



Oriental Carbon & Chemicals Limited
Q4 & FY2019 Earnings Conference Call

May 14, 2019



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Moderator: Ladies and gentlemen, good day and welcome to the Oriental Carbon & Chemicals Limited Q4 & FY2019 Earnings conference call. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anurag Jain, Chief Financial Officer of Oriental Carbon and Chemicals Limited. Thank you and over to you Mr. Jain!

Anurag Jain: Good morning and a very warm welcome to everyone. Along with me, I have Mr. Abhinaya Kumar, General Manager, Finance and SGA, our Investor Relations Advisors.

I hope you have received our result and investor presentation by now. For those who have not, you can view them on our website.

Even in the current economic scenario the company achieved good growth in FY2019. During the year, we successfully commissioned the second phase of expansion of insoluble sulphur plant of 5,500 metric tons per annum at Mundra, Gujarat ahead of schedule. The total installed capacity of insoluble sulphur now stands at 34,000 metric tons per annum. The Indian automobile industry, which is currently the fourth largest in the world is expected to become the third largest by 2020-2021. Commercial vehicle industry grew by 17% during FY2019 which was largely on the back of new infrastructure projects and fleet replacement. Going forward CV industry forecasted to grow at 10%-12% in FY2020. This will lead to increase in demand for bus and truck tyres. It is expected that there would be pre-buying of vehicles especially in the commercial sector before the BS-VI emissions norms come into effect. This will further boost the demand for tyres from auto OEMs thus leading to higher demand of insoluble sulphur. Tyre companies are looking to invest around 20,000 Crores in India as the demand in the Indian tyre industry is estimated to grow by 7% - 9% over the next five years till FY2023.

We being the sole Indian manufactures of insoluble sulphur and having long-term relationships with Indian domestic manufactures are well placed to participate in the future opportunities. Tyre exports are estimated to have crossed Rs. 12,000 Crores during FY2019 on back of favorable demand in the overseas market and increased acceptance of Indian radial tyres. Imports have declined in the past two years on account of re-imposition of anti-dumping duty and customs duty on truck and bus radial tyres. The company has been able to tap new geographies like China and North America. Going ahead, we expect these markets to be our growth drivers. Increase in manufacturing of high performance tyres which consumes more insoluble sulphur will also lead



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to increase in demand. During the FY2019, the operation of our subsidiary had been successfully turned around and are now profitable.

Let me give you a quick update on our new project announcement. The board of directors of the company have approved expansion of its insoluble sulphur capacity from 35,000 MTPA to 45,000 MTPA over a period of three years at Dharuhera, Haryana by way of Brownfield expansion which will take place in two phases of 5,500 MTPA each along with addition of our sulphuric acid capacity of 42,000 MTPA. The investment amount would be to the tune of Rs.216 Crores including working capital of Rs.7.5 Crores. The first phase of insoluble sulphur plant and the sulphuric acid plant are expected to be commissioned by the Q3 of FY2020-21. The steam which would be produced from the new sulphuric acid plant will cater to the requirement of the new insoluble sulphur lines. The expected project IRR is about 20%. The project is supposed to be funded by a mix of loans and internal approvals with a debt equity ratio of 2:1.

Now, I would like to update you on the financial performance of the company. At the board meeting, the board has recommended a final dividend of Rs.8 per equity share that is 80% of face value of Rs.10 each in addition to the interim dividend of Rs.4 per equity share paid in November 2018. The share buyback program was closed by the company by buying 3,05,970 equity shares at an average price of Rs.1,143 per equity share. Accordingly, the company deployed around Rs. 35 Crores during the buyback program. Total income for Q4 FY2019 is Rs.108 Crores as compared to Rs.91 Crores in Q4 FY2018, year-on-year growth of 18%. Total income for FY2018-19 is Rs.397 Crores as compared to Rs.334 Crores in FY2017-18, a year-on-year growth of 19%. This growth was mainly on account of increased capacity utilization and rupee depreciation. For Q4 FY2019, EBITDA stood at Rs.33 Crores as compared to Rs.26 Crores in Q4 FY2018, year on year growth of 29%. EBITDA margins for Q4 FY2019 stood at 30.8%. For FY2019, EBITDA stood at Rs.129 Crores as compared to Rs.104 Crores in FY 2018, a year-on-year growth of 25%. The EBITDA margins for FY2019 were 32.6%., Margins have improved on the back of improved cost efficiency due to increased utilization of new capacities and better margins from sulphuric acid. Profit after tax for Q4 FY2019 was up 31% to Rs.19 Crores, profit after tax for FY2019 was up 30% to Rs.74 Crores. PAT margins for the quarter and FY2019 stood at 17.7% and 18.6% respectively. With this, I would like to open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of G. Vivek from GS Investments. Please go ahead.

G. Vivek: Good morning. Thanks for the opportunity. Congrats for the good performance. My first question is that inspite of the softening in tyre prices in India as well as I believe abroad, how come our performance has been so good? Secondly, we are expanding our capacity, so do you foresee any demand problem with reference to that or we will be able to have proper utilization in the expansion of Dharuhera plant also?



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Anurag Jain: We have explained the reason for increased profitability. It is basically because of increased sales and you know saving on cost per metric ton because of the increased capacity utilization and to an extent due to better profitability in sulphuric acid business. So these are the three reasons why our profitability is good. As far as your second question is concerned, we now have a visibility of about 100% utilization of our current capacities and therefore we have now started on the expansion after seeing visibility for increased sales from the expanded capacities.

G. Vivek: How is the opportunity size internationally in China and US as well as in India?

Anurag Jain: In Indian market, the demand for insoluble sulphur at least continues to grow at about 10%. So there is a good opportunity in India. Internationally, the demand is growing at around 3% where we also see a lot of opportunity because of the fact that our share is a little less in two major markets than it should be.

G. Vivek: The last question is in regards to our subsidiary. Has it turned around? If yes, what are the factors for that and how is the opportunity size for Duncan which is our subsidiary,?

Anurag Jain: Yes, it has turnaround. As you can see what we have done is basically focus on good product, which brings in margin and tightening the cost part of the subsidiary. Earlier, we were manufacturing tyre valves, which we had closed two years back. So now I think the process of turning around the subsidiary has happened and we feel that it should be profitable going forward.

G. Vivek: Is our sulphuric acid uptake due to the Vedanta plant closing? Is it a temporary sort of a blip or once Vedanta Tuticorin plant comes back on stream, then our prices might suffer?

Anurag Jain: No Vedanta Tuticorin is not a factor because it is very far off and sulphuric acid cannot be transported to such long distances. It is difficult to say that sulphuric acid profitability shall continue at the same level or not because it is a commodity product. The selling price of commodities might change at very short notice. Though we should continue to do well, but whether it will do as well as this year is something which nobody can predict.

G. Vivek: Thank you Sir! keep up the good work.

Moderator: The next question is from the line of Abhisar Jain from Monarch Network. Please go ahead.

Abhisar Jain: Hi Sir! good morning and congratulations for a good performance. So, I wanted to know that the uptick in the overall sales revenue for this quarter was largely driven by increased capacity utilization or was there some pricing benefit also?

Anurag Jain: It was driven by both. So there was a pricing benefit because of rupee depreciation as well as other factors and obviously increases in capacity, so both the factors were in play.



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- Abhisar Jain:** But Sir if you are looking at it on sequential basis, than rupee depreciation might not have been a impacted anymore. So when compared sequentially, also the increase is still led by pricing or only volumes?
- Anurag Jain:** I think both have a significant part to play.
- Abhisar Jain:** I just wanted to understand that is there a dollar per ton increase in insoluble sulphur price.? As we have seen that it was stable for very long ?
- Anurag Jain:** Dollar prices will move if there is significant movement in raw materials. Also the dollar price is dependent on the geographies that you are supplying to. So I think it will suffice to say that the increase in prices has the element of rupee depreciation as well as some other increases.
- Abhisar Jain:** Sir, for the expansion that we have announced, could you break up the Capex between how much will be required for the sulphuric acid plant expansion and insoluble sulphur separately ?
- Anurag Jain:** Roughly about Rs.32 Crores to Rs.33 Crores of Capex would be required for sulphuric acid expansion.
- Abhisar Jain:** Could explain why there would be increase in the cost for the insoluble sulphur plant setup, because our last expansion was also of similar quantum at Mundra? Is it because of normal inflationary factor over the last three to four years that would have led to the capex increasing?
- Anurag Jain:** First of all,, the capex cost has not increased very significantly. There are two reasons why the cost increase will be there. Firstly, it is of course the inflation part as you would know that steel prices have gone up. Secondly, while you get the GST benefit on purchase of material for buildings, but in DTA areas, when you purchase materials for the civil construction, GST benefit is not available.
- Abhisar Jain:** Sir, lastly when you mentioned that now we have full visibility of 100% capacity utilization on our current capacities, so are we still to read that right? Could you throw some light if we will be able to achieve that in FY2020?,
- Anurag Jain:** That is true. So we are looking at some growth in FY2019-20 also and hopefully we should be able to optimally utilize the capacities.
- Abhisar Jain:** With the current capacity at Mundra, can we expect a growth of high single digits at least in FY2020 on the top line fronts for insoluble sulphur?
- Anurag Jain:** There is room for further growth in sales and we are expecting to achieve that during the year.



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- Abhisar Jain:** Just one last question related to the new expansion. Could you explain why at the new expansion when compared to the Mundra expansion that you did last time, the project IRR that you guys are forecasting is slightly lower than what we had forecasted for the last time. So is there any specific reason for that?
- Anurag Jain:** The cost is a little higher.
- Abhisar Jain:** Cost is higher. Understood. Okay Sir, thank you so much and best of luck.
- Moderator:** The next question is from the line of Chirag Patel from Atom Investments. Please go ahead.
- Chirag Patel:** Hi, thanks for the opportunity. I got just two questions. One is over the last several months, the automotive industry has seen a significant or at least a material demand compression in their monthly numbers which has led to a lower demand as a ripple effect on the new tyres which then logically should have resulted in lower demand for insoluble sulphur. But in our numbers for both Q4 and FY2019, we have not seen that impact. Can you just elaborate this if it is a strange phenomenon or not?
- Anurag Jain:** See if you look at the numbers for Q4 FY19 for cars, they are not substantially lower. The thing that has happened is that the April numbers are lower, but if you look at four-month trailing number, they were not very significantly lower than what they were earlier. Most of the consumption of tyres is driven by the commercial vehicle in India still. Secondly even in passenger tyres, maybe more than 50% of the consumption is driven by replacement market. So that way, a slight dip in sales will not have a big impact on the demand of the insoluble sulphur which is also growing on account of other factors which I elaborated earlier.
- Chirag Patel:** Right. But when we see Maruti and Hero Honda and some other players, they have been reporting lower month-on-month sales since about five to six months now. So you are saying that going ahead, we may get the hit, so far we have escaped that hit. But is it likely to come in a couple of quarters assuming that the automotive sales do not pickup?
- Anurag Jain:** See if automobile sales do not pick up, and commercial vehicle sales also slumped, for the next three to four months, then what you are saying might be true. As I said in India, the major production of tyres is in the commercial vehicle sector, even now.
- Chirag Patel:** Right understood Sir. One last question I have is as we are aware about the ongoing trade issues between US and China, where US is saying that our companies will move their supply chain from China to other jurisdictions like Cambodia, Vietnam and India and perhaps some other countries as well. How do you see that as an opportunity for yourself. Because globally, if I am not mistaken, there are not many players that produce insoluble sulphur. So is there a possibility that you could replace some of the demand that China was meeting for US? Now because of this trade friction, you could fill in the void that Chinese companies will likely create?



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- Anurag Jain:** There are two answers to this. The first is that there was already anti-dumping duty on tyres in America so that has already had an impact on the export of tires from China to America. As far as insoluble sulphur is concerned, there is hardly any export of insoluble sulfur from China to America. So that is not going to be impacted. The answer to the second part is that if the demand is going to be fulfilled more from countries like India, Malaysia, Taiwan or any other countries, then obviously we would be more favorably placed. So to that extent, yes we would benefit once the production shifts to these countries. What I would also think is that the exports of tyres from India should go up significantly and that would be a direct benefit to us.
- Chirag Patel:** Okay Sir, thank you so much for your responses. Hope we can continue with the positive momentum. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Good afternoon Sir and congratulations on the good set of numbers. Sir just on the raw material part, normally a raw material to sales would roughly be around 25% to 26%., But this quarter, there was a jump to about 30% to 31%,so could you provide any specific reason for it?
- Anurag Jain:** The cost of raw materials is Rs. 28 crores and plus Rs 4 crores makes it Rs. 32 crores. But the composition of raw material and change in inventory is much lower than that in the last quarter. Even in the last quarter the change in inventories was a negative figure., So if you look at that, for example 28%, I think it has gone up by 2 or 3 percentage points that is basically because of increase in raw material cost during the quarter. There was increase in sulphur prices in the beginning of the quarter which now has come down and in the prices of coating oil. So these were the two areas where the price has increased.
- Shashank Kanodia:** Sir, in both the case the cost has not tapered off?
- Anurag Jain:** The cost of sulphur has tapered down. Now from April onwards it is further going down. Whereas the coating oil is still buoyant.
- Shashank Kanodia:** That means last quarter we did EBIDTA margins of 27.5% leaving aside other income, so then this is something in the range that we should be doing in the near term right in next two to three quarters or will it return back to a 30% trajectory?
- Anurag Jain:** First of all, our other income is mostly related to sales only and secondly we always give a guidance of late 20s for our EBITDA margins.
- Shashank Kanodia:** That is given, as we see the sulphur prices have now cooled down, do we see the margins to improve here upon or do you see the quarterly trend to continue?



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Anurag Jain: This is what I am saying. I have told you the indicators, but if you ask me I would always say that officially we always give margin guidance of late 20s.

Shashank Kanodia: Thank you so much Sir. Wish you all the best.

Moderator: Thank you. The next question is from the line of Chirag Setalvad from HDFC Mutual Fund. Please go ahead.

Chirag Setalvad: Good afternoon Sir, can you tell us the mix between domestic sales and exports?

Anurag Jain: Roughly of our total turnover, around two-third is exports and one-third is domestic sales.

Chirag Setalvad: What was your capacity utilization for the full year?

Anurag Jain: We would not be able to give out that details.

Chirag Setalvad: Lastly what are the sulphuric acid prices average for this quarter and how is it compared with the previous quarter?

Anurag Jain: Sulphuric acid prices average for the quarter were around the same as for the previous quarter.

Chirag Setalvad: Average Sulphuric acid prices will be at what level? I am not saying your realization, if you could just throw some light on the market realizations

Anurag Jain: My realization or market realization ? the prices vary from region to region. We are sitting in the northern part, so I mean for North India, the prices would be a little different from what they are say in other parts of India. For us, the prices would be in the range of Rs.7000 to Rs.8000 Rupees.

Chirag Setalvad: That ,means this price is more or less flat year on year?

Anurag Jain: No the prices are not flat. They change significantly, this year they were better than the earlier years.

Chirag Setalvad: How much would they be year on year?, If in this quarter said it was roughly between Rs. 7,000 to Rs. 8,000, then how much would they be in the previous quarter of last year?

Anurag Jain: They were significantly better, let us put it in this way.

Chirag Setalvad: Sure, great. Thank you Sir.



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- Moderator:** Thank you. The next question is from the line of Avishek Dutta from Prabhudas Lilladher. Please go ahead.
- Avishek Dutta:** Hello Sir. Just wanted to know what is the global capacity addition which is happening for insoluble sulphur?
- Anurag Jain:** We are not aware of any further capacity happening currently, that has been announced and not been added.
- Avishek Dutta:** So, will you be the only one who is adding capacity in the next three years?
- Anurag Jain:** That appears as of now. So as of now, we cannot say if somebody comes up and announces capacity say like six month or one year down the line.
- Avishek Dutta:** Could you explain how is the utilization level for the whole industry globally?
- Anurag Jain:** The figures are not available readily. But if you go by the Notch report, I would say excluding the Chinese manufacturer in demand, the capacity of utilization should be in the range of 80%-85%.
- Avishek Dutta:** Okay, thank you Sir.
- Moderator:** The next question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.
- Kashyap Jhaveri:** Thank you very much Sir for the opportunity and congratulations for a great set of numbers.
- Kashyap Jhaveri:** Okay, I am referring to slide number 16 in the presentation and you know where we have given insoluble sulphur demand for the industry as a whole. So let us say last five years, , lets say 2014-2019, what would have been the volume CAGR for our company versus let us say 3.4% to 3.8% for the industry as a whole?
- Anurag Jain:** See the volume CAGR for our company has two points related to it growth. Firstly, ,that we are in the fastest growing demand region of the world today, that is India. The second volume CAGR is that we are taking a little bit more than the growth rate. So out of the growth what would be available to us, we are taking a more portion of that because we still have a few areas where our presence was very less. As I elaborated that we are also making entry in US and China, but at the same time with the existing customers and getting new customers from the existing geographies, from that also we are getting growth. So if the demand grows at 3%, we are confident that in the international market we can grow at more than 3% even keeping aside India where the demand is growing in double digits for the last several years.



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Kashyap Jhaveri: So overall would we have grown at like a small teen digit number versus 3% - 3.5% for the industry?

Anurag Jain: We are growing at a higher rate than industry.

Kashyap Jhaveri: Let us say teen digit, which is like say 12% - 3% probably or would it still be a single digit number, but significantly higher than the industry growth number?.

Anurag Jain: It is a single digit significantly higher number.

Kashyap Jhaveri: Okay. My second question is on your expansion we have mentioned that we will be funding this expansion with a debt equity of 2:1. But at the end of FY2019 we already had a cash balance of roughly about Rs. 87 odd Crores plus if I look at some sort of calculated cash flow from operations post interest and post tax for this year, we would have done something like about Rs. 80 Crores - Rs 90 Crores., Let us say by FY2021 when we are looking at this expansion to complete we would have already have at least about ~ Rs. 80 Crores closing balance of this year plus two years cash flow of roughly about Rs. 120 Crores- Rs.130 odd Crores post dividend also. So why then do we look at debt as a source of funding?

Anurag Jain: We are looking at other source of funding in order to maintain liquidity in the company. So that is the main reason we are looking at, so that there is enough liquidity in the company.

Moderator: Thank you. The next question is from the line of Ankur Agarwal from Prime Investments. Please go ahead.

Ankur Agarwal: Sir I want to understand about your other product Sulphuric acid. What are the dynamics of the sulphuric acid industry? Does it have pricing power, amidst a large player in the India market? How do you classify the pricing power across different grades of sulphuric acids like among the battery grade and industrial grade? How can one understand if it has a pricing power or is it a commodity?

Anurag Jain: It is a commodity, there is not a lot of pricing power that we have. We are one of the smaller players. There is Hindustan Zinc, which produces a huge amount of quantity in Rajasthan as a buy-product permits using smelters. In North India the only thing is that, there has been some balance in demand and supply. But there are basically two grades one is the industrial grade and one is the battery grade. Battery grade commands a little premium than the industrial grade, but it is more or less follows the pricing of the industrial grade.

Ankur Agarwal: Is the larger player that you are referring to is Vedanta?

Anurag Jain: Yes, for North India that is the largest player.



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- Ankur Agarwal:** Okay, fine. Sir just one question what would be the premium difference between battery grade and normal grade?
- Anurag Jain:** The premium for battery grade varies. I cannot divulge the details.
- Ankur Agarwal:** Okay Sir. That is it.
- Moderator:** Thank you. The next question is from the line of Manish Jain who is an individual investor. Please go ahead.
- Manish Jain:** My question is regarding the capacity. Last year we have seen a lot of capacity additions. So are we seeing any pressure on prices? So does that impact us and are we not able to pass on cost increases ?
- Anurag Jain:** No, if you would look at our numbers our margins have remained stable.
- Manish Jain:** From last quarter it has gone down actually.
- Anurag Jain:** See, if you look at it on a year-to-year basis they will remain stable. You should not look at it on a quarter-to-quarter basis. As from previous quarter to the last quarter they were higher than last quarter. So in short-term there are many other aspects s, which happen.. Anyway I do not think if there is going to be any pressure on the margin, which is going to be because of expansion, there could be other reasons like the market uncertainties or something which might go in the future against, whether it is the raw material or exchange price, but not because of capacity expansion. We are not in the business of expanding of capacities by reducing price.
- Manish Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shikhar Mundra who is an individual investor. Please go ahead.
- Shikhar Mundra:** Could you explain what does the other income of Rs. 5 Crores constitute of?
- Anurag Jain:** There are two major components. One is the export benefits and the other is the foreign exchange rates.
- Shikhar Mundra:** So for the exports, can you give me a breakup between the two. How much is for the export benefit?
- Anurag Jain:** No, that we would not be able give immediately..



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- Shikhar Mundra:** Any other new products, which we plan to work on except insoluble sulfur ?Is there any other thing we are are working on for checking out the feasibility?
- Anurag Jain:** There is nothing at present which we are working on.
- Shikhar Mundra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Abhisar Jain from Monarch Network. Please go ahead.
- Abhisar Jain:** Sir thanks for the followup opportunity. Sir I wanted to ask about this company based out of China, China Sunshine. So it seems that they have been growing the volumes. Could you give some on idea on whatever volumes that we are selling into China are they a direct competitor for us on those volumes?
- Anurag Jain:** Well whenever we go into China, there are two kinds of markets that we address There are some companies which only buy from international insoluble sulfur manufacturers and there are some companies who buy from international as well as Chinese manufacturers. So wherever they are buying from international as well as Chinese manufacturers than Sunshine could be one of the suppliers there.
- Abhisar Jain:** Sure sir understand that point. Also if you could throw some light on the point that China Sunshine is becoming a serious competitor at a global level? So for our exports, have we seen any increased activity in terms of China Sunshine particularly on the export side?
- Anurag Jain:** You mean their sales outside China to US and India?
- Abhisar Jain:** Yes, to the same customers as we do because there is a difference in quality. But I am not sure of the quality of China Sunshine, so their volume seem to be growing quite significantly over last three, four years.
- Anurag Jain:** Well we have not seen any such indications.
- Abhisar Jain:** Okay, understood. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Rohit Goyal who is an individual investor. Please go ahead.
- Rohit Goyal:** Good morning and congratulations for a good set of numbers. I have two questions Sir. One is if we had the visibility of expansion plan of Rs.216 Crores with a 20% IRR, then why did the management go for a buyback for Rs. 35 Crores? Would it not be a better idea to use the company fund to put to use in this expansion and going for a lesser debt? Secondly how do you



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see the long-term growth opportunity for the company if, as if I see the company number since 2010 with all the expansions that we have, that have taken place and growth in sales we have been able to achieve around 10% to 12% growth CAGR in sales and profit? So would it be fair to assume that even if we are able to go ahead with the expansions over the next five to ten years on a similar phase that is a number that the company can achieve with the current growth plan and with the industry opportunity?

Anurag Jain: To answer to your first part that we have enough liquidity and therefore we decided to go for buyback. The fact that we are taking loans is more to do with maintaining the liquidity for the future. As far as the future growth is concerned, yes we are expanding, but each expansion as a percentage of the previous expansion is a little less. However we have been maintaining certain growth and we expect to maintain growth in the future., We do not give growth guidance, but you have the numbers in terms of expansion that we are expecting and the expected sales from those expansions.

Rohit Goyal: Sure. Thank you very much.

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

Kashyap Zaveri: So my question is that we already have a closing cash balance of about Rs.90 odd Crores and we usually generate post tax and post interest operating cash flow of roughly about Rs.80 odd Crores, which means by the time FY2020 when our expansion is complete, we would have anyways total cash accrued in our own balance sheet of roughly about Rs.230 Crores Rs. 240 odd Crores. Also as you said you want to maintain liquidity in the balance sheet for the company and that is why the 2:1 debt equity. But at least should we assume that on net debt basis, which is adjusted for the closing cash we probably would not have added much debt by the time expansion is complete?

Anurag Jain: That is true because by the time the whole expansion is complete most of the current debt would have been paid off. So there would be replacement of debtors as well. Most of the current debt would have been paid by the time the expansion is complete.

Kashyap Zaveri: Sure that was the only question I had. Thank you very much Sir.

Moderator: Ladies and gentlemen that was the last question for today. I would like to hand the conference over to the line of management for closing comments.

Anurag Jain: I take this opportunity to thank everyone for joining on the call. I hope we have been able to address most of your queries. For any further information kindly get in touch with me or Strategic Growth Advisors, our Investor Relation Advisors. Thank you once again.



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Moderator: Thank you. On behalf of Oriental Carbon & Chemicals Limited that concludes this conference.
Thank you for joining us. You may now disconnect your lines.