

Huhtamaki-PPL

19th August, 2019

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Sub: Transcript of Conference Call held on 9th August, 2019

Dear Sir/Madam,

Further to our intimation dated 2nd August, 2019 in relation to the conference call on the unaudited financial results of the Company for the quarter/half year ended 30th June, 2019, please find enclosed herewith Transcript of the said conference call held on 9th August, 2019 for your perusal/records.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For Huhtamaki PPL Ltd.,



D.V. Iyer

Company Secretary & Head – Legal



Encl: As above

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Transcript

Conference Call of Huhtamaki PPL Limited

Event Date / Time : 9th August 2019, 11 AM IST
Event Duration : 39 min 52 sec

Presentation Session

Moderator: Ladies and gentlemen, good morning and welcome to Huhtamaki PPL Limited 2QCY19 earnings conference call hosted by Aditya Birla Money Limited. As a reminder, all participant lines are in listen-only mode now. Later, there will be an opportunity for you to ask questions after the presentation concludes. Please note this conference is recorded. I would now like to hand over the floor to Mr. Mahavir Jain of Aditya Birla Money. Thank you and over to you sir.

Mahavir Jain: Good morning everyone. We welcome you to the 2QCY19 earnings conference call for Huhtamaki PPL Limited. Today from the management, we have MD sir Mr. Dr. Arup Basu and CFO Mr. Ranjeev Lodha. To start with the call, we will have a brief update from the management on the results, after which we will open the floor for questions. Over to you sir.

Arup Basu: Good morning ladies and gentlemen. This is Arup Basu; I have my colleague Ranjeev Lodha with me who is our CFO and Executive Director. Couple of quick opening remarks from me before I hand over to our CFO and then we will keep maximum time for questions.

Five points from my end. Firstly, this quarter we have had improved sales and profitability across our business. The second is that in June this year, two months ago, we commissioned a new state-of-the-art printer at our Rudrapur unit. This is really to serve our customers in the northern part of India, where they have their manufacturing units and it increases our capacity to service them, as well as service them with the sustainable structures that we are developing.

In our Labels business, there has been significant growth in this quarter. Labels serve the pharma and FMCG sectors and both these sectors in terms of the demand for labels have done well.

The fourth message is really on sustainability. I had indicated in my earlier call also, that we have a very strong focus on designing recyclable structures for all categories of products for our customers, and this is in line with the enabling government resolutions, which is encouraging recyclability and sustainability across all areas, and for us this translates to the products and laminate structures that we make for our customers across all the categories, be it foods, or be it home and personal care, such as shampoos and soaps etc., and we have a very good position in terms of products that we have developed. We are beginning to see a fair amount of interest in customers wanting to move to sustainable structures, in line with consumer sentiment and also in line with what the government is encouraging the entire eco system to do.

The last and fifth point from my end is really around internal focus on improving our operations. We have an extensive set of programs and projects that we are running under what we call the operational excellence umbrella to improve our productivity, to reduce our costs, and to improve the quality of service that we provide to our customers, and that program is running and well-entrenched, and the focus continues on running that.

So, with these quick five points, I will hand it over to our CFO.

Ranjeev Lodha: Thank you Arup. Good morning ladies and gentlemen. Thank you for joining the call. Quickly a few financial highlights.

You would have observed from the filing, the revenue from operations has grown from Rs. 595 crores to Rs. 634 crores, a growth of 6.4%. The growth is primarily, as Arup mentioned earlier, the offtake in the labels business and also in the tube laminate business where demand has been encouraging. The increase in revenue also is reflecting the sales from the erstwhile Ajantha Packaging, which we acquired on 31st May last year, effective from 1st June 2018. So, essentially, we have had three months in the current year compared to one month in the previous year for the second quarter.

Profit from operations are at Rs. 46 crores as against Rs. 26 crores in Q2 '18, a growth of just under 75%. This has been on account of focused marketing initiatives, improved product portfolio, and the cost measures undertaken across our sites.

Profit after tax stood at Rs. 28 crores for the quarter, reflects a growth of 96% over the corresponding period in calendar year '18.

The net debt as on 30th June is at 318 crores, as against 334 crores in December. The increase in working capital has been on account of increase in revenues, export sales during the month end, and increase in inventory of raw material, which will service orders on hand in the current period.

With these few remarks on the financial performance, I throw the floor open to questions.

Question and Answer Session

Moderator: Thank you sir. We will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. I repeat, ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. Participants are requested to ask only two questions.

First question comes from Mr. Naushad Chaudhary, from Systematics.

Naushad Chaudhary: Thank you for the opportunity and congrats sir for the decent set of numbers. Am I audible?

Ranjeev Lodha: Yes.

Naushad Chaudhary: Would you be able to share the volume growth number for this quarter sir? How much was from the value and how much from the value growth?

Ranjeev Lodha: Volume is almost flat, it is all value growth.

Naushad Chaudhary: And, which segment of the business is deriving this value growth sir?

Ranjeev Lodha: We do not have segment-wise results; we look at it as a full complete consolidated business. We do not share numbers at business segment-wise.

Naushad Chaudhary: Okay. As I see your tax rate, also, the provision has also gone down significantly to 38% versus around 40%-45% last year full year tax, so could you explain the reason here, sir, and what could be the tax rate for the full year...in this calendar year?

Ranjeev Lodha: The tax rate is basically a function of performance and the disallowance of the interest considered in our tax provisioning. We do not expect any significant shift in the tax rate for the year as at the current moment. For the current period, the tax rate is around 39.3%.

Naushad Chaudhary: And that we can extrapolate for the full year also sir.

Ranjeev Lodha: Yes.

Naushad Chaudhary: Okay. So, there's a quite big gap because last financial year, if I calculate it roughly, it was around 60% of the PBT, so this year you are guiding for 39% is a huge change in the tax rate, so just wanted an explanation. If you can make little bit...

Ranjeev Lodha: No, there is no deviation, it is only, as I said earlier, a function of profit and whatever is exempt income of taxes at a lower rate, because of the tax benefits.

Naushad Chaudhary: Okay. Also, sir, for the half year, interest paid was around Rs.14 crores and our total debt is around Rs.318 crores for this year, so which comes to around only 4% interest rate in the one half of this calendar year. So, if you can talk on this also, how much is the interest cost we should take full year?

Ranjeev Lodha: Interest is a function of what we draw and for what period we draw short-term funds. Balance sheet position is the closing position on the period, whereas the interest cost is evenly spread over the period.

Naushad Chaudhary: Okay. Lastly on the recyclable packaging you talked about, so it can...

Ranjeev Lodha: Sorry to interrupt you, I think we have said earlier, if you need to ask more than two questions, you will have to come back in the queue.

Naushad Chaudhary: Okay, I will come back in queue. Thank you.

Moderator: Thank you sir. Next question comes from Sunil Kothari from Unique Investment Consultancy. Please go ahead.

Sunil Kothari: Congratulations for good set of numbers and very hard work you people are doing to improve to operations and cost efficiency. Sir, my question is only two. Basically, there is a very wide change and variability in operating profits margin, so little bit if you can talk compared to say March quarter, why this margin is far lower and why it is so far higher, compared to last June, that is the first question. Hello?

Moderator: Dear participants, kindly stay connected; we are connecting the management line again. Welcome back sir, please go ahead.

Sunil Kothari: Congratulations for good set of numbers. My question was basically wanted to understand the sustainability of margin, maybe on an annual basis, because compared to last June we have done far better, compared to March, it is lower. So, if you can little bit trending of the margin.

Arup Basu: The FMCG sector across a wide range products pans for every product category; you have a very large spectrum of products that are priced at different points, whether it be biscuits, whether it be detergents. The product mix plays a large part in terms of the margins that one gets, and the sophistication or complexity of the packaging also determines the kind of value that one gets. So, you have typically a pyramid structure, like in all categories, that impact the margin. The second is also the state of pricing of raw materials, because we are essentially a convertor. And the raw material fluctuations also play a role in terms of the margins that one gets. Hence it is a mix of product mix, mix of the state of raw materials that are used for making the structures.

Sunil Kothari: Sir, basically which are the sustainable margin, which you are striving for, that is what I am trying to tell.

Arup Basu: I was talking about sustainable structures, so these are packaging materials that can be recycled quite easily, because plastics are earning a lot of negative assembly on it is what it does, so the structures that we are now preparing for these products, are all easily recyclable. So, the moment they are segregated after point of use, and discarded by the consumer, these can be picked up and recycled into other products. And that takes care of the issues around plastics that consumers and others are having.

Sunil Kothari: Okay. And, sir, my second point is, as you promised at AGM, I mean, not promised, but it was actually intent in the last con call also, we were planning to finalize the strategy of repaying the NCDs, what is the final position now.

Ranjeev Lodha: Sir, there is a clear plan to repay the NCD on due date. We are exploring all options. Based on our requirement of funds and the cash flow position in the next quarter, we will be clearer about how we want to go about, but we are at this stage exploring all options, given the changes in the regulatory environment.

Sunil Kothari: Right. And sir, my last point is

Ranjeev Lodha: There is also a lot of changes happening in the regulatory front in terms of party and policies, so we are taking cognizance of all of them.

Sunil Kothari: Okay. And my last point sir is, basically on a macro picture, how you look at the next six months or a year, what's your just thought process broadly, if you can...

Ranjeev Lodha: So, Mr. Kothari, we really don't give any forward-looking statements on these calls or in our deliberations, so I will not be able to give any picture or colour. Our focus is, of course, to meet our target and we will continue our journey of continuous improvement wherever we see the opportunities.

Sunil Kothari: Great, sir, great. Thank you very much. Wish you good luck.

Ranjeev Lodha: Thank you.

Moderator: Thank you sir. Next question comes from Vipul Shah, an individual investor. Please go ahead.

Vipul Shah: Hi sir, congratulations for very good set of numbers in a challenging environment. My question is why other expenses have moved up sharply as compared to March quarter, from around Rs.72 crores to Rs.80 crores.

Ranjeev Lodha: The other expenses have really gone up because of the increased volumes and the freight cost, and which is a function of our lead time to customer and the export sale, and the countries to which we export. And, that part of the variable cost is under other expenses, which we have been reporting consistently.

Vipul Shah: So, it has moved up around by 10%, while our value growth is around 5%-6%, so still it is a little

Ranjeev Lodha: So, it is about 5%, the balance 5% is on account of two one-off expenses close to about Rs.3 crores, which are basically for title deed retransfers and provisioning that we had account for bad debts and some repairs and maintenance expenses at the Silvassa unit.

Vipul Shah: So, come again, so there is some write off of bad debts is included in this other expense?

Ranjeev Lodha: Not write off

Vipul Shah: Provision?

Ranjeev Lodha: Yes, provision.

Vipul Shah: Okay and my second question is can you comment regarding the research capabilities or means, basic research we are doing? Any color on that Dr. Basu?

Ranjeev Lodha: Can you clarify what you mean by

Vipul Shah: Means, what is our research means, what will be our R&D expense, annualized, and in what direction it is going?

- Arup Basu:** So, our focus on research and development are two-pronged. One is really driven by what our customers want from us in terms of innovations and new look, etc., which is driven by their branding needs, and the second, which we are working on a theme, is that of sustainability, because this whole space of making recyclable structures is quite an elaborate task, given the range of products that our laminates are used in packing. So that's a theme that we are working across all our products. Sustainability is one big theme. And the second one is, customer-driven, in terms of innovations and looks that they want within the products.
- Vipul Shah:** So, directionally should we expect higher R&D expenses, in coming years?
- Ranjeev Lodha:** So, our R&D expenditure in the last two years has been about a crore and 100 - 112 lakhs and these details are given in the annual report. We don't see any major shift in the expenditure.
- Vipul Shah:** Okay sir, thank you and all the best.
- Ranjeev Lodha:** Thank you.
- Moderator:** Thank you sir. Participants are requested to ask two questions in the initial round and may join the queue for more questions. We have the next question comes from Payal Nath from Progressive Shares.
- Payal Nath:** Good morning.
- Ranjeev Lodha:** Hello?
- Payal Nath:** Thank you sir for giving me the opportunity.
- Payal Nath:** Sir, I wanted to ask on the question, in the opening remarks that you had mentioned, about the plant that was commissioned in the month of June. So, could you please give a bit more colour on the same?
- Arup Basu:** Yes, so Rudrapur is our plant in the north where we have a flexible manufacturing unit and, what we have done in June is added a new printer line, which essentially increases our capacity in the plant, because we are seeing an enhanced demand from our customers units, which are based in the north, and it will also allow us to provide the new structures, which are recyclable structures that many of our customers will want to move to over the next few months and years. Essentially it is an investment in capacity to be able to increase our output from the Rudrapur unit to the manufacturing units of our customers based in the north.
- Payal Nath:** And, what approximate that investment could be, if you can share that?
- Ranjeev Lodha:** Sorry, you will have to speak up please. We can't hear you.
- Payal Nath:** How much exactly will be the investment for this?
- Arup Basu:** It is about 25 odd crores.

Payal Nath: Okay. Thank you sir.

Moderator: Thank you sir. Next question comes from Nilesh Shah from MEMG Securities. Please go ahead.

Nilesh Shah: Hello, congratulations. Can you hear me? Is it clear now?

Ranjeev Lodha: Yes.

Nilesh Shah: Alright. Congratulations for a commendable performance in this quarter.

Ranjeev Lodha: Thank you.

Nilesh Shah: Despite the slowdown in the FMCG sector overall, and congratulations to Mr. Rajeev Lodha on being appointed Additional Executive Director at Huhtamaki PPL. So, my first question is our top line for second quarter is 633.75 crores with a net profit of 27.93 crores, which translates into a net margin of only 4.4%. During the first quarter, our sales was 629.41 crores with a net profit of 42.03 crores, which is a net margin of 6.7%. There is a substantial derating of the margins, so can you share as to why margins have contracted from 6.7 to 4.4 over the quarter?

Ranjeev Lodha: Margins have really contracted because we have had increase in the employee benefit expenses there was a change in the policy, and there was also a big dip in the other income. There was a one-off income in the preceding quarter and that is not a recurring income; we had even clarified it last time, and these are the two real factors, and of course, as I mentioned earlier, the freight costs.

Nilesh Shah: So, this is a one-off sir, so next quarter we can expect the margins to come back to 6.7%, 7%.

Ranjeev Lodha: Not necessarily, because in the employee cost for the quarter, because of the change in policy, there has been an impact on the first quarter also. So, there will be some aberration, but not completely. And I agree with you, that the other income will not be continuing as that's a one-off income in the previously quarter.

Nilesh Shah: Roughly, conservatively, we could look at a 5% net margin. I am taking the mid part, between 6.7 and 4.4.

Ranjeev Lodha: I leave that to you because, as I said earlier, we will not be commenting on forecasts.

Nilesh Shah: Okay, no worries, I'll make a note of that. And second part is, employee benefit expenses, which you just explained, for the second quarter is 66.61 crores, which is actually higher than the first quarter, which was 58.82 and corresponding year last year it was 56.93, so there is a 10 crore increase in the employee benefit expense vis-à-vis corresponding quarters. So, can you give me why is there a change in the employee benefit expense cost? The number of employees, have they gone up?

Ranjeev Lodha: No, the number of employees have not gone up, the absolute number of employees is the same. This is basically the salary revision that happened in the month of April, so in the first quarter it is actually lower, the impact came in this current quarter, and for the previous quarter, so it is effective for two full quarters as compared to the first quarter when there was no increase reflected.

Nilesh Shah: So, how many employees are there currently on the rolls of Huhtamaki PPL?

Ranjeev Lodha: Around 3600.

Nilesh Shah: Okay. So, just the last part of my first part of the question, that is. Now, Huhtamaki's parent company in Finland has 28 plants in three continents for flexible packaging alone. They do 952 million Euros in sales, which is actually Rs.7600 crores. So, for the second quarter, Huhtamaki did a sale of 248.7 million, which is nearly Rs.2000 crores, out of which India did Rs.625 crores, which you have done for the second quarter. Now, we have 15 plants, which is more than half the capacity of Huhtamaki and we contribute less than 30% to their overall business. Out of 7100 employees, we are 50%, that is 3600 employees, that you just said; Huhtamaki has 7100 employees globally in flexible packaging. We are half of it, but we still contribute less than 30% of their turnover. Why is there this anomaly?

Arup Basu: I think I need to clarify that the plants that are mentioned in India are a combination of three different varieties of products, some of them are just small, very small labels units, which have been put up at the request of our customers who want a kind of a small manufacturing unit close by for comfort, and so the plants are not of uniform size, there are about really only about five scaled flexible manufacturing units in India, the rest are labels or cylinder manufacturing units, that came on to the company as part of the acquisition process. Hence, in terms of the numbers of plants, they are not of the same size, scale, or scope. And, that is, I think, giving you a misleading sense of the footprint vis-à-vis the rest of the business.

Nilesh Shah: Alright. Okay. Just one last part, if I can ask the last question. During the last quarter, on the tax, you had mentioned even in the previous con call, that for the December ended 31st, you recognized the additional tax provision of 21.07 crores and interest of 10 crores, which was the disputed matter on the expansion at Rudrapur unit. You had informed that the company is pursuing with the tax authorities in application of that order. So, can you kindly update, again, it is not yet settled, so what steps is the company taking to recover the same and why is there a delay in recovering this amount?

Ranjeev Lodha: The tax administration has a process. Tax refunds as you know go through a certain scrutiny and a certain process in the tax administration. The company is taking all efforts to connect with the authorities, and we are pursuing the matter. This is something which we hope to resolve in the year.

Nilesh Shah: Okay. You cannot adjust it towards current taxes that you are paying every quarter?

Ranjeev Lodha: No.

Nilesh Shah: Okay, so, this has to come as a refund, which will be treated as an income, because it was treated as an expense earlier.

Ranjeev Lodha: Yes, we will see when it comes, in what shape it comes in.

Nilesh Shah: Well, I hope it comes in the next quarter; we are eagerly looking for it, because you have a big interest outflow on the debentures in the coming quarter, and last year in this quarter you are reported a negative loss, in fact, last September quarter, that is, there was a loss of 2 crores. So, we hope that the interest that you bear on the debentures offsets this income that comes in. So, I think, that's about it. I don't want to waste your time. Thank you so much. I will come back in the queue; I have a couple of more questions. Thank you so much.

Moderator: Thank you sir. Participants, due to shortage of time, we will take the last two questions for the day. Next question comes from Kaushik Poddar from KB Capital Markets Private Limited. Please go ahead.

Kaushik Poddar: Yes. See, you just mentioned that the growth volume-wise is around zero % or something, there was no growth, and if we look at the results that various FMCG companies have announced, the volume growth is between say 4 to 8%. So, is it that Huhtamaki has lost some market share, or there is some movement in the market or maybe you all going to some premium products? So, if you can offer some explanation? And #2 question of mine is, Huhtamaki always gives a guidance that this is their EBIT goal as far as their company is concerned for each of the divisions. For packaging this thing, the flexible packaging, the EBIT goal is around 8%. So, but right now whatever you have told us is that probably you cannot give a goal as to the EBIT margin, so can we just reconcile why your parent company is talking of a goal as far as the EBIT is concerned, and you are not able to give a goal as far as the EBIT is concerned...my second question.

Ranjeev Lodha: So, on your first question, I think, it is a timing issue, because FMCG has their own cycle, whereas we have a different cycle. We supply to them, we don't stock for them. And the other is the mix impact, because it all depends on how these grow in terms of the product mix that we sell. The third point is we supply to export markets, so that's another factor that comes into play. On the second question, on the guidance, I think, what we have said is, we don't give forward-looking statements for the quarter or the period. 8% is the aspirational target, I don't think that relates to a guidance for the quarter or for the year ahead, and we are bound by the SEBI regulations, so whatever we give as guidance will be in public domain.

Kaushik Poddar: Okay. And, sir was there any problem in your exports last quarter, I mean, that is the indication that was given in the presentation of Huhtamaki internationally.

Ranjeev Lodha: No, we didn't have any issues, we just had a couple of issues, because we had an ERP implementation in Khopoli unit. We follow a conservative policy on export accounting or revenue accounting for that matter where if the export despatches have not met the revenue recognition criteria, we do not account for it. But, that's it, otherwise exports are flat.

Kaushik Poddar: Okay, thank you.

Moderator: Thank you sir. The last question for the day comes from Naushad Chaudhary from Systematics. Please go ahead.

Naushad Chaudhary: Thanks for the opportunity again sir. Two questions I have, first, was there any inventory loss in this quarter sir?

Ranjeev Lodha: No, we didn't have any inventory loss any specific reason for that question?

Naushad Chaudhary: No, I was just wondering if there was an increase in the raw material prices, so that would have impacted some bit to our inventory.

Ranjeev Lodha: No.

Naushad Chaudhary: Okay. Lastly, on the recyclable packaging you talked about, sir, so just wanted a bit more explanation on how big you think this particular thing could be for us in next three, four years, and have we started generating revenue from these kind of packaging, or not...it is yet to start?

Arup Basu: So, recyclability as a theme has come into our system because of two things, one is, there is a general view that while plastic products provide a lot of convenience etc., the disposal of it is causing a lot of environmental damage, and this view is now a kind of mainstream view within the consumers, and also within all kinds of stakeholders. Flexible packaging is, environmentally, one of the best things that can be used for packaging food and non-food items in the fast moving consumer eco system. The main reason for this is the carbon footprint of flexible packaging is the lowest amongst all other possible alternatives, which could be glass, which could be metal, which could be even paper. If you take a truck and you fill a certain amount of product in glass or metal containers, then only about 60%, 65% of the truck weight will be the product, and the rest will be the packaging material. This ratio changes to almost 95% and 5%, when you bring in flexible packaging. So, what we are working towards, is to make sure that these flexible packaging materials can be recycled easily, so that when a consumer uses it, they can use it guilt-free, because they know if it gets collected, then it will be brought to a place where it can be recycled quite conveniently. And so, our challenge is really one of littering and segregating the waste at the point of disposal, because then the products can then be recycled. This is a pure expectation that the FMCG community will, at some point over a period of time, migrate to recyclable structures. One of the challenges of recyclable structures is that, it needs to still fulfill its basic promise of protecting the product that is inside, be it coffee, be it tea, be it food, and so it has to perform certain technical functions of protecting what is inside, across at least the shelf life, for which the promise is there, whether it is 12 months or 24 months. So, it is not just a simple substitution, but there is a fair amount of work that has to go in, to make sure that this recyclability does not affect the functional aspects of these packaging. We have started commercial sales, I am not at liberty to disclose the amounts and volumes, because that is in the sort of customers decision to disclose, but we have started that, so there are some first movers, and others who are waiting to sort of fall in line or move to that journey.

Naushad Chaudhary: Yeah. Do you think this can be a decent size of portfolio in next two, three years, and if yes, how would it impact in terms of our margin and return profile?

Arup Basu: I think, it depends on the absorption by the FMCGs. If they really adopt it wholesale, then it will impact not just us, it will impact the whole packaging sector. In terms of how margins and all play out, that depends on every company's, management, and circumstances, in terms of how they want to run their business.

Naushad Chaudhary: So, typically what could be the cost differences between these kind of product vis-à-vis the conventional packaging?

Arup Basu: This is an early stage; I don't think it will be wise for me to hazard a guess, because that's all it will be. In this business it is good to be as competitive as possible.

Naushad Chaudhary: Lastly, the touching the EBITDA margin again, in 1QCY of this calendar year, we posted about 14% plus sort of EBITDA margins and we maintained that we should be doing this sort of EBITDA margin, since the product mix has changed, and we also introduced security labeling and other products. But this quarter we have seen sharp decline QOQ. So, any specific reason there, again since product mix has remained same, as you suggested, if I am not wrong, please correct. And, anything, would you like to give any guidance there, for next couple of quarters, will we be there, or we will be going back to those guidances, which we wanted to maintain at 14% sort of.

Ranjeev Lodha: So, primarily, I can't give guidances for the next quarters, but yes, to answer your question, the EBITDA margins have been impacted because of the employee cost and the increase in other expense, and the lower other income. But, primarily our contribution at the product level hasn't deteriorated.

Naushad Chaudhary: Okay. But, we maintain that we should be doing 14% for some more time in 1Q, so if this is the thing, then we have to draw down to 11%, 12%, what is happening now. Is it that you are giving a lower guidance now.

Ranjeev Lodha: I don't think we have ever given guidance.

Naushad Chaudhary: No, but guidance is as in, we already said that these numbers are maintainable or sustainable. That's what you guys have suggested in 1Q.

Ranjeev Lodha: I think it is all a function of the economy and the product mix and we will have to see as we approach quarters on a consistent basis, how consistent our performance delivery is. At this point I can only say that we are in a good position, but as each quarter goes, we will have a greater assessment of our performance, and given the changes that we have been focusing on in the operations and in the portfolio mix.

Naushad Chaudhary: Okay sir, thank you very much. That's it from my side.

Moderator: Thank you sir. That will be the last question for the day. Ladies and gentlemen, this concludes the conference for today. You may disconnect your lines now. Thank you and have a pleasant day.

Note:

1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.