

27th February, 2019

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Scrip Code: 532782	National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra(E), Mumbai 400 051. Scrip Code : SUTLEJTEX
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Dear Sir / Madam,

Subject: Transcript of quarter and nine months ended 31stDecember, 2018 earnings conference call held on 08th February, 2019

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the earnings conference call for the quarter and nine months ended 31st December, 2018 which was held on Friday, 08th February, 2019. The same is also available on the website of the Company i.e., www.sutlejtextiles.com.

The conference call held on 08th February, 2019, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 31st December, 2018, and other related information which is already in public domain and/or made available / uploaded on the Company's website.

Please take the same on record.

Thanking you

Yours faithfully
For Sutlej Textiles and Industries Limited



Manoj Contractor
Company Secretary and Compliance Officer





“Sutlej Textiles and Industries Limited Q3 FY19
Earnings Conference Call”

February 08, 2019



MANAGEMENT: SHRI. S. K. KHANDELIA – PRESIDENT AND CEO

MR. BIPEEN VALAME - WHOLE TIME DIRECTOR & CFO

Moderator: Ladies and gentlemen, good day and welcome to the Sutlej Textiles and Industries Limited Q3 FY19 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Bipeen Valame – Whole Time Director and CFO of the company. Thank you and over to you, sir.

Bipeen Valame: Thank you and good afternoon everyone. I welcome you all to the Earnings Conference Call of Sutlej Textiles and Industries for Q3 and Nine Months FY19 Results. I have with me, Shri. S. K. Khandelia Ji – President and CEO and Stellar IR Advisors, our Investment Relationship Firm. The investor presentation has been uploaded on the exchanges and I hope everyone had an opportunity to look at the presentation.

Coming to our performance during the quarter. Operating margin were under pressure due to significant reduction in export incentives and higher input cost particularly polyester staple fiber. The cotton prices grew by 10% and polyester prices grew by 14% compared to the previous quarter. The demand was affected because of uncertainty in the market place. The expansion of our Green Fiber project is as per the schedule and we believe this backward integration will help us to safeguard and improve our margins going forward. We expect the commercial production to start by Q1 FY20-21.

During Q3 FY19 the company reported total income of 657 crores as compared to 604 crores Q3 FY18 with about 8% increase in total income. For the nine months of 2019 total income stood at 1972 crores, 5% year-on-year growth against 1877 crores nine months FY18. Backed by increase in volumes and realization in yarn segment. Sales volume for yarn during nine months FY19 was 82,637 metric ton compared to 79,321 metric ton for nine months FY18.

Home textile production was 3.2 million meters as compared to 3.98 million meters for nine months comparison. Export sell for the quarter stood at 674 crores as compared to 548 crores in corresponding period of previous year with increase of 23%. Export as a percentage of overall sales was 34% for nine months FY19 as compared to 30% for nine months FY18. We export to more than 65 countries across the globe. EBITDA for the quarter was at 60 crores with a margin of 9.14%. For nine months FY19 EBITDA was at 190 crores with EBITDA margin of 9.61%. The company reported a net profit of 17 crores for Q3 FY19 as compared to 16 crores for FY18. During nine months FY19 Sutlej recorded net profit of 51 crores as against 103 crores in corresponding period. There was an exceptional item of 41.83 crores in nine months FY18, so our adjusted PAT margins for nine months for the last year was 69 crores including tax impact.

I would now like to request Shri Khandelia Ji to share the business outlook and industry scenario and then we can open the floor for the question and answer session. Thank you and over to Shri Khandelia Ji.

S. K. Khandelia:

Thank you Bipeen. Good afternoon everyone and thank you very much for joining us on this conference call. The comments which our Chairman had given on the results of Q3 and FY19 summarizes the position which I will read out here again.

“Q3 FY19 has witnessed unprecedented fluctuation in rates of crude oil, polyester staple fiber, a derivative of crude oil and one of our major raw materials, exchange rates, etc., creating uncertainty in market place and disrupting demand in domestic as well as in export markets and putting severe pressure on realization rates and margin particularly in synthetic yarns. However, because of our robust business model, having varied product mix, and value-added yarns in our product portfolio we could counter the challenges to a great extent, I am hopeful that once the stability returns and demand normalizes, surplus would be able to deliver better performance.”

Now, I want to add what he has said that as you all know after demonetization and introduction of GST the textile business has not yet come to the normal level. And the disruptions are still continuing though day by day we are being addressed by the government as well as by the business community.

During last one or two quarters there has been big uncertainty and because of unprecedented fluctuations which we have never seen, the polyester fiber rates which was Rs.80 per kg on 1st July 17, has gone up to Rs.119 and hence in a sole period of one month came down to Rs.100 within one month from Rs. 119, such type of fluctuations are never expected by the market and during these periods there is hardly any sales as you keep on producing because it is not easy to shut the plants and then nobody expected such a fall and thus there has been stock losses also during this quarter on the goods which were produced unsold, though now most of the goods have been sold after the rates have come down but there has been stock losses that also impacted the margins.

Now, things are getting settled to a large for example crude oil is moving within a band, similar exchange rate is moving within a band and so the other raw materials will also likely to move in a band and the purchases of the goods by the customers have started and minor fluctuations have always been there and they also do not experience any major fluctuation so the purchases of goods have started that is a good sign. Second thing cotton rates are continuing more or less stable though it is started at a higher rate as compared to last year because of 28% increase in the support price. But, if you will see the movement of the cotton rates is more or less stable and therefore in case of cotton yarn which we also have the sizeable presence in cotton Mélange and other value-added cotton yarns they are in the wrong tale uncertainty is not much there. So, now we are consolidating whatever expansions we have done in the past the last expansion which we have done in spinning it was started in March 2017 and that is getting stabilized and that was for cotton and cotton blended Mélange yarn.

For your information since 2003 we have hardly expanded any spindle on synthetic yarn and all our spindles and expansions have been in cotton and cotton-blended Mélange yarn and other

cotton yarns that is the reason, we have been able to sustain such a bad patch particularly in case of synthetic yarn.

In case of synthetic yarn also, we are trying to divert our production to more value-added yarn for application other than apparel so that there is further consolidation in that phase so that the commodity type of items are reduced to bare minimum in synthetic yarn. So, because of these reasons the results for the year were under pressure margins were under pressure however, because of our strength we have been able to run our mills to the full capacity foot shell whatever we could produce and due to that reasons, we have not been able to, we have been able to face the challenges to a great extent.

Going forward, I am very much hopeful that things will return to normal level after a quarter or so and once it returns back to the normal level once the demand normalizes we are bound to get good returns as we used to get earlier because of our varied product mix and the operating strength which we have, we have during this period of difficulty we have further tried to reduce our expenses in other things and have consolidated many things and will also benefit as going forward once the demand normalizes.

So for our Home Textile is concerned at present it is losing, the reason is simple as I mentioned to you last time that we are revamping our product mix instead of commodity we want to move ahead on the better product mix for that we have hired European designers and other better designers in India also similarly in marketing teams most senior persons have been appointment these things are leading to expenses on the contrary the volumes are down because such type of things takes time to fruity. And we intentionally are not producing commodity types of fabrics to a large extent due to which our utilization of the capacity has gone down though the expenses are there and that is the reason and that will be a temporary period maybe say one quarter, two quarter, four and there after once the new designs, new things and new marketing team starts delivering the results there will be very good opportunity there. Similarly in case of our fixing the synergy with the American silk mills it is only one year now we have appointed new CEO there, so the synergy is being double out between surplus and American silk mills. And once that also gets established we will be able to deliver better results in case of our home textile division because we will be getting the benefit of their expertise in designing, their expertise of marketing and we will also be able to market their production in India so these things are the positive things which will happen going forward. We know that at present there are losses but these are only because of the fixed cost which is there and our calculated decision to move out of the commodities and to position ourselves for the production of value-added Home Textile fabric and other things. So, I think the bad period is getting behind us and I am very much hopeful that going forward this would return back to the better positions which we used to have earlier. Thank you very much. And now please you can ask your questions whatever you want.

Moderator:

Sure, thank you very much. We will now begin the question and answer session. The first question is from the line of Abhisek Salonke from Trivikram Consultant. Please go ahead.

Abhisek Salonke: So my question is regarding Home Textile division, so I want to know the capacity utilization in terms of metric ton in this quarter.

S. K. Khandelia: The capacity utilization was 68% in terms of, because it is always in terms of loom and other things so it was 68%. And the corresponding period earlier it was used to be 87% when we used to manufacture all types of fabrics including commodity fabric and due to that the capacity to utilization has come down this time.

Abhisek Salonke: And this 68% number is including the job work?

S. K. Khandelia: Yes, this includes job work also.

Bipeen Valame: Our own and job work both.

Abhisek Salonke: Okay. So when do we stick more than 80% utilization on this front.

S. K. Khandelia: I think in next financial year anytime it may take still one or two quarters more but next year because some of the machines have been ordered and some are being ordered to over the specialized finishing and other things. Those should be in place by September 19 and I think by the end of the next financial year we should be able to achieve 80% utilization for the type of the fabrics which we want to produce.

Abhisek Salonke: Okay. And my second question is regarding the yarn segment so during the quarter our yarn realization per kg has been increased it is getting Rs.231 per kg but that is not reflecting our EBITDA margin so I guess we are not able to pass on the exact cost to our customers.

S. K. Khandelia: You are right. The cost of raw materials have gone up and because of the bad market conditions, because everybody was expecting that these rates may fall anytime and they do not want to purchase at such a high rates even they stock the looms you must have heard that many of the weavers stock their loom for one month so that is the reason that the high cost of the raw materials could not be passed on and because of that the margins came under heavy pressure.

Abhisek Salonke: Okay. So we expect recovery margins in fourth quarter because the oil prices have more or less I cannot stay stabilized but lower than what it was in during September – October period.

S. K. Khandelia: I think the fourth quarter should be little better so far margins are concerned in synthetic but still it will be much lower than we used to have because it will take some time then the elections are also coming, what sort of uncertainty it will result there but once these things are over market is bound to go up, simple thing is that we have a very huge population in India even for the domestic consumption and now the good part is that the tradition to spinning capacity is getting very limited because the incentives, there is no incentive on the tuff, there is no incentive by Gujarat government with their large part of spinning has taken place so that spinning capacity which is excess is getting adjusted gradually this is what type we will.

Moderator: Thank you. The next question is from Prerna Jhunjhunwala from B&K Securities. Please go ahead.

Prerna Jhunjhunwala: Sir, I would like to understand the synthetic yarn business globally the consumption of blended fabrics is increasing than cotton so eventually demand for blended yarn or fabric should increase but we are seeing that there are no major capacity expansions in the blended yarn segment so just wanted to understand the space like what can happen to profitability because if the demand improves can profitability improve over the next three to four years' time frame.

S. K. Khandelia: To answer your question I would like to put like this, that the spindle from synthetic is also increased because synthetic covers 100% viscos, 100% polyester grey, PV dyed and so many other varieties so if you will see the overall spindles in because the same spindles one can use for cotton also, one can use for synthetic with little changes in the machines. So overall the spindles from synthetic fabric has been going up in India also because if you will see from the common masses they are still using majority of the synthetic cloth not the cotton cloth. The problem is with the export of the garments in India, the type of the yarns and other things and the types of the fibers which is required by the international markets is not being produced in India by the fiber manufacturers and due to that import of the fiber is costlier here and then the cost of production here as compared to Indonesia, Thailand and such other countries is costly for synthetic yarn. So due to the reason because we are more dominated, our exports of garment dominated in cotton textile and because of that synthetic for exports is not taking place in India, government is aware of this situation and many efforts are being made so that the synthetic garment exports also takes place once that takes place the synthetic spindle is likely to increase or cotton spindles will get change to synthetics, but in any case in India majority of the people use synthetic and spindles on synthetic has overall increased but there are no official data available because the same spindles can be used for many things.

Prerna Jhunjhunwala: Okay, and sir in terms of blended and 100% polyester have you seen improvement in 100% blended yarn against polyester or viscos products.

S. K. Khandelia: I explained you, you must have seen the quarterly results today and from that it is very clear that consumption of viscos has gone up in India and that clearly shows that the production of 100% viscos yarn has increased very much and lot of fabrics is being produced from 100% viscos yarn particularly for ladies wear. There Liva brand had launched is driving the consumption of 100% viscos yarn so far 100% polyester is concerned that has also increased, in case of blended polyester cotton. When we talk of the blended there are two types one is 100% synthetic and one is 100% blended, in blended we take polyester blended with cotton or any other thing the production of that is also going on, production of 100% polyester is also going on production of 100% viscos is also going on but these things in terms of spindles these will not be available but if you see the data you will find that there has been growth in the production of synthetic yarns in India also.

Prerna Jhunjhunwala: Okay, thank you sir. Sir my next question is on capacity utilization, what will be your capacity utilization in yarn business?

S. K. Khandelia: As I mentioned to you in my opening remark we are utilizing our capacity to full extent and our utilization is close to 95% as usual remaining 5% is required for change of the loads, change of the sheet, maintenance and such other things. Otherwise we are utilizing our capacity to full extent in all our mills.

Prerna Jhunjhunwala: Okay. So from where can we expect the growth to come in because Home Textile is a very small segment and even if it is utilized 100% over the next two years we would not be able to see a significant growth, so how do we look at the growth for next two years for the company?

S. K. Khandelia: I will explain you. In normal course year after year 14 to 15% EBITDA 14 to 15% EBITDA which was normal for us and for years together not now. So, at present our EBITDA is much less, and we are likely to achieve those EBITDA percentage again going forward and I do not think there is any question of not getting such type of EBITDA going forward because of our varied product mix which includes specialty cotton and cotton blended Mélange yarns, cotton dyed yarns where we are increasing ourselves, we are reducing some of the spindles on synthetic and adding those and diverting those to the more value-added items so even the 14-15% EBITDA as compared to now will add the sizeable value to our profits number one, second thing our capacity of Home Textiles is 8 lakh meters a mill that is 9.6 million meters a year and that is a big capacity as in case of Home Textiles EBITDA percentage can be much higher it can go even up to 35%, so now we are hit by the losses so whatever earnings we are making in yarn that is also getting reduced because of the low season Home Textile. Once we start making profit in Home Textiles so there will be double benefit once whatever the cost or kilos whatever is EBITDA is coming down that will not be there, secondly Home Textile even if it adds 20-25% EBITDA going forward there will be sizeable profit. So these are the two things, third thing is that we are putting our recycle staple fiber plant, polyester staple fiber plant. And in these days throughout the world there is demand for sustainable products so once we have our own recycle polyester staple fiber plant we already have the license of recycle product of yarn for which we have to buy recycle polyester stable fiber certified from outside. So once we have that traceability of the fiber will be there and we will be able to market it as a value-added product and that is also going value to our business.

Another thing, even in such critical times we have been generating cash surplus and we are having cash surplus so those are going to be utilized for not for spinning not for any addition to spinning but for some value-added products and we are working on many of the projects but because of the bad times a presence these things are moving little slow and once the time is normal I think the new products are likely to be added in our portfolio.

Prerna Jhunjhunwala: Okay. So we should look at this company as a profit growth measure rather than a top line growth measure is what you said.

- S. K. Khandelia:** Nobody knows what will happen tomorrow but personally I am sure, personally I am confident that there is no reason that this company cannot be profit growing company.
- Bipeen Valame:** Prerna just to add the way Khandelia explained. And I just repeat that Home Textiles business we current capacity we should target at revenue of around 250 crores right now we are not able to achieve so one is that even top line growth also is possible by 100-150 crores further by Home Textiles with a higher EBITDA margin.
- Prerna Jhunjunwala:** Okay, understood. Sir last question is on FOREX is there any FOREX loss of gain in this quarter?
- S. K. Khandelia:** No, we do not have any, we give 100% our foreign exposure hedged and so there is no foreign exchange gain loss except as per the accounting standards we have to restate whatever is the opening position and that is a notional loss of profit which happens every quarter plus minus, but we do not have any actual foreign exchange gain, loss as we are always 100% hedged.
- Prerna Jhunjunwala:** Okay. So that will be reported in other income any quantum that you can specify of the notional FOREX loss or gain.
- S. K. Khandelia:** That figure I may not be having right now, but it is something it is low sometimes it is gain so it keeps on fluctuating but overall I think if you take for the nine month it may be 5-7 crores plus minus.
- Moderator:** Thank you. The next question is from Nimesh Shah from Shah Investment. Please go ahead.
- Nimesh Shah:** So being a commodity business we can understand that comparing quarter to quarter is not a fair view as such but what will be our strategy going in next two to three years from here.
- S. K. Khandelia:** When you say the commodity business of course yarn is a commodity but then yarn itself as you know we do not manufacture grey cotton yarn or grey synthetic yarn or something like that. That you can call as commodity we are in specialized yarn business used for special application mostly but of course it cannot be 100% niche product. We have in the capacity of 4.2 lakh spindles and all cannot be run on the value-added yarns but still we do not manufacture cotton grey yarn, polyester yarn or such type of yarns where the losses will be much higher in case of synthetic and such type of times. So we are actually purely not in commodity we are in value-added yarns and our yarns are meant for different applications not only for apparel this goes for industrial application, those goes for specialized applications like special fancy yarns. Then we manufacture yarn not only for weaving but for weaving, knitting, industrial or any other purpose and if you have seen this year we have increased our exports to a large extent so India is one market but the entire world can be our market and it is our market so we are increasing our exports of value-added products to different countries for different application of products, so we are gradually coming out of the products which does not result into the sizeable profits so that is how that we are different from the pure commodity producers. And second thing is the

Home Textiles there is worst scope to go ahead, it is just a beginning we can add many items going forward in our Home Textiles portfolio but that is not yet certain at this point of time once we have to establish once we have to start increasing our existing product portfolio of the Home Textile, have to earn the required EBITDA margins there then we can add many other things.

Nimesh Shah: Okay. Sir my next question was on that line only that what will be our strategy for revising the Home Textile segment. So are we developing any products or are we getting into new job.

S. K. Khandelia: What we mentioned to you we have hired this time in Home Textiles our all designs were produced by the European designer and those were appreciated very much by the European buyers, American buyers but it take times to get it converted into the orders because they have asked for the samples then they will see the samples of the fabric then will give a small order and then the bulk order number one. We have increased one head count of designing team many experienced and other designers have been taken on roll and we are trying to have country wise designer on contract basis or something like that that is the designing part because it is a design business second thing, in marketing we have added very experienced people and are still in the process of adding more marketing people. In case of our plant we have already ordered some of the machines like printing and something like that and we are in the process of we have the sanction to order more machines for the better finish and such other things. So all these things once are in place are definitely bound to give the higher margins in case of our Home Textiles business then we will be having the benefit of ASM which has a well designing and distribution team so America is a big market we have put up a new CEO there only recently has joined so the synergy has visited our plant at Damanganga so the synergy is being developed between Sutlej and American Silk Mill and that is also going to be a very good in our opinion step to improve our Home Textiles working.

Nimesh Shah: Sure sir. Sir in terms of outlook and all as you were just explaining so vey straight forward question that when we will see the revival of Home Textile in terms of EBITDA positive?

S. K. Khandelia: I have already mentioned that by the end of FY19-20 though some EBITDAs will starts generating maybe after the second quarter, in second quarter itself or maybe in third quarter but definitely I feel that by the end of FY19-20 everything should be in place because many of the machines which have to be received in September, October then installed and commission and then all these design teams are producing new samples which goes to market so by the end of FY19 in the last quarter or something I think there should be much better, low should not be there number one and positive EBITDA should start coming sometime from third quarter of the next year.

Moderator: Thank you. The next question is from Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: Sir of 27,000 odd tons of yarn how much would be Mélange in terms of volume.

- S. K. Khandelia:** Ritesh our one third capacity is on the cotton and cotton blended dyed yarn that is Mélange and other dyed products of cotton blended.
- Ritesh Poladia:** Okay, on Mélange do you foresee the margin pressure.
- S. K. Khandelia:** For the time being there is slight little pressure very little pressure but because since we produce only against the orders and ours is not a commodity Mélange so in our case there is hardly any to be fair there is hardly any pressure maybe plus minus one, one or half percent here and there sometimes because the international market conditions are also not good because of the USA, China trade war so at one point of time we are looking some opportunity because many of the yarns which were coming from USA or the Mélange we hope that those markets will be available to us and going forward our Mélange should do much better than what we have done earlier this is what we feel now.
- Ritesh Poladia:** Okay. And other I do not know whether your synthetic yarn would have an operating loss or they are still making money.
- S. K. Khandelia:** No, there is no operating loss in case of synthetic yarn there is no operating loss but there is no profit also in many of the qualities but overall if you will see there is some profit.
- Ritesh Poladia:** So of 60 crores of EBITDA roughly 80-85% would be Mélange is my understanding correct, it is difficult to say like that but Mélange has contributed significantly.
- Moderator:** Thank you. The next question is from Shruti Shah from Mehta and Company. Please go ahead.
- Shruti Shah:** I wanted to know, what is the progress on the forward integration plans we have mentioned during the meet.?
- S. K. Khandelia:** Forward integration we actually mentioned about the backward integration that is the recycled polyester staple fiber plant and tomorrow it's Bhumi Pujan, machinery orders has been finalized and within this year it will be complete and the commercial production will start in Q1 20-21. So all machines have been ordered Bhumi Pujan is tomorrow and everything is in place so by next year first quarter it will be in commercial production. So for forward integration is concerned we except from textiles at this point of time we are exploring many possibilities but there is no any concrete proposal.
- Shruti Shah:** Okay. Also sir are we looking for any new inorganic growth?
- S. K. Khandelia:** There are many things which we keep on examining but at this point of time there is no any except our recycled polyester staple fiber plant there is nothing which is on the agenda.
- Shruti Shah:** And also are we focusing on any new value-added yarn segment.

S. K. Khandelia: That we keep on doing continuously we have a for your information we have a very well equipped and large development centers in all our mills established at the cost of crores of rupees one development center in one of our unit was established at a cost of Rs.40 crores and there job is to keep on producing new varieties of yarn, new sets and new applications and that is in case of Mélange and other yarns our share of value-added yarns is continuously going up.

Moderator: Thank you. Next we have a follow up question from Prerna Jhunjhunwala from B&K Securities. Please go ahead.

Prerna Jhunjhunwala: Sir I wanted to know the status of BTM plant that we have acquired two years back and we wanted to improve the product profile of that plant where are we in terms of profitability there and improvement in product mix.

S. K. Khandelia: There has been improvement in profitability and that is a profitable plant. And many products have been changed to mention we were having 43000 grey cotton yarn spindles there when we took the plant and now we are having only 4000 spindles on grey cotton yarn and remaining 39000 spindles have been converted to cotton and cotton blended value-added yarns and the profitability of that plant has improved from the level at which we have taken it, thought the market conditions which had been there in last two years had it's sound impact but going forward it will be delivering much better result even now it is better than what we had taken from the time we had taken it.

Prerna Jhunjhunwala: So your profitability will be in line with our own cotton yarn business.

S. K. Khandelia: Like it will not be exactly like the cotton and cotton blended Mélange yarn and dye yarn but it will be close to that.

Moderator: Thank you. Next question is from Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: Sir is our solar plant operational?

S. K. Khandelia: Which one?

Ritesh Poladia: Solar plant of 2.7 megawatt.

S. K. Khandelia: Yes, that is operational.

Ritesh Poladia: Okay. And how much this plant contributes to our power?

S. K. Khandelia: It is 2.7 megawatt is a small plant and because in case of solar the capacity looks bigger but the actual generation is much lesser so it's generation is about 10,000-11,000 units only after that we have also put up another 0.6 megawatt plant that is also operational that is also generating and we have plans to add more solar power plants in our units and that is being crystalized.

- Ritesh Poladia:** And how much this 2.7 plus 0.6 megawatt.
- S. K. Khandelia:** It would be generating about 14000 units -15,000 units a day.
- Ritesh Poladia:** And what would be our consumption?
- S. K. Khandelia:** Our consumption even in one unit is in the particular unit where these are is about 3.4 lakh units per day so it is about 4 to 5% only.
- Moderator:** Thank you very much. As there are no further questions I would like to hand the conference back to the management team for closing comments.
- S. K. Khandelia:** As I have mentioned that these two years since the demonetization roll out of GST has been very difficult yes particularly for textiles the simple reason is that the downstream industry after spinning is mostly in unorganized sector and lot of informal economy was also there so they are taking time to get it established and over a period of time year quarter after quarter things are getting stabilized and this unprecedented fluctuations are also getting stabilized so I think what I personally feel is that worst is behind us and now after say fourth quarter maybe one more quarter we are already half way of the fourth quarter so after the fourth quarter at the most after the elections the textile industry should do better and so for Sutlej is concerned we have lot of product in our product portfolio we have so many variety yarns for so many applications and that is why suppose if something is not doing well other things will do well and therefore we are insulated to a large extent and earlier we used to earn 14-15% EBITDA and we should be able to return back to that say by the end of 19-20 FY or anytime so nobody knows that tomorrow what will happen, but I am confident that so far Sutlej is concerned it will continue to grow and will continue to post profits. Thank you very much.
- Moderator:** Thank you very much. On behalf of Sutlej Textiles & Industries Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen you may now disconnect your lines.