal, Chief Financial Officer

The net sales for the fourth quarter ending 31 March, 2011 was Rs. 87.64 crores as against Rs. 62.3 crores during corresponding period for previous year. It's shown a growth of 41%.

EBITDA margin also stood at Rs. 22.18 crores as against Rs. 15.05 crores registering a growth of 40%. And in terms of PAT we have achieved Rs. 16.72 crore as compared to the 11.16 crores registering a growth was 44%.

In terms of figures of 2011 financial year, we have closed our net sales at Rs. 316.7 crores as against Rs. 232.1 crores registering a 36% growth. Our EBITDA margin for FY11 had grown up by 21% to Rs. 72.81 crores from Rs. 60.11 crores in the previous year. Debt has also increased by 30% from 50.04 crores to Rs.61.97 crores.

# **Questions And Answers**

# **Operator**

Thank you sir. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions]. First question comes from Sir Donald Francis from Value Picker.

#### **Donald Francis**

Good afternoon.

#### Vinati Saraf Mutreja, Executive Director

Good afternoon.

#### **Donald Francis**

And congratulations on the good growth achieved. From observations your effective tax rate due to the -- is down to about 18% from 23% in FY10, what is the likely impact or likely scenario in FY12?

#### Vinati Saraf Mutreja, Executive Director

Well in the FY12, the likely scenario is the tax rate will be more than 30%, 32% effectively.

#### **Donald Francis**

So, on the tax rate there will be -- what would be your guidance on the current tax rate?

## Vinati Saraf Mutreja, Executive Director

What is going to -- see ATBS is our higher margin product. Now going forward, our sales of ATBS are going to increase. So, ATBS's share in the revenue mix will increase, because of which our EBITDA will increase. So, that will compensate for the higher tax rate. So, we will still see a growth in PAT as well as EBIT going forward.

#### **Donald Francis**

But on the net margin trends, there would be a...?

## Vinati Saraf Mutreja, Executive Director

No, EBITDA margin will increase. Also Isobutylene has come into full swing, the more effect you will see in FY12, so that will also improve the EBITDA margin.

#### **Donald Francis**

Ma'am on the EBITDA trend also if we compare year-on-year basis, FY12 was about 26% and operating margins -- I mean, operating margin was about 26%, that is bound to about 22% in FY11. If we see raw material by sales trends it's roughly at that same 57, 58%.

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Donald Francis**

So what has really contributed to this margin, EBITDA margin contracts.

# Nandkishore Goyal, Chief Financial Officer

The margin of EBITDA for the year 2011, little bit distressed by the increase in the raw material prices and little bit increase in the power cost increase.

#### **Donald Francis**

Sir raw material, we see that as a percentage of sales are approximately the same, 57, 58%, while the other expenditure has gone up. Is it only power or sales and marketing trends also?

## Vinati Saraf Mutreja, Executive Director

No, Power, freight, fuel.

#### **Donald Francis**

And ATBS capacity utilization is at 55%?

## Vinati Saraf Mutreja, Executive Director

No ATBS capacity is 100%.

#### **Donald Francis**

Sorry, and then the contribution, the percentage in the product mix is 55% now?

#### Vinati Saraf Mutreja, Executive Director

I think it's 60%. Yeah 55 to 60%.

#### **Donald Francis**

But what is this likely to be in FY12, if we are anticipating, that helping in the margin expenses going to grow up over 60%?

# Vinati Saraf Mutreja, Executive Director

Yeah, yeah. It will be more than 65. It will be between 65 and 70%.

#### **Donald Francis**

And ma'am Isobutylene IB.

# Vinati Saraf Mutreja, Executive Director

Yes.

#### **Donald Francis**

Is it today only being used up -- Have you been able to sell in the market?

# Vinati Saraf Mutreja, Executive Director

We are selling in small quantities in the market as of now.

#### **Donald Francis**

But total capacity was 12,000?

## Vinati Saraf Mutreja, Executive Director

Yes.

#### **Donald Francis**

And almost all of it is being used in for captive consumption or -- only?

## Vinati Saraf Mutreja, Executive Director

No, no going forward see for 18,000 tonnes of ATBS, we will need about 6,000 for captive and remaining 6,000 is for sale in the market.

#### **Donald Francis**

So, it is roughly one-third that is used for captive use?

#### Vinati Saraf Mutreja, Executive Director

Half of 12,000 will be in for captive, 6,000 will be use for captive.

#### **Donald Francis**

Okay. One more question on this enhanced oil recovery applications. Have you signed any new contracts anything is expected majorly in that?

# Vinati Saraf Mutreja, Executive Director

We are constantly signing contracts with our customers and renewing the contracts and that is how our ATBS sales are built.

#### **Donald Francis**

And how oil recovery applications also there has been sales or it's for the traditional...?

# Vinati Saraf Mutreja, Executive Director

Yeah. Customer use our, they use our ATBS for various applications including...

#### **Donald Francis**

Is that likely because it was mentioned earlier that enhanced oil recovery is likely to see the ATBS overall demand, global demand to double. Are you seeing your enhanced oil recovery applications...?

# Vinati Saraf Mutreja, Executive Director

Yeah, See our product is always in a shortage, our customers always want more. So we are always running at over capacity and we are increasing our capacity from last year's 7,000, this year more than 50% growth to 11,000 next year

18,000. So, that is more than double the growth.

#### **Donald Francis**

Okay. So, if you had 18,000 capacity today you would have been able to sell 18,000.

## Vinati Saraf Mutreja, Executive Director

I think so, I hope so.

#### **Donald Francis**

Okay. One last question ma'am. The IBB contact with BASF, has that been renewed?

#### Vinati Saraf Mutreja, Executive Director

Yeah see, that's like a green clause contract. It automatically renews itself.

#### **Donald Francis**

So, it was a five year contract till FY11.

## Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Donald Francis**

Yearly renewed now or it's again a long-term contract?

# Vinati Saraf Mutreja, Executive Director

No every year it gets renewed for the next year.

#### **Donald Francis**

All right, okay ma'am. Thank you and all the best.

# Vinati Saraf Mutreja, Executive Director

Thank you.

# **Operator**

Thank you, sir. Next question comes from Mr. Nagabrahma, an individual investor.

# **Analyst**

Good afternoon, madam.

# Vinati Saraf Mutreja, Executive Director

Congratulations on good set of numbers.
Vinati Saraf Mutreja, Executive Director
Thank you.
Analyst
Just wanted the ATBS production for this current quarter and further cumulative figures, madam?
Vinati Saraf Mutreja, Executive Director
Yeah, for the current quarter is around 3,000 metric tonnes.
Analyst
Okay.
Vinati Saraf Mutreja, Executive Director
And for the year is about 11,000.
Analyst
Okay. And what was it from last year?
Vinati Saraf Mutreja, Executive Director
Last year for the year was I think 6,600.
Analyst
6,600. Okay.
Vinati Saraf Mutreja, Executive Director

Good afternoon.

Analyst

2,000. Okay. And what about IBB, madam?

And for Q4 was about 2,000.

# Vinati Saraf Mutreja, Executive Director

IBB, this quarter it has been about 2,800.

Analyst
Okay.
Vinati Saraf Mutreja, Executive Director
And for the year it has been 11,000.
Analyst
Okay.
Vinati Saraf Mutreja, Executive Director
And last year for year it was about 12,000.
Analyst
Okay.
Vinati Saraf Mutreja, Executive Director
And quarter was 2,800.
Analyst
Okay. So, it is almost a flat quantity?
Vinati Saraf Mutreja, Executive Director
Yeah.
Analyst
Because I think IBB is around 1,800 because in the press release the cumulative quantity there mentioned is only 10,180.
Vinati Saraf Mutreja, Executive Director
That must be the revenue figure. I am talking about quantity in metric tonnes.
Analyst
Okay, okay. Sorry. You are saying that quantity is 2,800.
Vinati Saraf Mutreja, Executive Director
Yeah.
Analyst

Okay. For that IB. What was the quantity madam, during the quarter?

# Vinati Saraf Mutreja, Executive Director Around 2,700. Analyst What I am asking is the sales. Vinati Saraf Mutreja, Executive Director 700 was the sales. Analyst And till Q3 you had around 550. So, it is around 1,250? Vinati Saraf Mutreja, Executive Director Of sales, yes. So, in quantity I have about 1,500 total. Analyst Total is around 1,500. Vinati Saraf Mutreja, Executive Director Yeah. Analyst Okay. Madam regarding ATBS capacity expansion. Vinati Saraf Mutreja, Executive Director Yeah. **Analyst** You had said in the earlier con-calls you have mentioned, there is a huge demand, you're finding difficult to meet that and the plant is running on more than 100% capacity? Vinati Saraf Mutreja, Executive Director Okay. Analyst

Vinati Saraf Mutreja, Executive Director

But if you see the margins per se of ATBS.

The realization it was around Rs. 150 per kg in FY10. But now if you see it has come down to 100 per kg.

## Vinati Saraf Mutreja, Executive Director

No, the realization is still around Rs. 150 per kg. Rs. 155 per kg.

#### Analyst

No, see in the press release, you have mentioned is net sales from ATBS is 175.62 crores.

#### Vinati Saraf Mutreja, Executive Director

Yeah.

## **Analyst**

So, if I divide that by 11,040 we are sold during the year.

## Vinati Saraf Mutreja, Executive Director

11,000 yeah.

## Analyst

So, it comes to around less than 100 no?

# Vinati Saraf Mutreja, Executive Director

No, 1,700 you are dividing by 1,100 know. So, it should be 150.

# Analyst

No, sorry once second. See this is a sales -- ATBS also.

# Vinati Saraf Mutreja, Executive Director

Yeah.

# **Analyst**

You have to include that amount in that 175 crores or not?

# Vinati Saraf Mutreja, Executive Director

Yes, you have to include that in 175 crores as well as 11,000.

So, when I include that it is coming to Rs. 100 madam.

# Vinati Saraf Mutreja, Executive Director

No, see that has to be doubled. See you don't include an ATBS. You just look at ATBS 11,000 and 175 crores, that already includes in it.

## **Analyst**

Because otherwise if you include that it is coming to Rs. 100.

#### Vinati Saraf Mutreja, Executive Director

Yeah, don't include.

#### Analyst

Okay, fine. Secondly...

## Vinati Saraf Mutreja, Executive Director

It's already included.

#### **Analyst**

Okay. So that means the realization for ATBS is still in around Rs. 150 per kg?

# Vinati Saraf Mutreja, Executive Director

Yeah, yeah.

## Analyst

And for IBB it's around \$2?

# Vinati Saraf Mutreja, Executive Director

Yes.

#### **Analyst**

Okay. Madam my second question is why is there again further delay in the commission of the plant, the new capacity I mean?

# Vinati Saraf Mutreja, Executive Director

See we are doing the step-by-step expansion. We already, we have increased from 10,000 to almost 13,000.

## **Analyst**

# Vinati Saraf Mutreja, Executive Director

Then we are trying to increase to 15. So by the time we reached completely that 18,000 it will be December.

## **Analyst**

So, when will you have this 15,000 time?

## Vinati Saraf Mutreja, Executive Director

The, which thousand.

#### **Analyst**

You said now 13,000 and 15,000 and 18,000.

## Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Analyst**

So 13,000 we already have the capacity?

# Vinati Saraf Mutreja, Executive Director

Yes.

# **Analyst**

Okay. Then 15,000 when it will be ready?

# Vinati Saraf Mutreja, Executive Director

Sometime in August, September.

## **Analyst**

Okay. So since it is gradual, so you are -- getting...?

# Vinati Saraf Mutreja, Executive Director

Correct, yes.

## Analyst

What about the other products?

#### Vinati Saraf Mutreja, Executive Director

Other products will also come on stream by December between December and March.

#### Analyst

December and March. Okay. Madam now that you are mentioning, you are planning to go to 21,000 metric tonnes of ATBS by FY14.

## Vinati Saraf Mutreja, Executive Director

Yeah.

#### Analyst

Do we have sufficient space of the existing plant?

## Vinati Saraf Mutreja, Executive Director

Yes.

## **Analyst**

To go up to 21,000?

# Vinati Saraf Mutreja, Executive Director

Yes.

## **Analyst**

Next is, see the margins for the Q4.

# Vinati Saraf Mutreja, Executive Director

Yeah.

# **Analyst**

Have gone up, EBITDA margins, sorry, the net margins have gone up from 16.62 to 19.04.

# Vinati Saraf Mutreja, Executive Director

Yeah.

# **Analyst**

when you compare to the previous quarter, that is Q3 of FY11.

# Vinati Saraf Mutreja, Executive Director

Yeah.

What is the reason? Comparing to the previous quarter, of the same, FY11.

## Vinati Saraf Mutreja, Executive Director

No, I think the main reason will be the increase of ATBS only, because as the ATBS is the higher margin product, so the more ATBS we sell our overall margins also increase.

#### **Analyst**

Because last quarter also, we have turnaround 3,000 ATBS.

#### Vinati Saraf Mutreja, Executive Director

No, it must be slightly lower.

#### Analyst

Around 3,000, and this quarter is around 3,240.

#### Vinati Saraf Mutreja, Executive Director

Okay.

#### **Analyst**

Whereas, the difference in the net margin if you take, this quarter it is 90% whereas last quarter it is 16.62 only. So, I was trying to figure is out, how so much increase was there, because during the last con-call, you also had mentioned that there will be some shutdown for a week or so.

# Vinati Saraf Mutreja, Executive Director

May be because crude oil was going up in Q3 and we got some of that increase in our pricing in Q4 because we that's a quarter lag in our pricing.

## Analyst

Even in Q4, the crude oil was going up?

# Vinati Saraf Mutreja, Executive Director

But the figures that I have, they are showing the same margins impact in Q3 and Q4.

## Analyst

Because, see out of the sales of 86 -- 88 crore, we have a net margin of -- net profit of 14.33 crores.

# Vinati Saraf Mutreja, Executive Director

Okay	
OKay	٠

So, unless if you include the other operating income, I am just checking that the operating income is include but still even then Q4 will be more? Or what I wanted to know in future also will you be able to maintain the same margins as Q4?

#### Vinati Saraf Mutreja, Executive Director

Yes. EBITDA margin similar to...

#### **Analyst**

I mean EBITDA margin...

#### Vinati Saraf Mutreja, Executive Director

Yeah. They should be similar, they should improve.

#### **Analyst**

Compared to Q4, it should improve further?

#### Vinati Saraf Mutreja, Executive Director

Yeah.

#### Analyst

Okay. Madam this -- increase has being the price volatile so often.

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Analyst**

Is it possible to keep on increase, passing around this increasing the price to...?

# Vinati Saraf Mutreja, Executive Director

Yeah, because we have formula based pricing with our customer. So, it is there is cap to our price.

#### Analyst

So, once in three months whatever the average price is there, so is that you are passing out?

# Vinati Saraf Mutreja, Executive Director

Yeah correct. Yeah.

What is the status of PAP trails, madam?

## Vinati Saraf Mutreja, Executive Director

PAP trials is going on. Actually we have had some break through because of which we had to redesign the pilot plan and because that is why this in... it.

#### **Analyst**

You said that the trials would start by March, has it been started?

## Vinati Saraf Mutreja, Executive Director

No. Because we have decided to change the design of the pilot plant a little bit based on -- experiment.

#### Analyst

Okay.

## Vinati Saraf Mutreja, Executive Director

So, now it will restart only after two, three months.

## **Analyst**

So, after that again six months of trials would be there?

# Vinati Saraf Mutreja, Executive Director

Yeah.

# Analyst

So, may be by this year end we will get to know whether you are going...?

# Vinati Saraf Mutreja, Executive Director

Yeah. By December, we are targeting by December, we should know.

# Analyst

December. Your target of 1,000 crores by FY14 or '15.

# Vinati Saraf Mutreja, Executive Director

Correct. Yeah.

# **Analyst**

# Vinati Saraf Mutreja, Executive Director

Yes. It is.

## **Analyst**

It is including?

## Vinati Saraf Mutreja, Executive Director

Yeah.

#### Analyst

So, in case if PAP doesn't happen

# Vinati Saraf Mutreja, Executive Director

Okay.

## **Analyst**

You have any other alternative products of that much magnitude, that kind of potential in the pipeline?

## Vinati Saraf Mutreja, Executive Director

Yes. We are also working on certain other high revenue products.

# **Analyst**

Because we were told that it will be around 15 to 20,000 metric capacity is what you are looking in.

# Vinati Saraf Mutreja, Executive Director

For?

#### Analyst

For PAP in case if it's successful.

# Vinati Saraf Mutreja, Executive Director

Okay.

# **Analyst**

So, whatever the other products you have.

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### Analyst

Will you also planning for at that level, around 15,000 capacity?

#### Vinati Saraf Mutreja, Executive Director

It depends on the product, some products they are planning 10,000, some 15,000, so even if not all of them materialize but couple of them happen, we should still touch 1,000 crore because simultaneously ATBS and existing products are also going up.

#### **Analyst**

Correct. So, PAP trials or not still company will reach 1,000 crores by FY14 or FY15?

#### Vinati Saraf Mutreja, Executive Director

FY15, yeah. That is our target. Yeah.

#### Analyst

Okay ma'am. Lastly the inventory has gone up in FY11 compared to FY10. Any particular reasons?

## Vinati Saraf Mutreja, Executive Director

There is no particular reason we will...

## Analyst

Because even though sales has gone up by around 40 plus the inventories almost doubled from 19 crores to 35 crores.

# Nandkishore Goyal, Chief Financial Officer

Basically during this year we have started one boiler. So, there is little bit inventory, coal inventory.

#### **Analyst**

Okay.

# Nandkishore Goyal, Chief Financial Officer

And because of the new stream line put up for Isobutylene plants there is some increase in the -- inventory as well. Our even packing material requirement has gone up so we have to increase our packing hold up also.

So, little bit of all these things and increase of inventory level. There are certain other products which are not moving as fast. So, marginally that quantity has gone up.

## **Analyst**

And finally, madam power generation approval is it expected by June?

## Nandkishore Goyal, Chief Financial Officer

I think, as of now we are on our own. And by June end we will be knowing whether it going to be -- taken over or will be again extended. That will be known early in June.

#### **Analyst**

Okay madam. Thanks a lot. Wish you all the best.

#### Nandkishore Goyal, Chief Financial Officer

Thank you.

#### **Operator**

Thank you, sir. [Operator Instructions]. Next question comes from Runjhun Jain from Nirmal Bang Securities.

#### Runjhun Jain

Good evening ma'am thanks for taking my questions. Just wanted to clarify the date when, what have you set for 18,000 ATBS capacity to stream in?

#### Vinati Saraf Mutreja, Executive Director

Can you just repeat your question?

## Runjhun Jain

What is the time line you have given for the 18,000 of full capacity of ATBS to start to commence?

# Vinati Saraf Mutreja, Executive Director

Yeah, December 2011.

# Runjhun Jain

Ma'am why this is it in every con-call we are hearing two months delay for ATBS?

# Vinati Saraf Mutreja, Executive Director

Yeah, because it is...

# Runjhun Jain

Last three, four quarters.

# Vinati Saraf Mutreja, Executive Director

Yeah, see as I explained we are doing a step up increase.

## Runjhun Jain

Yeah, agreed. But this is every time your step up actually delays your project. Because this set-up you are doing from since two, three quarters and still every time we hear that a delay is -- delay in starting up the proceeds?

#### Vinati Saraf Mutreja, Executive Director

But there production is still increasing in the quarter.

#### Runjhun Jain

No but the full capacity, it was supposed to come earlier in June, then it got delayed to August, then October last quarter you mentioned. Now again you are saying December?

#### Vinati Saraf Mutreja, Executive Director

Yeah, the full capacity will come in December only, but till then we will target to get at least 15,000 tonnes.

#### Runjhun Jain

That right ma'am, but just wanted to understand why there is a every time, why the plan is not fixed?

#### Vinati Saraf Mutreja, Executive Director

See it's also, you have to realize because it's a technically intensive product to manufacture a lot of equipments are imported. So, and it's also we have to self design with our in-house team some of the equipment because it is not a readily available technology. So, a lot of times we will keep changing our design so that to get better efficiencies. It's not a set technology that is readily available for...

## Runjhun Jain

Okay. And second thing is for your IB thing, you were saying that you are still selling a small portion of it in the outside market. Can you just quantify that part? And second why it is non yet picked up till now, because it is almost a year we have started the production?

# Vinati Saraf Mutreja, Executive Director

See -- yeah we started around beginning of August the production and so far this year we've done about 1,500 tonnes of outside sales. But we have been also ramping up our production and using most of the productions for captive consumption. Now going forward, we are going to start exporting Isobutylene and that is where we see the major pick up in sales of Isobutylene.

# Runjhun Jain

Okay. And just a follow-up on a earlier question. You are saying that your EBITDA margins would improve from current year onwards because your ATBS contribution is going up in future.

# Vinati Saraf Mutreja, Executive Director

Correct.

# Runjhun Jain

And you are tax would be increasing because your benefit on your plant is going away.

## Vinati Saraf Mutreja, Executive Director

Correct.

## Runjhun Jain

So, just at PAT level you are maintaining that you will be able to maintain FY11 margin...

#### Vinati Saraf Mutreja, Executive Director

No, that is, that level we should maintain the margin.

## Runjhun Jain

15%.

## Vinati Saraf Mutreja, Executive Director

Correct.

## Runjhun Jain

Yeah. Okay. Thank you, ma'am.

#### **Operator**

Thank you. Next question comes from Mr. Pawan Kumar from Capital Market.

## **Analyst**

Hello, good afternoon ma'am.

# Vinati Saraf Mutreja, Executive Director

Yeah, good afternoon.

# Analyst

What will be the CapEx plans next coming years, as well as how much of your revenues comes from the IBB products for the next period, and what will be other products, other than ATBS and IBBs, which are other products you are concentrating on?

# Vinati Saraf Mutreja, Executive Director

See, CapEx for this year is about 100 crores, is 80 crores. Then going forward, the revenues from IBB will be about 30%. And this includes mainly a by-product as well as other monomers such as TBA.

# Analyst

Okay. So, if I am right, the revenues from the FY12 from ATBS will be 50 to 55%, right?

# 55 to 60%, yeah. **Analyst** Okay. Thanks ma'am. Vinati Saraf Mutreja, Executive Director Yeah. **Operator** Thank you sir. Next question comes from Ravi Shenoy from Motilal Oswal. **Ravi Shenoy** Hello? Vinati Saraf Mutreja, Executive Director Yeah. **Ravi Shenoy** Just wanted to understand the -- that you all have? Nandkishore Goyal, Chief Financial Officer Hello **Ravi Shenoy** Hello. Nandkishore Goyal, Chief Financial Officer -- during the financial year '11 and '12. **Ravi Shenoy**

Vinati Saraf Mutreja, Executive Director

Vinati Saraf Mutreja, Executive Director

The revenues from ATBS products can be 50 to 55% for the next two years?

Sorry?

**Analyst** 

How much -- could you quantify that? Nandkishore Goyal, Chief Financial Officer It is be 4.90 crores. Ravi Shenoy

Sorry.

# Nandkishore Goyal, Chief Financial Officer

4.9 crores.

## Ravi Shenoy

4.9 crores. Okay. And the CapEx could break it down into various products, the 80 crore CapEx?

#### Nandkishore Goyal, Chief Financial Officer

Basically we have total CapEx -- is about 100 crores. Out of that we have already incurred around 20 crore in FY11. So, balance 80 crore will be during this year. -- will be the ATBS capacity and TBA will absorb around 20 crores and debt will be about 23 crore...

## **Analyst**

Okay. -- can that we have the capital...?

# Nandkishore Goyal, Chief Financial Officer

-- Power plan because -- still having about but because of this government policy...

# Ravi Shenoy

Okay. Thank you.

# **Operator**

Thank you sir. Next question comes from Mr. Alok Deora from Sushil Finance.

#### Alok Deora

Hello.

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### Alok Deora

Hi. Congratulations on the good set of numbers. I just had couple of questions. One was regarding the realizations. How are the realizations being for ATBS and IBB during the year?

# Vinati Saraf Mutreja, Executive Director ATBS has been about Rs. 155.

#### Alok Deora

Okay.

## Vinati Saraf Mutreja, Executive Director

And IBB has been between 2 to \$2.5.

#### **Alok Deora**

2 to 2.5?

## Vinati Saraf Mutreja, Executive Director

Dollars per kg, about Rs. 95 or so.

#### Alok Deora

Okay. And going forward, what kind of realizations are we expecting to achieve or would it be like a small growth in terms of realization or...?

## Vinati Saraf Mutreja, Executive Director

See realizations, our prices are dependent on a raw material price.

#### Alok Deora

Right.

# Vinati Saraf Mutreja, Executive Director

Raw materials are eventually dependent on crude oil

#### Alok Deora

Yeah.

# Vinati Saraf Mutreja, Executive Director

So it depends on that.

#### Alok Deora

Okay. And I think we had guided for this top-line of 600 crores in FY13 project.

# Vinati Saraf Mutreja, Executive Director

Yeah.
Alok Deora
So now the ATBS capacity is going up from around 15,000 to 18,000. Okay?
Vinati Saraf Mutreja, Executive Director
Yeah.

#### **Alok Deora**

So we are expecting realizations to improve for...?

## Vinati Saraf Mutreja, Executive Director

See. This year we did 11,000 of ATBS.

#### **Alok Deora**

Yeah.

## Vinati Saraf Mutreja, Executive Director

Next year we will do 15,000 of ATBS.

#### **Alok Deora**

Right.

# Vinati Saraf Mutreja, Executive Director

And the year after that in FY13, we will do more than 18,000 of ATBS. So, you calculate.

#### **Alok Deora**

Okay. Because in FY13 your capacity would be 18,000, right?

# Vinati Saraf Mutreja, Executive Director

Right.

#### Alok Deora

So actually we were just trying to calculate based on the marginal growth in realizations

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### Alok Deora

And it was somewhat not much.

# Vinati Saraf Mutreja, Executive Director

Value increase, have you included the 6,000 of IB, have you included 1,000 metric tons of ...? -- 500 metric tonnes of TBA?

#### Alok Deora

Yeah. That's what I wanted to understand. What kind of contribution we are expecting from those products?

#### Vinati Saraf Mutreja, Executive Director

Those are higher contribution, higher margin products, like specialty monomer.

#### Alok Deora

Okay. And IB contribution would be how much if we are selling around 50% in the outside market?

#### Vinati Saraf Mutreja, Executive Director

Yeah, 20% margins of IB you can 20%.

#### **Alok Deora**

Contribution from IB would be around 20%?

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### Alok Deora

All right. Thank you.

# **Operator**

Thank you sir. [Operator Instructions]. Next follow-up question comes from Donald Francis from Value Picker.

#### **Donald Francis**

Ma'am just wanted some idea of top...

# Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Donald Francis**

How much do your top three clients contribute in percentage of revenues, does anyone contribute more then 10% of revenues for

# Vinati Saraf Mutreja, Executive Director

Across what.

#### **Donald Francis**

Your top customers.

## Vinati Saraf Mutreja, Executive Director

Yeah.

#### **Donald Francis**

If you could give us a sense of who your top customers are, what kind of revenues the top three customers contribute. Anyone contributing more than 10% revenues?

## Vinati Saraf Mutreja, Executive Director

-- customers are the major MNCs, -- manufacturing MNCs of the world and the top five customers contribute to about 40% to 50% of our revenues.

#### **Donald Francis**

Anyone with over 10%?

# Vinati Saraf Mutreja, Executive Director

We cannot be more specific then that.

#### **Donald Francis**

All right. Just wanted get a sense on the dependency on your biggest clients.

# Vinati Saraf Mutreja, Executive Director

You can say for top five includes 40 to 50%. I think it is enough.

#### **Donald Francis**

And this IFC credit that you have got, the terms of the loan are effective at what some 3%?

# Vinati Saraf Mutreja, Executive Director

Yes.

#### **Donald Francis**

Okay. Thank you ma'am.

## **Operator**

Thank you, sir. [Operator Instructions]. Next question comes from Mr. Kiran Vora from Indsec Securities.

#### Kiran Vora

Good afternoon ma'am.

# Vinati Saraf Mutreja, Executive Director

Good afternoon.

#### Kiran Vora

Congratulations on a good set of number.

## Vinati Saraf Mutreja, Executive Director

Thank you.

#### Kiran Vora

Ma'am I would like to know about the other products like DAAM, IB, TBA, what kind of growth you see in that product. What kind of revenue you expect for FY12, FY13 from that products?

## Vinati Saraf Mutreja, Executive Director

See like from DAAM in FY13, we expect revenues of about 20 crores. And then from TBA we expect revenues of 13 crores.

#### Kiran Vora

For FY13 or FY12?

# Vinati Saraf Mutreja, Executive Director

13.

#### Kiran Vora

Okay. And IB?

# Vinati Saraf Mutreja, Executive Director

IB, we expect revenues of about 50 crores.

#### Kiran Vora

50 crores?

# Vinati Saraf Mutreja, Executive Director

50, yeah.

#### Kiran Vora

Okay. And, ma'am, I can see your like breaking of, selling or sales and purchase of traded goods. Can you throw some light on that?

#### Nandkishore Goyal, Chief Financial Officer

Yeah. Actually we have to supply ATBS to our customer. But due to certain reasons we could not supply in time. So we have to take it back from other customer and given to it. So, in accounting -- we had to show as a trading good. It is your own product which we have purchased and given to other customers.

#### Kiran Vora

Okay. But the purchase price is greater than sales so have we incurred a loss in that?

#### Nandkishore Goyal, Chief Financial Officer

Effectively if see the numbers you will find that it is loss of around 1.5 lakh, but if we would have not done it, the losses would have been much more.

#### Kiran Vora

Okay. So this is because we are not ramping up our owned capacity?

#### Nandkishore Goyal, Chief Financial Officer

Pardon.

#### Kiran Vora

May be because we are not ramping our own capacity?

# Nandkishore Goyal, Chief Financial Officer

No, it is not because of the capacity, but because of some logistic problem...

#### Kiran Vora

Okay. Thank you.

# **Operator**

Thank you sir. [Operator Instructions] Thank you Madam. There are no further questions. Now, I hand the floor to Mr. Ajay Jindal for closing comments.

# **Ajay Jindal**

I thank you all on behalf of Four-S Services for participating in this teleconference. If you have any further queries please drop in a mail to us. Once again thank you very much and have a good evening. Thank you.

# Operator

Ladies and gentlemen, this concludes the conference for today. Thank you for your participation and for using Door Sabha's Conference Call service. You may disconnect your lines now. Thank you and have a pleasant evening.