Moderator:
Ladies and gentlemen, Welcome to the Q3 FY2015 Results Call of Ballarpur Industries Limited hosted by Emkay Global Financial Services. We have with us today, Mr. Yogesh Agarwal – MD and CEO – BILT Paper B.V. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask the 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. Rohan Gupta – Senior Research Analyst of Emkay Global. Thank you and over to you, Mr. Gupta.

Rohan Gupta:
Thank you. Good evening ladies and gentlemen. On behalf of Emkay Global Financial Services, I welcome all the participants who have logged in for the conference call of BILT. Thanks to the management for giving us the opportunity to host this conference call. Good evening, Mr. Yogesh Agarwal. I once again thank you for giving us the opportunity to host this conference call. I request you to first give us a brief about the current quarter results and request you to take us through the FY2015 numbers and how the industrial scenario is panning out. Then, we can take it forward with the Q&A session, Sir.

Yogesh Agarwal:
Let me first quickly give the results. After that, I will brief you all on the industry scenario and then open it up for Q&A. I now start with the results.

The revenue for the current quarter, including the SFI in Malaysia was Rs 1231.3 Crores as against Rs 1,354 Crores in the corresponding quarter of previous year 2013-2014. Revenue, including SFI for the current period, which is for nine months is Rs 3,625 Crores as against Rs 4,020 Crores of the corresponding period, last year.

The consolidated EBITDA for the current quarter ended March 31 is Rs.219 Crore as against Rs.253 Crore in the corresponding quarter of previous year. If you look at the nine months period, the consolidated EBITDA for the current period ending March 31, 2015 is Rs 590 Crore as against Rs 713 Crore in the corresponding period of the previous year.

If you look at percentage, the EBITDA margin for the current quarter was 18% as against 19% in the corresponding quarter of the previous year, which is 1 percent lower. EBITDA margin for the nine months period ending March 31, 2015 was 16%, as against 18% in the corresponding period of the previous year. If you look at PBT for the current quarter, it is Rs 24 Crore as compared to Rs 17.6 Crore for the corresponding quarter of the previous year.

The depreciation and amortization for the quarter is Rs.104 Crore as compared to Rs.123 Crores in the corresponding quarter of the previous year. Interest cost for the quarter is Rs.88 Crore, as compared to Rs.112 Crore in the corresponding quarter of the previous year.

For nine months period, the PBT stood at – Rs 62 Crore, as compared to +Rs.40 Crore in the corresponding period of the previous year. Depreciation and amortization for the period is Rs 338 Crore as compared to Rs 345 Crore in the corresponding period of the previous year. Interest cost for the period is Rs 312 Crore, as compared to Rs 326 Crore in the corresponding period of the previous year.

The net profit for the current quarter is Rs.26.45 Crore compared to Rs.18.67 Crore for the corresponding quarter of the previous year. Net profit for the nine months period is – Rs.46 Crore as compared to Rs. 60 Crore plus in the corresponding period of the previous year. Fully diluted EPS for current quarter is Rs.0.42 as against Rs.0.24 for the corresponding quarter of the previous year.
The fully diluted EPS for the nine month period is Rs.0.33 as against Rs.0.75 for the corresponding period of the previous year. So this is the synopsis as far as our results are concerned. I have the production number and all with me, but I think I will leave it at this as far as the results are concerned. Then I will briefly tell about the industry and I can also give some reasons why our EBITDA is lower as compared to previous year same quarter and also why the nine month period is lower as compared to the corresponding nine months of the last year.

Coming first to what specifically happened in BILT.... we had a stress at Sabah in Malaysia, where we had a problem due to a crack in our wood chipper foundation. Our production was actually down and the Sabah plant was shut for almost 40 days due to the issue of a crack in the foundation in some of the chipper house. That was one of the reasons, why our production was less and we lost revenue as well as EBTIDA margin. That was one specific reason, which happened in our case.

Apart from that, if you look at the general industry story at this point in time..as other commodities are down, so is pulp and paper industry. The prices are really at the bottom of the pyramid or the bottom of the curve at the moment. This quarter was certainly down as compared to the corresponding quarter in the previous year, in terms of pricing which are operating in the market. Generally, in these nine months till March 31, we have actually operated at price points, which were lower as compared to nine-months period of the previous year.

From one side, we lost something on the market price, which is the revenue side and also income which we had a Sabah for the crack which appeared in the chipper foundation. These are the general trends. But then, as we speak, over the last two-three weeks, we are seeing the ripple market is strengthening and pulp prices have moved up.

I do not think the reason is really so much writing and printing paper demand which has pulled through and pulp has moved up more because of tissue demand, which has risen globally. I shall talk in the global context because it is a globally traded commodity. I think the way tissue demand in Europe and US is building up along with diapers etc, the pulp demand is strong and pulp prices have moved up. Theoretically speaking, that should trigger paper prices also to move up because the same pulp is used for printing paper as well and pulp prices are up actually from a level of say three four months back level of around $570 and today the price will be more in the region of $650. It has moved up a good $80 in the last three-four months. This is a very significant movement in our industry. This is a very recent phenomenon and may trigger strengthening of paper prices as we move forward into the new quarter.

Our special paper product, which we have been doing for chewable tobacco, which is called gutka packaging paper has done pretty well. We continue to do well and the March quarter was also good for that. There is no other specific point which I would like to mention here. Other than these two points, in the general market, the commodity markets are down and so was in our case and on the top of it we had an issue in Sabah. I will leave it at that and we could take questions and will be more specific on queries.

**Moderator:**

Ladies and gentlemen, we will now begin the question and answer session.
Question and Answer Session

Rohan Gupta:
Sir, before we could get into Q&A mode, there are a couple of questions I would like you to clarify like- What kind of volume growth we have seen in the current quarter and for the full year? What was the operating level for Sabah during the quarter and what is the current operating level at Sabah as of now?

Yogesh Agarwal:
First let me comment on the revenue side. The revenue for the current quarter was Rs1231 Crore as I mentioned earlier as compared to Rs 1,354 Crore in the corresponding quarter of the previous year. This is down from Rs 1,354 Crore to Rs 1,231 Crore.

Rohan Gupta:
Sir, I am enquiring for the volume number and volume growth for the quarter and the year?

Yogesh Agarwal:
We now look at the quarter. Our production of paper during the March 2014 quarter last year was 212,082 metric tonnes and our sales was 209,951 metric tonnes. This year in the quarter, we have produced 209,305 metric tonnes and our sales are 205,291 metric tonnes as far as paper is concerned.

Rohan Gupta:
This is including Sabah?

Yogesh Agarwal:
Then we have pulp, market pulp, SFI last year our quarter production was 23,756 and this year it is 20,532.

Rohan Gupta:
This is production of SFI. You mentioned 23,756 versus 20,532 in current year, right?

Yogesh Agarwal:
Current year is 20,532, last year was 23,756 and the sales, which is dispatched to India from there this year March 2015 is 23,092 and last year, it was 22,841 Sabah.

Rohan Gupta:
What was the average realization for the quarter?

Yogesh Agarwal:
Average realization, I have to actually multiple heads there for every realization. Let us first go through coated paper in India. For coated paper in India last year, our average realization, last year quarter was Rs 55,283 domestic. This year, it is Rs 53,576. Exports last year was at Rs 55,704 per metric tonne and this year it is Rs 58,631. On uncoated side domestic, last year was Rs 57,912 and this year it is Rs 55,406. Export last year was Rs 58,680 and this year is Rs 54,968. Then we have one more product, which is called gutka product. It is a coated product but high value product. Last year it was Rs 88,227 and this year it is Rs 85,654.

Rohan Gupta:
I think that was the basic information, which everybody would have been looking for. Now, we can go for a Q&A session and ask any other questions we have over there.

Yogesh Agarwal:
Just one more data point, which is SFI. SFI paper last year was 2,509 Ringgit and this year is 2,631 Ringgit, so it is marginally higher.
Moderator:
We have first question from the line of Vinay Shah from Reliance Mutual Fund. Please go ahead.

Vinay Shah:
Good evening. Thanks for the opportunity. Can you just highlight the total debt number at the consolidated level, apart from the perpetual debt that is there?

Yogesh Agarwal:
The total debt is Rs 5,700 Crore, apart from perpetual.

Vinay Shah:
This does not include perpetual debt?

Yogesh Agarwal:
It does not include perpetual.

Vinay Shah:
Total debt?

Yogesh Agarwal:
Rs 1,253 Crore.

R.Rajagopal:
Rs 6,900 Crore you can say, Rs 6,953 Crore.

Vinay Shah:
June 2014, corresponding number was Rs 7,348 Crore at the consolidated level, right?

R.Rajagopal:
Yes.

Vinay Shah:
The overall debt level has increased despite one tranche of equity? June 2014 consolidated debt was Rs 6,147 Crore apart from perpetual.

Yogesh Agarwal:
We are just getting the number for June 2014.

R.Rajagopal:
This is Rs 6,147 Crore, apart from perpetual.

Vinay Shah:
My question is - This is despite receiving $100 million equity this financial year?

Yogesh Agarwal:
Yes.

Vinay Shah:
After that, debt level has decreased by Rs 447 Crore (excluding perpetual bonds).

Yogesh Agarwal:
We are just totaling the number. There seems to be a disconnect on the June 2014 numbers. Last year it was Rs 7,348 Crore, including perpetual bond. This year, it is Rs 6,953 Crore including perpetual bond, decrease of 395 Crores.
Vinay Shah:
Sorry Sir, can you please come again with the numbers?

R.Rajagopal:
That current year, the debt including perpetual bond is Rs 6,953 Crores and last year it is 7,348 Crores so the decrease is around 395Crores, delta.

Vinay Shah:
How much would it be at the BIGPH level?

R.Rajagopal:
It is around Rs 3,946 Crore.

Yogesh Agarwal:
It is Rs 3,946 Crore.

Vinay Shah:
Sir, in one of the last concalls, you mentioned that along with falling realization at the paper level, there was a correction that the bamboo prices were increasing, so there was a double whammy effect. Could you just throw some light on the movement of bamboo prices now?

Yogesh Agarwal:
Actually, it was not bamboo price but it was wood price. The general wood, which is the major raw material. Bamboo is a very small percentage of our total raw material. It may be in a single digit percentage. In general, I think the wood prices have shot up, but in the last three to four months, the prices have come down. It is not like they have, so it is come down from the peak. Just to give you the exact number, if we were buying some marginal wood at the prices of like Rs.13,000 per metric tonne, now we are not buying anything which is more than Rs.11500 per metric tonne but it does not mean that our average costing of wood has come down by Rs.1500. It is basically because we were buy wood from Rs.8000 per metric tonne onwards up to say Rs.13000, depending on the distance from where you are bringing the wood. It is the freight component which plays a role there and I am talking of without any moisture so this is like bone dry basis, you know just to clarify sometimes when you get the price it can be good in moisture which will be roughly half of this so today we are going from Rs.8000 to Rs.11500 or so we are not buying anything more than Rs.11500 so the marginal cost of wood has come down by almost Rs.1500, on an average basis the wood price would be down by around Rs.300 to Rs.400 per metric tonne already. We are expecting it to go down as we move forward into the year by another Rs.300 to 400 per metric tonne, on an average basis. May be marginal wood, we may not be buying anything plus of say Rs.10700-Rs.10750 as we move forward, three to six months from now. That is the kind of view I have.

Vinay Shah:
So maybe at a lower end of this pricing band, there is not much decrease in the prices?

Yogesh Agarwal:
At the lower end there is no decrease. See basically FOB price has not come down that much. It is basically the availability of wood closer to my mill has gone up. We are buying more wood now closer to our mills. We are not going to the farther areas to buy and also, there is a little bit of meltdown even on FOB level. So partly it is distance and partly, it is FOB. FOB in the sense at the forest level, where the wood is cut, so once the farmer is realizing he is also marginally lower in the last three months as compared to before and the prices are down from the peak. They have come down and imported wood, which was coming as on Rs.14000 of metric tonne or something like so that is all gone and nobody is importing wood today, to the best of our knowledge. At least, we are not importing and we are not aware of anyone importing, so the availability of domestic wood is enough.
Vinay Shah:
Can you give some figures on the capex for FY2016? What would be the maintenance capex other than maintenance?

Yogesh Agarwal:
I do not think we are doing any capex, which is other than the maintenance. There is no capacity related capex, as it is now kicking in. Going forward, in the next say couple of years, more specifically for the year 2015-2016, it will be basically maintenance capex, which is what we are going to see and there is no non-maintenance capex. There is only maintenance capex, which is around Rs 200 Crore.

Vinay Shah:
I have one more question about the IPO for one of the subsidiaries that was to happen at the Singapore Exchange?

Yogesh Agarwal:
I think we are at this point in time there was option then I do not think frankly that Singapore listing option is looking very practical at this stage. We brought in the other avenue of getting in money from IFC and there are other options, which are being worked out. So, the Singapore listing thing for the moment, I would say is shut. That option remains still with the company but it all depends on the valuation and so on and so forth. Looking at the criticality of this whole idea, I think at this point in time, it will be deferred.

Vinay Shah:
Did we receive $100 million or $250 million?

Yogesh Agarwal:
$100 Million.

Vinay Shah:
Thanks a lot.

Moderator:
Thank you. The next question is from the line of Anita Rangan from HSBC Asset Management. Please go ahead.

Anita Rangan:
Good evening. One question I had was - at the consolidated level, the interest cost is about Rs 89 Crores and if you look at BILT Graphics level, it is about Rs 105 Crore. So why is the consolidated interest cost lower than the subsidiary, which is BILT?

R. Rajagopal:
This is basically that we have in between entity Euro loan - Euro has come down and accordingly we have affect forex gain at that point.

Anita Rangan:
No. I understand that but why is like at a consolidated level, it is lower? Because there will be standalone interest servicing also, right? So I would assume that consolidated will be BILT plus other standalone entities and Sabah?

Yogesh Agarwal:
PI repeat your question.

Anita Rangan:
I would assume that consolidated is BILT plus BILT Graphics and Sabah Forest right?
R. Rajagopal:
There is a Dutch entity which is the investment vehicle and where the loan is. The Euro loan is there where the Euro has come down against the Rupee. We have booked a foreign currency gain. Accordingly, the interest has come down.

Anita Rangan:
At the consolidated level, there is also some write down of reserves and surplus, could you explain that?

Yogesh Agarwal:
The perpetual bond, we are treating it as equity and the interest paid for the perpetual bond is written off against the equity.

Anita Rangan:
Why is the profitability down, what we understood was like Q2 December Sabah Forest was under some pressure due to some maintenance but this point, this thing was expected to be resolved by March. But this has that not happened or are we seeing the profitability still low at a standalone level and at BILT Graphics?

Yogesh Agarwal:
The issue of Sabah, which was a production issue was solved in the quarter of January- March. So January, February and March we did not see that hiccup, but general market condition was at the bottom of the cycle, so prices were the lowest. What we saw is a typical commodity cycle, so the profitability got affected primarily in this quarter because of prices of paper and pulp and when I mentioned about the product problem at Sabah, it was more to do with the nine month period, in my commentary the nine month period which is today. So most of the issue in Sabah happened in November and December.

Anita Rangan:
Sir, why has the interest cost gone up in BILT Graphic because the profitability has come down substantially in BILT Graphic which is 3 Crores from what was then first half of 36 Crores?

R. Rajagopal:
There were some FX loans also. There is a FX loss, that is why it has gone up.

Anita Rangan:
But you mentioned that in the intermediary entity, there was some forex gain?

R. Rajagopal:
No, at consolidated level it gets nullified but at the BGPPL level, it is more.

Anita Rangan:
Just one question - at a strategic level to reduce debt, would you think of divesting Sabah Forest at any point in time?

Yogesh Agarwal:
I do not think there is any plan as of now. I think basically at this point in time, we are facing this issue of cash flow or profitability at SFI on account of paper prices and the commodity cycle where it is. So I think, strategically speaking, Sabah is a great asset for us because wood is in short supply in India and we have seen the way wood prices have shot up in India. If you have to do paper business in India, you need to have a source of pulp somewhere. It could be in multiple forms- so one could do some joint venture somewhere or so. Companies in India and China both have the same issue, where it is essential to securitise your fibre source. So I think Ballarpur did it through Sabah and at this point in time, we do understand that there is an issue on profitability. But in the long run, as a strategic point I think securitizing fibre is very, very important for the company. But at the same time, the various funding options are there as IFC money has come in. So those kind of options would be there but there is no such plan as of now to take this out of the portfolio.
Anita Rangan:
Thank you very much.

Moderator:
Thank you. The next question is from the line of Deepak Gupta from Kotak Mutual fund. Please go ahead.

Deepak Gupta:
Sir, I had two or three questions, What is the total forex loan amount that you have on your books?

R.Rajagopal:
Forex loan, we are having about $ 525 million in total.

Deepak Gupta:
This is across all entities?

R.Rajagopal:
Across all entities.

Deepak Gupta:
What is your forex gain on the consolidated level that was booked in this quarter?

Yogesh Agarwal:
In this quarter, it was about Rs 15 Crore.

Deepak Gupta:
What is the interest rate on perpetual debt?

R.Rajagopal:
It is about 9.75%.

Deepak Gupta:
This is not routed through P&L.

R.Rajagopal:
Yes, it is not routed through P&L because it is treated as equity. It is of a perpetual nature and is taken as equity.

Deepak Gupta:
Can you throw some light on the paper prices at present. What are the domestic paper prices of the domestic producers and what are the imported paper prices?

Yogesh Agarwal:
Domestic as I said I gave these numbers in the beginning coated paper...

Deepak Gupta:
What was the realization for the quarter? So, what would be the current prices?
Yogesh Agarwal:

This is very similar to the average realization for the quarter. So things have not moved in a very significant way from where we were. So between 53000 and 54000 is the number for domestic coated & uncoated realization and the imported paper would be in the region of ...depending on where it is coming from, the ASEAN countries, where there is no duty, paper will be little more expensive. I would put it. Only coated paper is imported by the way, uncoated is hardly anything. So coated paper commodity realization I am saying would be in the region of $780 from ASEAN countries which does not attract duty while from European countries and US which attract duty, the price will be more like $740 or $750.

Deepak Gupta:

So what is your view on the realization? Do you think, there is an upside to paper prices or what is your expectation?

Yogesh Agarwal:

It is a bit difficult to say at this point in time, but if I take pulp price to be trigger, then I would say what I do not see how it will be kind play out. But at this point in time, in the last two months, we have seen pulp prices moving up by a good I would say 12% to 15%, pulp prices in the global market, hardwood pulp prices where almost 80% of pulp which is used in paper manufacturing in India. Most of the players have integrated pulp, but what happens is that paper prices are decided by the market pulp prices because the cost base of paper price at the marginal level is decided by the pulp prices. China is the biggest buyer of pulp. They buy almost 2 million tonnes of pulp every month which is going to increase paper prices eventually. So, that trigger is the development over the last two months.

Deepak Gupta:

On the raw material side, do you think that the reduction in pulp or raw materials will continue?

Yogesh Agarwal:

I think, I said, our average costing of wood should come down by Rs.300 to 400 metric tonne of wood on bone dry basis.

Deepak Gupta:

What could be reasons for reduction in wood prices?

Yogesh Agarwal:

Essentially it boils down to supply demand. So, I would say that because companies are in stress, so every company making EBITDA margin which is anywhere between (I would say that of the results which have come out) 11% to 12% to 18% to 20% are in this bracket. I think there is pressure from that side and also, when the prices move, the prices moved up almost two and two years back so more and more players coming to the play and I think the availability of wood had also improved and in the hope of getting quite some wood coming in the next say after one to one and half years or so with a total cycle of 3.5 to 4 years when the farmers starts cutting in the trees. I think many farmers would like to offload it at today’s price expecting that there might be a price cut coming in after one year. Two and a half years back, wood prices started moving up and e farming also went up expecting higher prices of crop. This wood will actually be available for harvesting one and a half years from now.

Deepak Gupta:

Thanks. That is by my side.

Moderator:

Thank you. Next question is from the line of the Sumanth Kumar from Elara Securities. Please go ahead.
Sumanth Kumar:
Sir, my question is regarding the imports from China and how it is impacting capacity utilization and supply to Indian companies?

Yogesh Agarwal:
See, as far as China imports are concerned, China or Indonesia for that matter, imports are only in coated paper and they are only to extent that the capacity is not available in India. We are running absolutely full throttle as far as coated papers are concerned because we are doing this gutka product almost 5500 to 6000 tonnes a month. So that takes away a lot of our capacity. Besides that, whatever coated paper we are making, the machines are running like 24/7, so we are able to sell and the imports are only to the extent that the capacity in India is short as compared to the demand, so import is filling up that gap. In uncoated, there is hardly any import, which is coming in, so China is not the number 1 player in the India. It is actually Indonesia, which is the number one player and also, it is coming at 0 duty.

Sumanth Kumar:
What was equity key reason for price drop YOY? We have seen the price has gone up significantly in FY2014, but FY2015 it has corrected. What we know is that there is a supply from China or Indonesia in the coated segment. Earlier, it was not happening and this time it happened in FY2015?

Yogesh Agarwal:
Actually, technically what you are saying is correct. There is import of copier paper in the country but that is a very small number. If you see in uncoated paper, especially copier, in India there is more supply. So there is surplus supply available in India by the Indian domestic players. JK had built up this machine and the copier machine, which was couple of years back so that machine is still not completely sold out. The back pressure, which is coming from JK, is what is more significant than any import threat. Import is a very marginal game and I do not think that is what is game changer. I think the issue has more to do with the domestic supply as far as uncoated papers are concerned.

Sumanth Kumar:
I would like to understand and know that we have raised from the IFC US $100 million by equity and $150 million through term loan. So what is the use of the fund and how much we have used for working capital loan and how much we have used for term loan and if you use for working capital loan, then why our working capital loan and overall loan has gone up?

R.Rajagopal:
US $150 is yet to come. It is only US $100 which has come in, which is the equity. The term loan from IFC has not yet come in.

Sumanth Kumar:
So $100 million we have raised, so how much debt we have retired?

R.Rajagopal:
We have got 543 Crores and we have reduced debt by Rs. 450 Crores.

Sumanth Kumar:
How the debt has gone up?

Yogesh Agarwal:
The debt at the BILT consolidated level, has not gone up because we have reduced by 447 Crores.
Sumanth Kumar:
The total number you are talking about 5,700 something, what is excluding perpetual security cross debt?

R.Rajagopal :
Yes, the including perpetual debt has gone up because of the reinstatement of the US Dollar.

Sumanth Kumar:
I am talking excluding perpetual?

Yogesh Agarwal:
Excluding perpetual, debt has come down from Rs 6,147 to Rs 5,700 Crore at BILT level.

Sumanth Kumar:
Thank you. That is my side.

Moderator:
Thank You. Next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor:
Good evening friends. Sir, first of all could you quantify the losses due to the breakdown in machinery that took place sometime in the month of December for the December quarter?

Yogesh Agarwal:
We will have to park that question for the moment, because we will have to just look up the papers and tell you what was it.

Saket Kapoor:
My next question is regarding another unit which is closed that is Rayon grade pulp. What is the situation on ground and what are the expectations, going forward?

Yogesh Agarwal:
The government is very keen to give some concessions and start this because at this point in time, the way prices are of pulp, if you buy wood and coal and all of that at the market prices, it does not make sense and that is reason why it is shut. But the state government is pretty keen to give some concession, which are being discussed at that level and at this point of time. We have reduced our fixed costs as much as we could - people management staff at least and so on and so forth. So we are in the situation, where we have reduced fixed cost over the last one year, but we are in the position to restart the plant on a short notice, provided we get some certain concessions, which will make business sense to run the plant.

Saket Kapoor:
Sir, right now the 13 to 14 Crores is I think the losses you are posting for the last two quarters. If nothing happens on ground, we are going to lose this money on quarter-on-quarter basis even on the fixed cost front?

Yogesh Agarwal:
Yes something like this. If nothing happens, then that is what would be the number, which will be booked.

Saket Kapoor:
2013-2014, we have to do Sir. Sir, now you have the number of the breakdown? What losses we have incurred?
Yogesh Agarwal:
It will take some time.

Saket Kapoor:
Next question coming - we come first of all to the P&L segment. In the paper product and the office supply segment, we are working at very meagre percentage. What is reason for the same? Posting turnover of around 126 Crores and the profit before taxes around Rs.1 Crores only?

Yogesh Agarwal:
You see, as far as the office supply segment is concerned, in which we buy paper from the wholesale business, the office supplies business buys paper from the wholesale business at full contribution of the wholesale business. So there is no subsidy which is being given to them, so that is why you see this is only trading margin so there is no manufacturing margin which is sitting there. It is only trading margins you will see a similar kind of trading margin operating to keep your business flowing and we are interested in the growth of the business so that is why the margin is low.

Saket Kapoor:
So we are buying from other players then we are branding it under BILT?

Yogesh Agarwal:
No. We are buying from our own wholesale business and we buy at the full price. The office supply business will buy at a full price and give full contribution and full probability to the wholesale business and then they will build it up on the top of it so that the margin is only shown here.

Saket Kapoor:
Then there is profit of the wholesale business in which company it is posted Sir.

R.Rajagopal:
It is in the main paper segment

Saket Kapoor:
Is the paper segment clubbed?

R.Rajagopal:
Yes.

Saket Kapoor:
Now coming Sir, to your depreciation part earlier. We are not very frequent with the conference call. Also, there should be policy by the management whether it should be held six months or nine months or one year or yearly, so you must decide on that also Sir? Secondly, Sir what would be the rate of depreciation going forward as per the new Companies Act since changes been made according to it because we have not heard or read anything in the news?

R.Rajagopal:
What we have done for depreciation is we have reassessed the residual life as per new Companies Act 2013 and accordingly we have booked the depreciation. We have assessed life of some machineries at 30 years and earlier as per the Companies Act 1956, it was only 20 years.

Saket Kapoor:
It will remain in this ballpark figure of 333 to 340 Crores going forward also?
Yogesh Agarwal:
Yes.

Saket Kapoor:
It will remain and why are the employee costs on the rise Sir?

Yogesh Agarwal:
Your voice is not audible. I am not able to hear?

Saket Kapoor:
Sir, I am asking why the employee cost has risen? You told we have taken steps to reduce it, but if we take quarter-on-quarter also and year-on-year also the employee cost is higher?

Yogesh Agarwal:
The employee cost has increased basically because of new wage agreement entered in one of the units, which has impacted by 8 Crores. That saw the increase from the last quarter to this quarter.

Saket Kapoor:
Only 8 Crores?

Yogesh Agarwal:
It is only that much.

Saket Kapoor:
It is there. So this will be the quantum going forward we can analyze it at 110 Crores for the quarter.

Yogesh Agarwal:
110 for the quarter, yes.

Saket Kapoor:
It will be like that Sir?

Yogesh Agarwal:
Yes.

Saket Kapoor:
Sir, now coming to the main issue which investors are worrying. This is your balance sheet, it needs repair and earlier, it was seeming very skeptical when we were told that our listing is on hold, so Sir, right now with debt levels of 5,700 Crores, how well are you positioned to stretch your assets to pay the debt and to also pay the shareholders? What is the step going forward Sir, in debt reduction level. What kind of debts are we looking at going forward.. from 1-2 years down the line Sir?

R.Rajagopal:
Mr. Agarwal is coming. He just stepped out for a minute.

Saket Kapoor:
Mr. Mahajan was on the line I think so.

Akhil Mahajan:
Yes speaking.
Saket Kapoor:
When Mr. Agarwal will join again, then I will raise the question once again Sir. Sir, now coming
to pulp prices part also Sir you told that pulp prices have increased from $570 to $650 if I got it
correctly. How will this benefit us from the integration of pulp from our Sabah Forest? How will it
benefit us because we have backward integration well placed.

Akhil Mahajan:
The trend, as Mr. Agarwal said in case your paper grade pulp goes up historically, your selling
price of paper also consequently goes up because there is always a difference between a paper
and pulp selling price.

Saket Kapoor:
I just wanted to understand is that the pulp, which is sourced from Sabah, so the benefit which
is there, does it come in the bottomline directly? I just wanted to understand about that?

Yogesh Agarwal:
Hardwood pulp I am integrated. So, I am not affected by any increase or decrease in selling price
of hardwood pulp, it will come from Sabah actually, so this is within the same group, it is a group
transfer.

Saket Kapoor:
Mr. Agarwal, you were not there. I just raised the question on the debt level of the company. As
on today, many companies in the corporate like for example, like our country are suffering on
account of this huge debt and you in your earlier comment very categorically said that the
Singapore listing may not happen now. What is the way forward now to reduce the debt or how
are we going to stress our assets in such a way that we get better margins from those assets
because we are not getting the right margins due to the market condition. So what is the way
forward in reducing debt?

Yogesh Agarwal:
I get your question. I am not in a position to give you a concrete answer on that but there are
various options on which we are working. If IPO at Singapore is not happening, we have many
other options. At least three or four of other options which are there, but I am not in the position
today as nothing is concrete, which can be mentioned and we do not want to drive a discussion
in a particular direction. But we are aware of what you are saying. It is very correct, I think we
are a highly leveraged company at this point in time as it is a capital intensive business but the
debt level is pretty high at the moment, so we have to find a solution to that, but we have to find
a optimum solution. The drive for the overall value the company has to be seen and we have to
see how to handle this whole situation and all the reading in the market going forward and what
are the various kinds of permutations and combinations we can apply. So there are three to four
options, which are there and we are working on them.

Saket Kapoor:
Sir, one option you have cancelled that is the Singapore listing as part of your comment, can
you elaborate on what are the three to four options so that we can have idea also on what
conditions will those debt can be reduced?

Yogesh Agarwal:
One of the options will be like I see another private equity that could be one option. There could
be option of looking at may be selling from particular assets if that be the case, maybe some
stressed assets that could be one option. There are options which are maybe there can be like
for example when we get this term loan from IFC that will ease out some of those high cost debt,
so that is another way to in the short run at least to salvage the situation. So there are no new
options, which are theoretically all the options known to people, so I think you are pretty much
talking with same possibilities.
Saket Kapoor:
Sir, hypothetically what should be comfortable debt levels going forward. We can get an idea in which direction you people are working?

Yogesh Agarwal:
No, I do not think you can get an idea. I do not have the answer to that because I do not know have the number in my mind on that.

Saket Kapoor:
Okay, you do not have any number with you?

Yogesh Agarwal:
No.

Saket Kapoor:
Okay Sir, I am coming in the queue. Thank you.

Moderator:
Thank you. Next question is from the line of the Punit Gulati from HSBC. Please go ahead.

Punit Gulati:
Thank you. If possible, can you give a sense of what is the debt repayment due for this financial year?

R.Rajagopal:
Debt repayment for the current year is about 792 Crores.

Punit Gulati:
The IFC money, which has come in? Has it come with any fresh IRR or is it fresh vanilla equity? The IFC money, which has come in $100 million has it come in form or plain vanilla equity or has it come within defined IRRs?

R.Rajagopal:
You are saying it is plain vanilla or with an IRR?

Punit Gulati:
Or is it a guaranteed return in the IFC deal?

Moderator:
Mr. Gulati, we not able to hear you clearly if he could just ensure that your question is audible.

Yogesh Agarwal R.Rajagopal:
The question is clear. We have to list in a couple of year latest. It is our understanding that we will be able to list the shares of BILT B.V.

Punit Gulati:
There was this power plant, which you acquired. Has that coal linkage been restored in the last quarter or it has been outstanding?

Yogesh Agarwal R.Rajagopal:
Yes, it has been resolved. The coal linkage has been restored.

Punit Gulati:
Since the last quarter had the benefits of coal linkages as well. Last quarter, I mean Q3.
Yogesh Agarwal R. Rajagopal:
In Q3 it has been resolved. Now we are getting through linkage only. This was only in Q2, which has since been resolved in Q3.

Punit Gulati:
Lastly, on the office paper business is the revenue low because of the volume pressure or the demand is to do more to do with realizations? I am saying office paper business, the paper product business has been showing in the decline in the revenue. Is it more because of volumes or is it more because of the realization?

Yogesh Agarwal R. Rajagopal:
It is more because of the volumes.

Punit Gulati:
So there is a weakness in the volume itself.

Yogesh Agarwal:
Yes, because it is traditional copier paper and so I think this decline is on account of less copier paper going through that route. So we continue to sell the same copier paper, different brands maybe but through our wholesale route. So, we found that wholesale route to be doing better and so the decline is on account of copier paper going through office supplies business.

Punit Gulati:
Are you also seeing some pressure by the Maharashtra government on the gutka brand? Are you also hinting any pressure in terms of demand from your paper business?

Yogesh Agarwal:
No. There is actually you see there are different judgments and different views things going around. But at this point in time, you see the ban whether the ban is on the packaging, whether the ban will come on chewable tobacco or will it come on entire tobacco? Hence forth, these are not state subject, I mean chewable tobacco, is not the state subject, it is a central subject, so there are disputes going between states and centres and so on and so forth, so we are not getting into this. At this point in time, our volume every month is more than the last month. So the month, which we just closed, the volume was some 6,400 tonnes or so, this is possibly one of the highest volume we have done. So our issue is more to do with the competition at the moment and not so much to do with the packaging. Biodegradable packaging is one of the best packaging, which could be developed for this kind of end use and so while all this is happening, we are also looking at other options like Pharma Industry and all that, where we can supply this sachet packing and so those possibilities are all being worked out. In any case, in parallel to chewable tobacco, but we are not seeing any pressure on that.

Punit Gulati:
You mentioned maintenance capex at 200 Crores. Does that include SFI plantation capex as well?

Yogesh Agarwal:
It does not include that, but we will give you that number.

Punit Gulati:
Lastly, beside debt, the company has been consistent in paying some dividend, any thoughts on why is it so?

Yogesh Agarwal:
What is your question? BILT is consistent in giving dividend?
Punit Gulati:
Yes, despite so much debt pressure, there has always been a regular dividend outflow, so just wanted your thoughts if you could retain? In future would you want to retain this cash or continue with this?

Yogesh Agarwal:
This number 10% dividend amounts to 16 to 17 Crores, so I think it is not a very big dent on the company. So I think the board decided to give the 10%.

Punit Gulati:
Okay, this is likely to continue?

Yogesh Agarwal:
I cannot say about the future, but I mean this is what we have done so far.

Punit Gulati:
Thank you so much.

Moderator:
Thank you. Next question is from the line of Rajat Jain from Principal Mutual Fund. Please go ahead.

Rajat Jain:
Actually most of my questions have been answered. Just only one question, on the term loan from IFC, I realize is going to take some time, but when do you expect this to happen? Do we have any clarity as to when do we expect this to happen?

Yogesh Agarwal:
I do not think we can really answer it in a concrete way today. The loan is sanctioned but when it is going to be disbursed depends on some of the other kickers. So we will see how it happens. At this point in time, I cannot say.

Rajat Jain:
But do they expect in the next two quarters or so?

Yogesh Agarwal:
I am not in the position to really answer. It would depend on few other things, so only the company has to realize, company has to see what are the options available. We have to see what is the option we are taking in so on and so forth, so really cannot say at this point in time, specifically you are asking about when it will be disbursed to Ballarpur.

Rajat Jain:
Thank you Sir.

Moderator:
Thank you. The next question is from the line of Chintan Seth from SKS Capital & Research. Please go ahead.

Chintan Seth:
To delve again on the IFC loan, you were just saying what will be the cost of debt on that and what will be the use of this fund. Will it be used to part repay the high cost debt currently on this and retaining that key loans? What is your thought process?
Yogesh Agarwal:
This loan is basically earmarked for SFI. So it will all come under SFI level and of course when it comes, the purpose will be to retire high cost debt and swap that with this.

Chintan Seth:
Okay, so the debt will come at Sabah level and the payment will be at the group level?

Yogesh Agarwal:
At Sabah level.

Chintan Seth:
At Sabah level only, so what is the current debt at Sabah level and at what cost and what is the cost of debt from the IFC?

Yogesh Agarwal:
The cost of debt would be cheaper than the current market trends. That is why we are replacing the debt.

Chintan Seth:
Okay, what will be the differential and what is the current debt level at Sabah?

Yogesh Agarwal:
Current debt level at Sabah, in terms of Crores, is 883 Crore.

Chintan Seth:
888 Crore?

Yogesh Agarwal:
883 Crore.

Chintan Seth:
I see loan, which we are going to get, is at what rate?

Yogesh Agarwal:
The rate would be cheaper than the existing debt i.e. the interest we are paying on the existing debt.

Chintan Seth:
What could be the outlook in terms of paper? You spoke about the prices, you spoke about the raw material side, wherein both are going on a positive side like raw material cost is going down, whereas the prices of pulp is inching towards higher realization in coming few quarters. If that trend follows, what is the demand like currently whether you see how the demand of overall paper product business will span out over the next one to two years.

Yogesh Agarwal:
The demand for paper actually, as far as India is concerned, I am talking specifically about writing printing paper- that is what we do. In India, one good thing which happens is, whenever the prices of any commodity comes down, the demand actually in terms of volume, goes up. So India, which is sitting at I think I would say at the bottom of the pyramid as far as per capita consumption is concerned of writing printing paper too, total paper as well as writing printing both, we are the lowest, I think in the world possibly out of any significant country. So one thing you can take for granted in this country is growth in terms of per capita consumption. So, I think growth of I would say 6% to 8 % depending on the segment within the writing printing is something, what is being seen as we speak quarter-on-quarter, quarter on the last few quarter. So year 2015-2016 possibly, you will see similar 6% to 8% growth and on the top of it, I would say the coated paper is growing. It would be faster, plus of 10%.
Chintan Seth:
You did mention about the competition side. We are losing out some volumes. You are not worried about the import side, but you are worried about the competition oversupply situation in India. So the growth rate you mentioned currently, How long will it take to absorb the entire surplus in the industry and any of the shortfall will be as next two years or any idea how?

Yogesh Agarwal:
Let me answer that question. I get what you are saying. You see theoretically speaking, if India was an insulated market in the sense that you do not export and neither there is any import, it is we just say insulated market, then the Indian supply demand on uncoated paper will take almost a year to get absorbed in the country and on coated side, there will be a shortfall because we do not have enough capacity in the country and demand is far more than the capacity. I think demand is more than twice the capacity available in the country. So on uncoated paper, it will take one year to get absorbed. But that is not the case, that was a theoretical answer. The case is not that we are insulated. We can export, we can import. So keeping in view these circumstances, the countries like Sri Lanka, Africa, or Middle East and all are pretty kind of home markets to us. So, and with rupee where it is to a dollar and the realization where they are, if you look at the numbers which I gave you in the beginning, our export realization and our domestic realization is pretty much similar, so it makes a lot of sense for the companies to export and take out this paper from here. It does not matter if your supplies are plugged. So when you say connected economy today, the world is connected, so there is no reason why domestic oversupply will occur. The concept of domestic oversupply, frankly, is a concept of past, when we used to have duties and protections and so on and so forth. Today, there is no such thing called domestic, no country is self sufficient on every commodity. So you pay it. So your question is very valid, but it has to be seen from the point of view that any surplus supply, which is available in India, can be theoretically exported out to Africa, Middle East and Sri Lanka, Bangladesh and all these countries, where there is no basic supply.

Chintan Seth:
So virtually, say in industry there will be always a oversupply from the import market as well as there is will be deficit if the opportunity in exports will be higher and India will start exporting if the rates are beneficial for the exporters?

Yogesh Agarwal:
India is already exporting. I think everything is happening currently.

Chintan Seth:
Yes, but the current rates as you mentioned that the realization at domestic market as well as export market are hard and there is no extra benefit of exporting coming in for the exporters. That is reason why?

Yogesh Agarwal:
No. The reference is that there used to be a loss in exporting. There used to be almost $100 loss almost Rs.4000 to Rs.5000 to Rs.6000 loss and when we used to export vis-à-vis domestic sales. That is not the case today.

Chintan Seth:
There was no incentive earlier and now incentives are getting back?

Yogesh Agarwal:
That is how it is. So, every company maybe under pressure, but they are not taking production cuts or kind of basically production cut on account of not selling. So they are selling. They are exporting and most of the Indian companies are exporting. We are exporting. So anything, we are not able to sell domestically, our first preference of course is to sell domestic and the surplus is all exported out and received inventory. It just happens that rupee has depreciated, so we are getting realization which is pretty similar to domestic.
**Chintan Seth:**
Any kind of overall outlook how the paper industry overall will perform?. I am not speaking about the exports, I understand there will be company specific issues like Sabah, you had a quarter’s back so how do you look at it as an industry? Is it favorable in terms of realization or demand side? You mentioned the demand is in single to low single to high single digit figure and realizations are giving us a sign of improving, going forward. So, are the better times ahead of paper industry from now onwards? How do you look at the industry?

**Yogesh Agarwal:**
You see generally speaking, commodities are sitting at the low price points, whether it is coal, whether it is wood, I am talking of say Asia or global level and why we have to refer to globe is we are Indian company by and large, India and Malaysia company. But still, we are impacted pretty much by what is going on in rest of the world- be it in terms of pricing because the trade is happening that way and so oil is down, but this year 2015 we have seen oil has kind of kicked by almost 30%, 35% or even more. So it is not at the bottom anymore, so things are moving up, the shipping costs were really down, but they are also now little bit moving up. So I think, the question is very theoretical and I have to give a very theoretical answer. What has happened in the last two to three months? We have seen pulp prices move up. That triggered paper prices to move up or they will have to roll back. So it cannot be that the pulp price is $650 and paper price is $750. That would not happen. You need to have $200 spread which is normal market practice.

**Chintan Seth:**
That spread would not get much widened out again because of competition it will keep check on the spreads?

**Yogesh Agarwal:**
The normal market forces will decide whether it moves up or pulp goes down.

**Chintan Seth:**
So you are optimistic or cautious about the future for the pulp industry?

**Yogesh Agarwal:**
I will tell you it is like, I can say optimistic, I can say cautious, but you have to see the trigger. So, I think the trigger is that the status quo has changed in terms of pulp prices have moved up. So that is the fact of life anything else is something which is going to be a theoretical kind of a statement, which has whatever little meaning it would have. So I do not want to comment on that.

**Chintan Seth:**
One data point view someone already asked you about the capex under plantation, so if you can provide?

**R.Rajagopal:**
32.83 million Ringgits last year, last nine months.

**Chintan Seth:**
32.83 million?

**R.Rajagopal:**
Ringgits.

**Chintan Seth:**
Ringgits.

**R.Rajagopal:**
Around $10 million.
Yogesh Agarwal:
Thank you. All the best to you.

Moderator:
Thank You. Next question is from the line of Chetan Vadia from JHP Securities. Please go ahead.

Chetan Vadia:
Thanks for opportunity. Sir, my first question in the initial remarks you missed out on the quantity for the year, the production and sales for paper?

Yogesh Agarwal:
For production and sales, you are referring for the quarter?

Chetan Vadia:
For the year.

Yogesh Agarwal:
For nine months period I can give you. For March 2014 last year, it was I am giving you of paper, the production was 633,066, and this year 607,313.

Chetan Vadia:
607313 and sales.

Yogesh Agarwal:
Sales for the last year 632,352. This year 598,983.

Chetan Vadia:
Any outlook on the margins for FY2016 that you can provide?.

Yogesh Agarwal:
I think in the last question I commented enough on that. So if you were on the audio, then you would have heard that. The pulp prices have moved up in the Asian market significantly by 12% to 15% in the last two to two and a half months, so that is the most recent phenomenon and that may trigger paper prices to move up.

Chetan Vadia:
Sir, I will take that. Sir what is tax rate for FY 2016?

Yogesh Agarwal:
Tax rate in India- we are around MAT, 22%. MAT. Of course, we take the MAT entitlement credit for it, so obviously only the educational cess will get a dent and Ballarpur Industries as of now is in loss so there is no applicability available on the PAT. Sabah is also tax free entity.

Chetan Vadia:
Sir, on the pulp prices... The pulp prices have gone up, so that is not in your hand, but what are the other costs saving initiatives that you are ticking internally, which means it may have some positive impact on the operating profit?

Yogesh Agarwal:
Our wood buying price is a big cost input which goes in. So apart from the internal efficiencies, throughput increase and regular power consumption per tonne of paper and coal efficiency, boiler efficiencies all those things is a continuous process. They are organic in nature and apart from that, I think the game changer could be the wood prices as far as the cost side is concerned. So wood prices at the margin has certainly come down. We were buying wood even up to Rs.13,000 plus per metric tonne of wood on bone dry basis. Now that we are not buying anything more than Rs.11500 and I think I am going to push it down to say Rs.10,750 or Rs.10,500 by the year end.
Chetan Vadia:
I will take that. Sir, lastly, what is the quantum of pulp that we imported for that for nine months FY2015 compared to last year?

Yogesh Agarwal:
Imported in the sense from Sabah pulp of 63,367 last year. This year, it was 51,134.

Chetan Vadia:
I will take that and Sir, my last question- What is the cost of borrowing, excluding the perpetual debt?

Yogesh Agarwal:
6% to 7% rate it comes to.

Chetan Vadia:
Around 7%.

Yogesh Agarwal:
Yes.

Chetan Vadia:
Thank you very much and all the best.

Moderator:
Thank you. Ladies and gentlemen due to constraints that was last question. I would know like to hand over the floor back to Mr. Rohan Gupta for his closing comments. Thank you.

Rohan Gupta:
Thanks Karuna. Sir, just one small question from my side and I know it is already a very long conversation you had. Sir, we have roughly close to Rs.800 to Rs.900 Crores EBITDA run rate as of now. Even with the cost efficiencies, lower wood prices and maybe possible increase in paper prices at best we can take it to Rs.2000 more. That will not be more than Rs.100 to Rs.150 Crore, given our interest cost itself is roughly Rs.450 Crores and dividend or interest, which we account in perpetual bonds almost 100 Crores. We are just left with almost not more than Rs.200 to Rs.250 Crores. That is our normal capex. So where do you see that loan refunding and refinancing of the loan scenario? How long it is likely to continue and do you see the next two years to remain challenging until and unless we do not find some solution for this problem?

Yogesh Agarwal:
I think I would say your comment is valid. So I think our EBITDA margin and the interest cost and perpetual, we are left with something towards principal, so it is not that it is like zero. That is not the case, but it is not enough and I do not think that is way through operations you will be not be able to, it will take a long time and I think if business has to make a trade off call and all of that so we have to look at other options of equity infusion and then it adds debt from that route. The company needs some kind of equity at this point in time. So, that is one way. So as I said earlier, there are various options available and one of the options was of course Singapore listing and raising money from that avenue. So if that does not happen, there will be other options, which have been worked out. So it is not just the operations route, which is available.

Rohan Gupta:
Sir, you also mentioned the IFC money, equity money has come on the condition up to listing of the subsidiary within two years?

Yogesh Agarwal:
No, couple of years.
Rohan Gupta:
Sorry.

Yogesh Agarwal:
Couple of years, we have to list.

Rohan Gupta:
I mean within two years right?

Yogesh Agarwal:
Couple of years, about 6.5 years more.

Rohan Gupta:
Thank you very much for your time and we see that definitely company is facing issues and the paper industry environment is challenging. We expect things to improve, going forward. I really thank you for your time. On behalf of Emkay Global Financial Services, I thank all the participants, who have logged in for the conference call. Thank you everyone.

Yogesh Agarwal:
Thank you very much.

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

Note: 1. This document has been edited to improve readability.

2. Blanks in this transcript represent inaudible or incomprehensible words.
**Emkay Rating Distribution**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Expected Return (%)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUY</td>
<td>(Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.</td>
<td></td>
</tr>
<tr>
<td>ACCUMULATE</td>
<td>(Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.</td>
<td></td>
</tr>
<tr>
<td>HOLD</td>
<td>(Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.</td>
<td></td>
</tr>
<tr>
<td>REDUCE</td>
<td>(Stock price depreciation) of upto (-) 10% within the next 12-18 months.</td>
<td></td>
</tr>
<tr>
<td>SELL</td>
<td>The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.</td>
<td></td>
</tr>
</tbody>
</table>

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

**DISCLAIMERS AND DISCLOSURES:** Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India’s leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited/NSE, MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her relative's financial interest in the subject company. (NO)

EGFSL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The Research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

EGFSL or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of EGFSL or its associates during twelve months preceding the date of distribution of the research report and EGFSL may have co-managed public offering of securities for the subject company in the past twelve months.

The research analyst has served as officer, director or employee of the subject company: (NO)

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or an as an official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.