

4th March, 2017

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Scrip Code: 532641

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G – Block,
BKC, Bandra (East),
Mumbai – 400 051.

Scrip Symbol: NDL

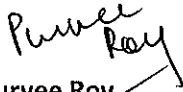
Dear Sir,

Sub.: Transcript of Con call held on 10th February, 2017

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith, a transcript of Concall with Investors and Analysts which was held on 10th February, 2017.

You are requested to kindly take the same on record.

Yours faithfully,
For NANDAN DENIM LIMITED



Purvee Roy
Company Secretary
(Mem. No.: F8978)



Nandan Denim Limited
(Formerly known as Nandan Exim Limited)
(CIN:L51909GJ1994PLC022719)

Plant & Regd. Office:

Survey No. 198/1, 203/2, Sajipur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382 405
Ph.: +91 9879200199 Website: www.nandanindia.com Email: info@nandanindia.com

Corporate House:

Chiripal House, Shivranjani Cross Roads, Satellite, Ahmedabad - 380 015
Ph.: 079-26734660/2/3 Fax: 079-26768656

Nandan Denim Limited
Earnings Conference Call
February 10, 2017

- Moderator:** Good evening, Ladies and Gentlemen. I am Lizann, the moderator for this conference. Welcome to the third quarter and first nine months FY17 Results Conference Call of Nandan Denim Limited organized by Dickenson Seagull IR. At this moment, all participant lines are in the listen-only mode. Later, we will conduct a question and answer session. At that time, if you have a question, you may please press '*' and '1' on your telephone keypad. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Arun Prakash. Thank you and over to you, Sir.
- Arun Prakash:** Good evening everyone. On behalf of Dickenson Seagull IR let me welcome you all to the Earnings Call of Nandan Denim Limited for the third quarter and nine months FY 17. Today, we have with us from the management Mr. Deepak Chiripal, the CEO; Mr. Ashok Bothra, the CFO; and Ms. Purvee Roy, the Company Secretary. Before we get started, I would like to remind you that our remarks today may include forward-looking statements and the actual results may differ materially from those contemplated by these statements. Any forward-looking statements that we make on this call, are based on our assumption as on date and we undertake no obligation to update these statements in the wake of new information or social events. I would now like to hand over the floor to Mr. Deepak Chiripal to make his opening remarks. Over to you, Sir.
- Deepak Chiripal:** Hello everyone, good evening, Ladies and Gentlemen. Greetings and very warm welcome to everyone present here for the earnings call of Nandan Denim Limited for third quarter and first nine months of financial year 16-17. We are happy to inform you that we have successfully completed our capacity expansion plan of Rs. 612 crores. This included expansion of our denim capacity from the existing level of 70 million meters per annum to 110 million meters per annum, adding a shirting capacity of about 10 million meters per annum and backwardly integrating by increasing our spinning capacity from 70 tons per day to 124 tons per day. Our denim manufacturing capacity of 110 million meters per annum now makes us India's leading denim manufacturing player. Further backward integration will help us meet significant percentage of our yarn requirement in-house, which would not only increase our margin, but will also give more control on our supply chain and will enable us to deliver superior service and quality to our customers in form of higher quality denim fabric and on-time delivery.

Coming to our performance during the third quarter, revenues from operations declined by 18% year-on-year to 235 crores primarily due to difficult operating conditions, as a result of demonetization. Gross profits declined by 24% year-on-year to 72.5 crores and gross margins declined from 33% to 30.8%. We witnessed higher raw material prices as the industry supply chain faced difficulties post demonetization. EBITDA declined by 34% year-on-year and EBITDA margins declined from 16.7% to 13.5% on account of lower revenues. PAT declined by 44% year-on-year to 8.8 crores and PAT margin declined from 5.4% to 3.7%. The operating conditions gradually started improving from January and we believe that denim market should normalize over coming quarter. Overall, we are fairly optimistic on the business front in the next fiscal as our expanded capacity will help us strengthen our domestic market share as well as expand our global foot print. Our endeavor would be to achieve a double-digit growth in financial year 2018, along with improvement in our operating margins. We would continue to focus strongly on expanding our value-added denim offerings. With this, I would now like to hand over the call for the question and answer session.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Ronak Rath, an individual investor. Please go ahead.

Ronak Rath: My question is, we have already ended capacity expansion, so do we have identified customers who will be taking value-added products from us or is there any kind of marketing that has been already done or is it in progress?

Deepak Chirpal: Yeah, as far as market is concerned, we find that there will be enough market and there is existing market in terms of customers, only thing is that we will now start focusing categorically on both domestic as well as export, and hopefully, over a period-of-time, we should be in the right mix.

Ronak Rath: What is the expected utilization of our capacity, after the demonetization things gets normal, so for our capacity addition that we have completed, when can we expect the 100% utilization be achieved?

Deepak Chirpal: We expect that by month of March, the plant should normalize, because things have started looking up and in the month of February, we are targeting to reach maximum capacity level and in the month of March, we are trying to streamline and stabilize the operations, we expect that in 17-18, we should see the real benefits and complete maximum utilization for the whole year.

Ronak Rath: Alright, Sir. How is the export market looking for denim and value-added products?

Deepak Chirpal: Export market also, since the project has been completed, now the entire focus of the team and Company is towards marketing and establishing the Company's brand image in the market. Hopefully, this year we should see significant improvements in brand and the value-

added segments, so this year we are putting in a lot of efforts and lot of planning has been done and team building has been done. This year should be a good exercise, but I would say it is only next year that we will reap the benefits. This year, we are doing lot of ground work, so the real benefits will be visible only next year, though this year we will see improving trends, but next year we will see good results.

Ronak Rathi: How much percentage we are expecting from export market in terms of domestic and export revenue, could you give us a breakup?

Deepak Chiripal: Revenue wise, as such right now it's about 15% from export, 85% is domestic, but our target is to reach about 30%. As such, the company is not under any pressure of achieving this 30% number, but in the long run we feel that this is a good mix, so as such we are working towards that, however, looking at the market scenario and looking at the profitability, we keep changing this mix, but currently where we stand is 85% domestic – 15% export, and we want to get to 70% domestic & 30% export in coming years.

Ronak Rathi: What is it like in terms of margin, export market, does it offer much better margins than the domestic market?

Deepak Chiripal: It all depends on which market and which type of customer we cater to. As I said, capacity wise, demand wise, company is not having any issue, now we want to target how we can offer better product profile to our customers and service the customers. The transition has to be done at both the domestic as well as on the export front, so as far as our capacity is concerned, I would not say it is too big a capacity to sell, so there is no dearth of market, only timing is an issue.

Moderator: Thank you. We take the next question from the line of Resha Haria from GreenEdge Wealth Services. Please go ahead.

Resha Haria: Actually, I missed the opening remarks, so apologies if it is a repetition of what was already shared, can you share the volume and value numbers for denim and shirt for the Q3?

Ashok Bothra: 86.3% came from denim and 7.4% came from shirting, the rest is from others like power and fuel.

Resha Haria: Basically, there was an 18% degrowth in this quarter, so what would that be attributed to, would it be demonetization alone or would it also be some other factors that are in play?

Ashok Bothra: This is mainly due to demonetization impact.

Resha Haria: How are you seeing the sales recovering in January, February?

Ashok Bothra: Market has started improving from January and things are looking up.

Deepak Chiripal: As I said, like second half of January things started looking up and now this month we are having sufficient orders, so we are in the process of streamlining the plant operations now. Now that we have full capacity post expansion and so the endeavour is to bring back the entire capacity in production and I hope that in the month of March, things should stabilize and so the real benefit as I said will be visible next year, but things have started looking up, so I hope by the month of March, things should normalize.

Resha Haria: Even in Q1 and Q2 basically, on a top line level, we had grown in single digits, so is it that the denim industry per se has slowed down or is it that there is a lot of competition, that is, over capacity in the industry, but the demand is not there as much, so what really is the reason that in the first half of the year also, we have seen a single digit growth?

Deepak Chiripal: Actually in the first half, we have not seen any growth, I think it was around 2% or 3%, so really there was not too much growth, but now in December or in this quarter only we have completed the proposed expansion, so that expansion will add new capacity and that will be visible, only I would say in the next quarter because this quarter will go in streamlining things, next quarter definitely we will find increase in volume.

Resha Haria: What were the factors that led to a single digit growth in the first half of the financial year?

Deepak Chiripal: Because there was no capacity addition. There was as such no significant capacity addition on the fabric front, of course, project was going on but as such the capacity did not become operational.

Resha Haria: You are saying primarily that Q4 onwards we can probably expect a double digit revenue growth?

Deepak Chiripal: Like say, if we talk about February and March, I think the entire plant will become operational. It is in the process of becoming operational. Now things are sort of streamlining and becoming stable, so I hope by month of March things should normalize and stabilize, so the next whole year we will see the entire benefit. I hope that next year we will see a good improvement in the top line as well as bottom line.

Resha Haria: We basically sell to distributors and dealers, so is that in the form of cash or how are the payments received?

Deepak Chiripal: There is no transaction that we do in cash, everything is through banking channels only.

Resha Haria: In terms of the entire supply chain, so basically these distributors when they sell it to these trade channels, that would be in cash and that is where the whole demonetization impact has been there?

Deepak Chiripal: If we understand the supply chain, we give it to dealers, dealers will either give it to resellers or garmenters, and garmenters will convert into garment and they will further give it to say traders or retailers, and retailers will in turn sell it in open market. This is how the entire chain works, so if we go backwards then most of the sales must be happening in cash at the retail end, so they must be paying in cash to the garmenters or traders and they in turn must be converting from cash to cheque or whatever, but ultimately by the time it comes to company, everything becomes cheque.

Resha Haria: This quarter, we have seen a dip in the gross margin, so is it because there has been some change in the product mix or is it that the cotton rise has led to the dip in gross margin?

Deepak Chiripal: It is not because of cotton prices, primarily I would say it is because of the demonetization effect. It is a simple fundamental of economics, when there is oversupply situation, where there is not enough demand in the market, obviously the entire industry comes under pressure. The prices also had to be reduced during that phase because of supply pressure. I would say that also had an impact. The fuel prices increased drastically because that was an international phenomenon, similarly color chemical and crude-based products, they also had some increase, labor and similarly if we talk about the fixed expenses, they also had a negative impact on the balance sheet, because they were as it is fixed. If we understand the manufacturing process, lot of expenses are fixed, in any case if there is a reduction in the top line, it will have a negative impact on the profitability. I would not say that a single factor has played a role, but all things compiled together is culminating into what we see and specially when there is less-demand situation, then we have to curtail the production, the efficiencies of the plants go down, so when the efficiencies go down, obviously the conversion costs go up.

Resha Haria: Now in January and February have we all witnessed that the pricing power has sort of come back or the average realizations have come back to the levels of pre-demonetization?

Deepak Chiripal: Now this quarter what we are seeing is that there has been a drastic increase in the raw material prices, the cotton prices have gone up by 7-8% in this last one and one-and-a-half months, so now we are trying to pass on that increase or may be a part of that increase to our customers. Market has started opening and demand is improving, but I think it will be another one and one-and-a-half to two months before the entire cost impact can be passed on to the market. I would say this March quarter will go in streamlining and stabilizing things, things are looking up and are going towards normalization, but I would not say it has happened today, but I would say in another one month time things should get streamlined and it should return to the previous scenario. We expect this year to be a good year because fortunately the entire channel as far as the buyer channel is concerned, it is all empty, whatever is the demand at the retail end, it will give a good boost for the textile fabrics.

Resha Haria: Lastly, what was the average realization in Q3?

Deepak Chiripal: Average realization was around Rs. 132 which earlier used to be about Rs. 139, so that is what I said that prices had to be reduced under supply pressure or demand pressure whatever, we had to reduce the prices a bit, so average realization also has gone down for the company. Now things are improving, so again we are trying to increase the price, some of it has been effected, balance will be done in next one month.

Resha Haria: Okay, if the cotton prices remain at this elevated level, typically what is the lag with which these elevated raw material prices are passed onto the customers, so is it one to one-and-a-half months?

Deepak Chiripal: As such, I would not say there is any theory because it all depends on the demand supply situation, like what happened during demonetization there was no demand, so even though raw material prices were stable, the finished goods prices had to go down. What happened in January was, even though the raw material prices were increasing, the finished goods prices did not increase. I would say it all depends, but now since the market is looking up and the cost has already increased, I would say about two months is the maximum time because by then, the entire channel or all the competitors or all the players in the market start feeling the heat, by that time definitely I would say, either partially or the entire impact has to be transferred to the customers, so maximum I would say is about two months, but by that time either partial or complete impact is transferred depending on the demand and supply situation.

Resha Haria: What would be your cotton stocking policy, you stock inventory for how much time?

Deepak Chiripal: As such, we are not very speculative on cotton, so normally what we do is we keep about two months' stock, so if we are having an optimistic view or if we find a rally in cotton then we would increase it by a month's time and if suppose we find a bearish market, then we will reduce it by a month's time, so that is how we go. Normally, we do not speculate much on cotton.

Moderator: Thank you. We take the next question from the line of Shailesh Kumar from Sunidhi Securities. Please go ahead.

Shailesh Kumar: I just wanted to know what kind of volume expectation is there for full year FY17 and FY18 in denim, khaki, and shirtings?

Deepak Chiripal: As far as the next year is concerned, I would not say this year we will see any improvement in the top line because of this failed quarter, but otherwise, if you talk about next year definitely we should see about 15% improvement in the top line, the only reason being that the 15% capacity which has been added, so it will add to 15% and when I say 15%, I am not including the average sales price improvement that we should also concurrently see in the coming year.

Shailesh Kumar: Basically, this is the volume growth we are expecting?

Deepak Chiripal: Volume growth is about 15%, I would say 3, 4, 5% should also be in the selling price, to about 20%, 15-20% is what I would say improvement in the top line, I would see next year.

Shailesh Kumar: What has been average cotton price during the quarter and nine month FY17 for us?

Deepak Chiripal: I have not calculated that number, but as such I would say we were not badly hit because I think fortunately we took some timely and right decisions which turned out right, so as such we were on very much safe footing. I would say as such we were fortunate to cover at least 60-70% of our requirement, so we were not that badly hit compared to some of the other players.

Shailesh Kumar: As far as value-added products are concerned during the quarter, what percentage of our sales came from value-added products?

Deepak Chiripal: I do not have that breakup that this much is value added, because as such distinctively we do not have a tag that a product is value added and this product is commodity, so they are our own terminology, there is no industry defined terminology that this is what we call value-added product and this what we call the other product, but as such we understand that there are products which are commodity and there are products which are value added, then there are lot of grey areas, which are commodity or which are valued added which become commodity over a period of time. There are lot of grey areas. Now, the important thing is how much we can shift from one profile to the other, so that is where we are working towards, and hopefully as we work and as the team gets better at it, we will see good numbers and we are quite optimistic and we see a lot of opportunity, so I think the next year should be quite exciting for Nandan and we are quite bullish.

Shailesh Kumar: We have allotted some warrants to Polus Global Fund at Rs. 200, what is the status of that warrant, has it been converted or we are yet to hear from them?

Ashok Bothra: You are talking about 15-16, which we got?

Shailesh Kumar: Yeah.

Ashok Bothra: It got converted in May 2016, entire 50 crores.

Shailesh Kumar: Latest round, it has been dropped, another 50 crores?

Ashok Bothra: 100 crore was the plan for fundraising which we dropped.

Shailesh Kumar: Some housekeeping question, Mr. Bothra, for nine months FY17 what has been our average realization for the denim?

Ashok Bothra: It is around at the same level.

Shailesh Kumar: 136-137?

Ashok Bothra: Yeah.

Shailesh Kumar: Okay, and what has been our sales volume for the nine months?

Ashok Bothra: It is around above 55 million.

Shailesh Kumar: What has been our captive yarn production for nine months FY17?

Deepak Chiripal: I do not think we have calculated that exact number, it can be shared on request, sorry to say we are not having this number. I would say now that project has been commissioned, the entire capacity is becoming operational, so once the entire capacity is operational and becoming streamlined, 90% of our yarn requirement will become backwardly integrated.

Shailesh Kumar: Can we expect this 90% of yarn requirement to be produced in-house in FY18?

Deepak Chiripal: It will happen in the month of February or latest by March. The entire thing we should get the benefit, I think by February we should have that kind of number, conservatively it could become March, but otherwise this whole year, of course we are going to have good top line, good bottom line and it should be a good year for us unless the GST plays havoc or something like that, that is the only risk factor. Demonetization created havoc in the demand, so similarly if GST plays havoc then it is a risk, that I would say is a threat.

Shailesh Kumar: This strength in cotton prices which we have just observed from last month, do you expect this strength to hold up say for next three to six months' period?

Deepak Chiripal: Personally speaking, I would say I am very bullish on cotton. I would expect the prices to only move upwards because as such the entire spinning industry in India is running full swing and the cotton production, I would not say has increased much in the previous year. There was a huge rally in cotton scenario, so I would say this year also, I expect the cotton price to move up unless and until the industry as a whole tries to import cotton, which I do not see at this point of time, so I expect this year to be a firm year for cotton.

Shailesh Kumar: In that case, we as a company and denim industry, are they able to pass on the full increased cost to the ultimate buyer?

Deepak Chiripal: As I said, because now it is only in the last 15 days that things have started improving and we have started ramping up the entire production, slowly things are improving and part of it has already been passed on to the consumer, balance would be, hopefully, we should be able to do it in the next couple of weeks or may be end of month. Hopefully, further increase does

not happen in cotton prices, then in the month of March we should see the equation balancing.

Moderator: Thank you. The next question is from the line of Arjun Singh from Reliance Mutual Fund. Please go ahead.

Arjun Singh: Sir, you said that you typically hold two months of cotton stock, but you also said that you are bullish on cotton prices, my question is that are you planning to increase your stock?

Deepak Chiripal: Yes, we are planning to increase and we have already started that process, so for two reasons; one is to procure good quality fiber and secondly of course we feel that may be in coming months, the prices could firm up so to basically take a pre-emptive step.

Arjun Singh: Because from what I understand, the production this year has been higher than last year, but the arrival has been slower, that is the reason why cotton prices are higher as arrivals improve, the cotton prices should gradually go down, do you agree with that argument?

Deepak Chiripal: Now, I do not think the prices should go down, one reason is that as per our estimate I think 50% of the cotton has already arrived and the reason for slow arrival has been demonetization, so there was no currency, that is the reason. I think the arrival should improve in coming months, but as such as I said you know 50% of the arrival has already happened, so normally by month of March, the entire process is completed so there could be maybe one or two months' delay this time, and if you notice the spinners, they are also not carrying too much stock as far as the raw material is concerned. Even if the prices go down, there are buyers. I do not see the prices going down, but once the good news comes definitely I see upward possibilities, so now the only thing which can bring down the cotton prices, I would say, is dollar, so if the dollar comes to 63, 64, 62 levels, of course, the imports will become much cheaper and exports become no more lucrative, so that could reduce the demand for export and that could increase the import possibilities, that would definitely bring down the cotton prices for sure but otherwise if the dollar position remains in the range it is operating in right now, even if the arrivals improve, may be 1%-2%, 3% prices could correct but no drastic improvement; I do not see like 10% or something, I do not see those kind of possibilities, maybe 1%, 2%, 3% you never know and that could also not stay on for very long, may be that could happen for a few days or something, again it will improve because there are lot of buyers and people are not carrying that much inventory and the whole year has to be full.

Arjun Singh: In your raw material basket, what percentage would be synthetic fibers?

Deepak Chiripal: Synthetic fibers, I would say about 20%, I do not have off-hand, I am just giving a number, it is less than 20% may be 18%, 17%, but definitely not more than 20%.

Arjun Singh: Secondly, you said that you commissioned your new capacity in December, so with this your denim capacity is actually increasing more than 50%?

Deepak Chiripal: No, 15%, because earlier our capacity, that was before we implemented this 612-crore project, the capacity was 70 million meters, now it has become 110, so in totality if you see it is more than 50%, but if you see last year it is 15% because this project, we were implementing since last three years.

Arjun Singh: Okay, so it was 95 million meters last year?

Deepak Chiripal: If you see earlier I think the turnover was about 700 crores and now last year we did 1156, so this year of course because of this problem we did not see any improvement in the turnover, otherwise, this year also we would have seen some improvement but next year we will definitely see 15-20% improvement on this 1156 number.

Arjun Singh: Out of your total sales, what percentage would be direct sales to brands?

Deepak Chiripal: Direct sales to brand is a very small number, I would say about 5-6%, 7%.

Arjun Singh: Last time when we had spoken on the call you said that you want to improve your brand portfolio which should lead to improvement in margins, so what is the progress on that?

Deepak Chiripal: As I said, now the entire thing has become operational so entire focus is towards changing the product mix and changing the customer mix, so lot of team building has been done and there's a lot happening in this direction, so hopefully in 17-18 we will see good improvement, I am quite optimistic.

Arjun Singh: Currently, what is your net debt and your gross debt?

Deepak Chiripal: I will just pass on to Mr. Bothra, he will share the numbers.

Ashok Bothra: Long term debt is around 500 crores and working capital limit is around 185 crores, utilization is approximately 70%.

Moderator: Thank you. The next question is from the line of Harsha M from Photon. Please go ahead.

Harsha M: My question has been answered, I just have an extension to the previous question, so what is our plan on the debt, going ahead?

Deepak Chiripal: Plan of debt going ahead is to reduce debt, it will only go down. Now since the project has been completed, so whatever debt had to come on to the balance sheet, it has already been absorbed, so going ahead as the repayments happen, which are already happening, it will reduce year-on-year.

Harsha M: Do we have any target like as in FY18?

Deepak Chiripal: I think this year we would say about 65 crores would be repaid.

Harsha M: In FY17 is it?

Deepak Chiripal: 17-18, because these numbers are already shared with you so I would say this year another 65 crores would be repaid, so overall debt will come down by about 10% I would say, working capital, term loan put together, so overall 10% will be reduced.

Harsha M: Another question is what is our average cost of debt?

Deepak Chiripal: Average cost of debt is 11-12%.

Moderator: Thank you. We will take the next question from the line of Ronak Rathi, an individual investor. Please go ahead.

Ronak Rathi: Sir, my question is how much in terms of percentage, will be the cost of cotton in your overall costing?

Deepak Chiripal: I would say that should be about 55-60%, I would not have the exact number because we have both cotton and synthetic, so some products also use synthetic, I would say total raw material cost is about 70% so in that we have cotton as well as yarn as well as synthetic, so as such we do not have a separate breakup of cotton, but I would say that number should be about 55-60%.

Ronak Rathi: Okay, and generally the volatility in the prices of cotton in most of the cases, is it possible for us to pass on the same to the buyers, customers?

Deepak Chiripal: Now it all depends on demand and supply, as we make lot of products, in some products you know they can be easily passed on, in some products it becomes very difficult, in some products we can partially pass, so it depends on what kind of products the company makes and how much it can sell in those products, so it all depends on pined effect, and normally, I would say this year it will be a good year, so since the entire channel is empty, there is a good appetite for the fabric, so I would say this year should be a good year and since all are on the level playing field, all the suppliers, nobody is carrying any inventory, everybody is feeling the heat. I think most of it should be passed on to the final customer, so it will get passed on, lag of may be a month or so but I think it should be ultimately transferred.

Ronak Rathi: You gave a forecast of around 20% growth in top line, if you could just give some sort of forecast for bottom line figure, like how much growth in percentage terms can we expect for financial year 17-18, bottom line?

Deepak Chiripal: I would say EBITDA margins will definitely improve, so barring this quarter, earlier it used to be in the range of 16-16.5%, so we definitely expect this to be a better number than this, now how much better I would really not throw a number, but definitely when the top line improves and when the company is focusing towards more profitable segments and products, then of course these things should improve. Secondly, also since the entire capacity has been implemented, commissioned, and now becoming operational, so those kind of benefits also should accrue to the company. Definitely EBITDA margins will improve and more than that the PAT of the company will improve. State government benefits will also start getting accrued for the companies, so the PAT will also improve further. It will be a good number, it will definitely be an encouraging and good number, let us hope it is as per our expectation. I would not like to disclose the number, but definitely it will be a good improvement.

Ronak Rathi: What are the state government benefits that will be availed by the company?

Deepak Chiripal: There are two kinds of benefits, one is the interest benefit so about 5% on the debt, we get the interest benefit which is interest subsidy or interest reimbursement and also we get the VAT refund, so some VAT refund should be availed this year, so those are the two things which will become additional for the company this year. Definitely, it will have an impact on the bottom line.

Ronak Rathi: This 5% interest subsidy benefit, it will be accrued in financial year 17-18 from that year onwards, am I correct?

Deepak Chiripal: Exactly, the whole year we will get this benefit.

Ronak Rathi: It will continue for how many years?

Deepak Chiripal: Five years.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand the conference over to Mr. Arun Prakash for his closing comments.

Arun Prakash: Thank you all for participating in the earnings call. Please get in touch with us in case you need any further information on the company. Our coordinates have been provided in the call invite that has been circulated, as well as in the presentation. Thank you very much.

Moderator: Ladies and gentleman, with that we conclude today's conference. Thank you for joining us and you may now disconnect your lines.