



Fiberweb (India) Limited

Manufacturers of : Spunbond Nonwoven Fabrics

19th February, 2018

The Dy. Manager (Corporate Relations Dept.),
The Bombay Stock Exchange Ltd.,
1st Floor, New Trading Ring, Rotunda Bldg.,
P. J. Towers, Dalal Street, Fort,
MUMBAI – 400 001.

Ref: Fiberweb (India) Limited (Scrip code: 507910)

Sub.: Q3 FY18 Concall Transcript.


Dear Sir,

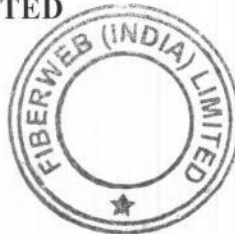
Pursuant to Regulation 30 of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015, please find attached herewith Q3 FY2018 Concall Transcript.

Kindly take note of the same.

Thanking you,

Yours faithfully,
For FIBERWEB (INDIA) LIMITED


Rakhi Patwa
Company Secretary



Encl: As above

Product is manufactured in the plant, where the Management system is certified for ISO 9001:2008, 14001:2004, OHSAS 18001:2007

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ISO 9001:2008, 14001:2004, OHSAS 18001:2007

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“Fiberweb India Limited Q3 FY2018 Earnings Conference Call”

February 07, 2018



**ANALYST: MR. MANISH MAHAWAR - RESEARCH ANALYST - ANTIQUE
STOCK BROKING**

**MANAGEMENT: MR. PRAVIN V. SHETH – CHAIRMAN & MANAGING
DIRECTOR – FIBERWEB INDIA LIMITED
MR. P.S. KRISHNAN – CFO - FIBERWEB INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q3 FY2018 Earnings Conference Call of Fiberweb India hosted by Antique Stock Broking. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing “*” then “0” on your touchtone telephone. Please that this conference is being recorded. I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you Mr. Mahawar!

Manish Mahawar: On behalf of Antique Stock Broking, I would like to welcome all the participants on the earning call of Fiberweb India, joining us Mr. Pravin V. Sheth – Chairman & Managing Director of Fiberweb India on the call. Now I would like to hand over the call to Mr. Sheth. Over to you Sir!

Pravin V. Sheth: Thank you. Good afternoon everyone and warm welcome to all the participants of third quarter and nine months ended FY2018 earnings conference call of Fiberweb India Limited. Today I am joined by our CFO, Mr. P.S. Krishnan and Bridge IR, our Investor Relation Advisor. I hope that you all had a chance to look through our investor presentation or you are looking through it right now. I will first take the opportunity to take you all through our company and share the third quarter and nine months FY2018 results updation.

As you all know, Fiberweb India Limited was incorporated in 1986 with a sole purpose of manufacturing plastic molded product with high performance engineering polymer. Later in 1995 for the first time, the Company entered into manufacturing of the Spun Bond Non-Woven Fabric with a double beam technology sourced from renowned German manufacturer Reifenhauer GmbH.

At our manufacturing facility located in Daman, it is a 100% export oriented unit. Today, our total capacity of Spun Bond Non-Woven Fabric is 7,500 metric tonne out of which 2,500 metric tonne is on a leased basis. On the similar line of expansion as stated in the previous concall, we have already introduced and started commercial productions of our Melt-Blown Non-Woven Capacity with an installed capacity of 3,000 metric tonne. This product is a huge demand in the sectors like specialty wise filtration, medical and absorbent. The successful installation of the Melt-Blown machinery is an account of continuous guidance and expertise of our foreign technicians.

As a matter of pride for our young team from USA that they efforts for successful resulted in getting us our first export order of Rs.15.2 Crores in the Melt-Blown products. The melt-blown products involved a high technological procedure. The products were tested in USA laboratory post, which we received and now started receiving the orders. USA and other developed nations have great demand for these products. We expect to be completely booked for the full next year, I would like you to take this opportunity to congratulate our entire technician team and their continuous effort and hardship of our US market team.

We had also announced to expand our Spun Bond Non-Woven capacity, but in due course with our market research and understanding of the global Non-Woven sector, we understood in the need have to invest in the next generation technology that is Flat-Blown which is a significantly growing market with higher margins. So capex for this project will be Rs.125 Crores, which will be funded through a mix of equity, internal accruals and the debt, of which Rs.50 Crores is funded through debt, Rs.40 Crores is funded through equity infusion by a foreign portfolio investor New Horizon Opportunities Master Fund, Rs.25 Crores will be out of the internal accruals and which Rs.10 Crores via promoter infusion. We expect this to be completed by March 2019 and start the commercial production by April 2019. So full year of March 2020 it will start contributing towards the revenue. Our performance of the third quarter has reported a strong growth and 9M 2018 numbers have taken our growth momentum forward and we aim to deliver similar performance in the subsequent quarters also.

This will be driven by strong growth across business segment supported by strong tailwind from domestic as well as global markets. Throughout 9M 2018, we have been able to obtain good business and this is an account of our manufacturing expertise timely delivery of product and consistent quality, which shows great trust of our customer having faith in us, giving us great confidence in the meeting of our long term goals.

Going forward, we look for financial year 2018 ending with robust growth in turnover in profit. We expect to increase value-added products offering to existing new geographies however we are well poised to capitalize on any forthcoming business opportunities. So far as overall business perspective that is all from my side. Now I will request and hand over the mike to our CFO, Mr. P.S. Krishnan.

P.S. Krishnan:

Thank you. I now share with you the highlights of our consolidated financial performance following, which we will be happy to respond your queries. In quarter three of financial year 2018 the company registered revenue of Rs.81.8 Crores with a year on year growth of 209% from Rs.26.5 Crores in the corresponding quarter last year. This is mainly on an account of better product mix, continuous orders inflow from new and existing clients across the globe. Our new Melt-Blown product has also contributed towards achieving this revenue.

The EBITDA for quarter three of financial year 2018 was at Rs.11.1 Crores as compared to Rs.4.8 Crores in the quarter three of financial year 2017 and increase of 129%.

The profit after tax for quarter three of FY2018 stood at Rs.10.3 Crores as compared to Rs.4 Crores in quarter three of financial year 2017. This represents an excellent growth of over 150% year on year.

Our EPS for quarter three of financial year FY 2018 grew over 120% at Rs.7.19 as compared to Rs.3.21 in quarter three of financial 2017.

Coming to the nine monthly financial highlights in the nine months of financial year 2018, the company registered revenue of Rs.197.6 Crores with a year on year growth of 221% from Rs.61.6 Crores in the same period last year.

The EBITDA for nine months of FY2018 is at Rs.26.6 Crores as compared to Rs.11.5 Crores in nine months of financial year 2017 and increase of 150%.

The profit after tax for nine months of financial year 2018 stood at Rs.26.5 Crores as compared to Rs.9.2 Crores in nine months of financial year 2017. This represents a growth of 189% year on year.

Our EPS in nine months of financial year 2018 grew by 154% at Rs.18.47 as compared to Rs.7.28 in the nine months of financial year 2017.

Now I hand over to Mr. Pravin Sheth.

Pravin V. Sheth:

Before we commence our question and answer session, I would like to make one important announcement via this platform. After a great innings of over 25 years I have decided to retire and handover my active duties and authorities of Fiberweb India Limited from April 1, 2018 to my son, Bhavesh Sheth. Mr. Bhavesh Sheth has been a part of our company for last 10 years and he has developed the overall USA market taking our company to a new heights and make at highly profitable level. I will continue to guide, mentor and remain as a Chairman Emeritus. I am thankful to all our shareholders for the immense support during the whole journey throughout this year and maintain good faith in the company during ups and downs we face, as a token of gratitude to them and the royalty and following my request the board of directors have declared an interim dividend of 5% and also issued bonus shares in a ratio of 1:1. This is all from our side and now we can open for the floor for the questions and answer session.

Moderator:

Thank you very much. We will now begin the question and answer session. We have the first question from the line of Ashish Rathi from Darsh Capital. Please go ahead.

Ashish Rathi:

Sir thanks for the opportunity and congrats Sir on good set of numbers. Sir if you could help me understand what is the reason for lower margins for the quarter despite one month contribution from Melt-Blown which is the presumably better margin product, but I think gross margins appear to have reduced in the quarter compared to previous quarter by around 250 basis point?

Pravin V. Sheth:

I will tell you. As I have many times told in my concall as well as the price of our commodity depends on the fluctuation in the Polypropylene that is the raw material market, now our profit margin is limited at certain level, see I will just give an example, suppose the Polypropylene price is \$1000 per metric tonne, I sell at \$2000 making \$1000 as a profit rather gross margin, but it goes to at \$2000, then I will be selling it \$3000 because my margin of \$1000 remains the same. Now if you compare in \$2000 I earn 50% gross margin and \$3000 sale I only have one third profit margin, so what I will request all you are able to consider is not fluctuation in the margin, but the overall bottomline which grows if the sales grow many a times the sale grows not because

of the quantity growing but because of the price of the raw material going up and as you know we are crude base raw material so it always happen like that, so please I have explained every time in the con-call or even during the personal meetings.

- Ashish Rathi:** Right. So what is the kind of trading income that is there from Dubai in the first nine month?
- Pravin V. Sheth:** Trading income from Dubai has started since last about saying one year or one and a half years and it so happens that, we are a quality manufacturer. There are certain customers in USA who are asking a product which can be compromised in quality, but better price, we were unable to supply it, but our pressure of many customers, we just made enquiries in China and found out some and actually our US team they went to China and found out some of the suppliers who were unable to directly export, so we are buying from China and selling to USA and this is the margin what we get over that.
- Ashish Rathi:** Right Sir, if you could quantify the amount of the Dubai subsidiary trading income that we have got for the first nine-month in terms of topline?
- Pravin V. Sheth:** We went I think last quarter of the 2017.
- Ashish Rathi:** Sir what is the sales from this trading income for the first nine month for FY2018 that is the question Sir?
- Pravin V. Sheth:** First nine months from FY2018, off-hand I cannot tell you, so it is a difference between the consolidated figures and the standalone figure.
- Ashish Rathi:** Okay. Sir if I can just ask you one more question in terms of what is the total MTPA that you have done in the last quarter and how much is the Melt-Blown volume in the third quarter?
- Pravin V. Sheth:** Melt-Blown we have only got one month, commercial products are started on December 1, 2017.
- Ashish Rathi:** Tonnage will be how much for one month?
- Pravin V. Sheth:** Only one month we got. In one month we already started the export of about Rs.4 Crores export has been done.
- Ashish Rathi:** Volume in terms MTPA from Melt-Blow.
- Pravin V. Sheth:** Volume, it is very difficult because I am not calculated the actual tonnage, we are more consolidated, if you are interested we can always tell you, I can find out and tell you later.
- Ashish Rathi:** Right. If I have more question, I will get back in the queue.
- Pravin V. Sheth:** Thank you.

- Moderator:** Thank you very much. We have the next question from the line of Aniket T who is an Individual Investor. Please go ahead.
- Aniket T:** Congratulation Pravin bhai to you and the team at Fiberweb. Phenomenal results indeed. Pravin Bhai I would just like to know that the Dubai based subsidiary seems to be doing well now quite some time, does it look a sustainable contributor to both top and the bottomline in future as well?
- Pravin V. Sheth:** At present the things are going on, we feel that we will be able to continue, but this is just say I mean for us it is not our main activity, we are taking it as a sort of additional benefit to the company or additional revenue to the company. The likelihood of continuing we hope that we will continue for long time but so far as increasing the quantity or money is concerned, it may not be increased much beyond that level but we hope that it will continue for a long time.
- Aniket T:** Then what is the blended average realization per tonne for Fiberweb manufactured product?
- Pravin V. Sheth:** See there are varieties as per products, each product has got a different value and different cap. When we sell the converted product, again converted product also our profit margin varies very much because it is very difficult to give the exact analysis of each and every item.
- Aniket T:** No, the blended average, just to have an idea, can that we have?
- Pravin V. Sheth:** As I told you the price fluctuates and on percentage it will vary.
- Aniket T:** Because I recollect it was between 2100 and 2900 US dollar per tonne that kind of a range, the average of somewhere you know and in between, so that is how?
- Pravin V. Sheth:** I will tell you, 1000 dollar per metric tonne is our gross margin, now whatever be the price, the price is 1000 dollar, we sell it 2000, if it is 1100 dollar, we sell it, today it is 55 dollar we sell it 2500 dollars, goes on changing and that is why the percentage from analytical point, so if percentage changes every time. So that is why I always request all the people, I have been doing it for last I think one year continuously, but please do not see the percentage, see the bottom line.
- Aniket T:** Perfect. On a final note Pravin Bhai, you will be surely missed in the active role at Fiberweb, wish you a lot of success and great help in future as well.
- Pravin V. Sheth:** Thank you very much. I had a long inning and Mr. Bhavesh Sheth, my son is very enthusiastic and young lad. He will be taking the company to the much greater height in future that is what I hope.
- Ashish Rathi:** Absolutely, aiming to that Sir. Thanks.
- Moderator:** Thank you very much. We now have a question from the line of Pawan Kumar from Unify Capital. Please go ahead Sir!

Pawan Kumar: Pravin Bhai, good evening and congrats on a great set of numbers. I just wanted to understand what is the hard code conversion margin that you enjoy Sir, for the first caller you said that irrespective of what your raw material procurement prices, you only theoretical on the example you gave you make about Rs.1000 a tonne, so just wanted to understand what your internal matrixes in terms of conversion margin or EBITDA margin, whichever correlate parameter you track?

Pravin V. Sheth: See that is what I said it will depend on the product what we sell, every product sale reached the ideal market, this product is different, if you go to agriculture market, which certain like UV treatment or other treatment, it differs, so it will be very difficult to say exactly, the second thing we are increasing our presence in the converted products, the converted products the margins are huge, in some products we get instead of 1000 dollar we get the margin of 1500 dollar, in some product we get margin of 2500 dollar, in some big product we get margin of 3500 dollar. It all depends on the demand of which product is there and how much we supply to that. So it will be very difficult to analyze product wise.

Pawan Kumar: What I meant is when you get into a pricing contract with your customer, he will tell you, this is the margin, you can enjoy over and above your procurement cost, right, so there must be an absolute value to that or formally driven value to that right. I know margins are different from your hygiene product, your farm products, obviously it should be different, but help us to understand the range please?

Pravin V. Sheth: Actually 1000 dollar per metric tonne margin is only on the rolled goods that are the big rolls we have been sell, but where we go to a converted product each product has a different value. I will tell you that this year I sell 30000 tonnes, I may get Rs.60 Crores, but another time I will sell 6000 tonnes and I may get even Rs.100 Crores also, so it will change with the product mix, so it is very difficult for me, at how we get the order, also it is not in our hand, but we try to maximize the profit by doing more and more in the converted product, it gives us a better profit.

Pawan Kumar: Okay. I think we clearly know need to spend some more time, probably you will get off the call with the CFO to understand the technicality of pricing, fine that is. Sir you know when is Mr. Bhavesh likely you to take charge I mean is he planned to come to India and take charge only he will work out in US and take charge.

Pravin V. Sheth: See he will have to come stay here for some time, but at the same time you remember he has developed the US market and he has got about two people working under him for the market and he is the person who got lots of customers, so it is very essential for him to go quite often to USA, although make a permanent seat here, but he will have to go often to USA for marketing.

Pawan Kumar: So as a key managerial person, you are saying his presence in India is not required?

Pravin V. Sheth: Not required in the sense that he will be if it is required, but he is a chartered accountant, he is CFA and he is also an IT man. He established his system in such a way, but even if when he is travelling to USA, he will be every day in touch with the company and as and now at present also he has started doing in completely command and touch in the company, even though he is not here at present. So slowly and gradually he will be here I mean he will be part of the time also in USA but at the same time he will be completely in command and control of the activities of the company.

Pawan Kumar: Sir given how much of converter we are, I mean you told this to us several times in person that I mean essentially what we do is your conversion, what we differentiates us Sir from say people across China, Europe, where is the differentiate because ultimately we import machines from Europe to India, so unless there is a significant labor or a tax arbitrage, how are we better of supplying from India rather than any other competitor on the world?

Pravin V. Sheth: You see, there are certain things, which are valued by the US customers very much, the one is the quality of course everybody is not a quality supplier like us because we are very careful about it and you should be happy to note that in last 20 years, we have not even one complaint about our quality that fix itself of our quality. Number two is the timely delivery. US is the very sensitive market and the timely delivery has to be given to the US customers, we have never failed in the timely delivery, whatever it is front of the market, even in case where it is a monsoon you know that it is going to be a problem, so we plan the things well in advance at least one week in advance, so that we are never late in the delivery to our customers, that is two and the third thing is during the course of last 10 years, my son has developed a very close personal relation with each and every customer and that is a very heartening thing because all our American customer and you will be happy to note that whenever he goes to meet them, he never have to stay in a hotel, but he stays with them in their bungalows. So you can understand what kind of relationship he had developed with the customer, so these are the things which are valued by the customers as well as by us and that is why I say that even if he stays here for long time he will have to go every quarter at least for 15-20 days to USA to revolve and maintain the relationship which he has been nursing it for all these years.

Pawan Kumar: Great Sir, what kind if ramp up are we looking at for the new Melt-Blown capacity?

Pravin V. Sheth: New Melt-Blown capacity at present 3000 metric tonne, which is the established quantity.

Pawan Kumar: When will the full utilization for this?

Pravin V. Sheth: We will be able to achieve about 90% of it.

Pawan Kumar: Now are you saying that end of December we achieved 90% of it?

Pravin V. Sheth: Yes. First month only we achieved about 85% of the production.

Pawan Kumar: Okay and what is the peak revenue potential of this at say 85%-90% of the entire 3000 tonnes?

- Pravin V. Sheth:** Yes, approximately we will be able to sell 2600 to 2700 tonnes of the product in the exports of the period.
- Pawan Kumar:** What will be the revenue potential, so in terms of realizations of Melt-Blown fabric?
- Pravin V. Sheth:** Yearly revenue potential is about Rs.60 Crores.
- Pawan Kumar:** Okay, Rs.60 Crores, so that is the peak revenue potential?
- Pravin V. Sheth:** Yes.
- Pawan Kumar:** Okay and this will come at a margin of about 16%, is that right?
- Pravin V. Sheth:** This will come as a PBT margin of about 22%.
- Pawan Kumar:** PBT of 22%. Sir lastly before I will get back into the queue, the money that you have raised from New Horizon, if you just let us know what is the capex and what is the spend pattern is out of that money?
- Pravin V. Sheth:** See it is already I mean I have given it you on BSE, but anyway I will give you that Rs.125 Crores is the total capex out of that Rs.50 Crores, are raised by the debt from the bank of the material supplier at an interest rate of approximately 3% and this Rs.40 Crores is given by the New Horizon, Rs.10 Crores will be given by Mr. Bhavesh, my son, so that Rs.50 Crores will come either by way of equity and Rs.25 Crores will be out of the internal accruals. So there is a total of Rs.125 Crores for the Flat-Blown.
- Pawan Kumar:** By when do we wish to complete this capex?
- Pravin V. Sheth:** This will be operational, as I already told in one call, it will be operative from April 2019.
- Pawan Kumar:** April 2019, okay and this will be a combination of Melt-Blown and another thing, right?
- Pravin V. Sheth:** No. It is a total technology. It is a Bi-component production and total different capability. I will tell you this Melt-Blown because there is a demand and supply gap in the world, the supplies only 60% of the demand, so far as Melt-Blown is concerned and you will be surprised that so far as the Flat-Blown is concerned, it is such a highly technical thing that only 45% is the supply against the demand of 100%, so there is always in a very high margin. These two items are very high margin items, but at the same time very technical, even many people used to ask me that you machine came for Melt-Blown in the month of August, how that it took three months to start the commercial production, but because it is a very highly technical thing and it requires a lot of technical expertise, we had our own expertise people right from last about 20 years working with us and that is our strength actually, our technical people is our strength.
- Pawan Kumar:** Sir what is the PBT margin in this Flat-Blown?

- Pravin V. Sheth:** This is approximately PBT margin of 30% roughly.
- Pawan Kumar:** Okay and what is the peak revenue potential of the Rs.125 Crores capex?
- Pravin V. Sheth:** Approximately Rs.200 Crores to Rs.220 Crores.
- Pawan Kumar:** Thank you very much Sir. I will come back on the queue.
- Moderator:** Thank you very much. Next we have a question from the line of Krishna Karva from MC Research. Please go ahead.
- Krishna Karva:** Good evening gentlemen and congratulations on a good set of numbers. I would like to know what is the order book as on December 31, 2017 in value terms?
- Pravin V. Sheth:** I will tell you one second. I think so it is at present approximately Rs.170 Crores.
- Krishna Karva:** Okay and over the next couple of years at what levels do you see this scaling up?
- Pravin V. Sheth:** We are at present our position is different. We have to actually stop taking order because we cannot take the order for more than a year supply. We have to respectfully tell our customer, so now we are full, we will accept the orders only at a later date.
- Krishna Karva:** Okay. So any target that the company has in mind in this regard?
- Pravin V. Sheth:** Actually our this expansion in all these things also is then only because of this saying that we have to satisfy our customer and customers need are different which gives us a better margin, we are just bifurcated in those needs.
- Krishna Karva:** Okay and what percentage of these incremental orders was pertained to new customers or new geographies going forward apart from the US?
- Pravin V. Sheth:** See actually I will tell you, we have our 100% export about 80% goes to US only, about 60% goes to UK and 10% to Europe and other countries, so now our major thrust is in USA and we have got today about 15 customers who are Fortune 500 companies, it is impossible for us to cater to any more companies, so it is not that we have to try for a customers now, it is all set customers.
- Krishna Karva:** Right and to continue with a previous question, when you spoke about converted product, are you essentially referring to value added products?
- Pravin V. Sheth:** Yes.
- Krishna Karva:** So for the nine months of FY2018 what was the share of value-added products to the total revenue?

- Pravin V. Sheth:** I would not be able to tell you exact number, but it will be about 25% of our total export is converted products.
- Krishna Karva:** Okay and with these new capacities of polypropylene, Flat-Blown and fabric coming up by FY2019 and MBNF also gaining momentum in FY2019, what would be the percentage share of these converted products to total revenue over the next couple of years?
- Pravin V. Sheth:** Actually converted products there is a certain limits, we have grown from 10% to now 25% approximately and you can go up to 30%, beyond that not possible because see actually we are supplying to the converters. It is only the excess work what they get, instead of doing their own capex they are giving work to us, so as such there is a restrictions that we cannot go beyond our level, but we hope to go up to about 30% of our total export as converted products.
- Krishna Karva:** In respect of these converted or value-added products, are any fluctuations in crude prices also directly passed onto the consumer?
- Pravin V. Sheth:** Yes.
- Krishna Karva:** And for the other category, the balance?
- Pravin V. Sheth:** Prices are passed, on the basis of the value of actually fabric, we get on fabric, which is a rolled good fabric, we get certain margin, 1000 dollar per metric tonne, so far as the converted products are concerned, there the margin differs, the 1000 remained the same, but over and above that what we get is that our cost of conversion is about Rs.40, we get at Rs.80, internal rate it is Rs.50, we may get Rs.100 or we may get more even, so it depends on the what cost we incur for the conversion, how much we are able to sell at a higher price.
- Krishna Karva:** Okay and in Q3, we observed that there was a spike in crude prices so did this cost again attain an equal dent in the company's margins over to some extent during the quarter gone by?
- Pravin V. Sheth:** Again I am every time telling people that those believe do not calculate the normal percentage of the margin because percentage will differ, it will differ with the difference in the crude prices, but our gross percentage remains say if it is as I told you again and again if it is say price of raw material is 1000 dollar as I sell it 2000 dollar, 50% is my profit, but if it comes to 1500 dollar it is 2500 I sell because my profit remains the same, so it becomes again 40%, tomorrow it goes to 2000 it will become 33%, so if you calculate like that the margins will go on and differing every year, but you have to just see the bottomline and bottomline will show that means that we have sold the product at a better profit.
- Krishna Karva:** Okay and now coming to polypropylene, Spun Bond, Non-Woven fabric at what levels do you see the capacity being utilized for say FY2019 and FY2020?
- Pravin V. Sheth:** At present, we are utilizing the capacity at approximately 90% of entire 7500 tonne.

- Krishna Karva:** And that is maintainable?
- Pravin V. Sheth:** We are actually likely to continue for a long time because we were to achieve the expand that capacity by about 10000 tonnes because of the demand increasing, but we have stopped that that means that for our risk products, we will nothing to worry, 90% will be sold for I mean as much as we want to go for years I think as we are going to go for it, do not worry.
- Krishna Karva:** Absolutely, so that is all from my side. Thank you very much and wishing you all the very best.
- Pravin V. Sheth:** Thank you very much. Thank you for your interest.
- Moderator:** Thank you very much. We have the next question from the line of Kranti Bathani from WealthMills Securities. Please go ahead.
- Kranti Bathani:** Congratulation Sir for a good set of numbers. I just want to know what is your geography wise revenue. As you mentioned that 80% is coming from USA and 20% from UK, the revenues also the same?
- Pravin V. Sheth:** 80% of the export revenue is from USA and 20% is from UK, Europe and other places, but at the same time geographic wise USA is the main at present we have got about 15 big customers and USA we supply those locally we are able to supply only to one company that is Johnson & Johnson India Limited. In fact you will be surprised that at present we are not even able to supply them fully because our export orders are so much phasing orders.
- Kranti Bathani:** Okay. I just want to know who are the nearest competitors in India for you?
- Pravin V. Sheth:** Competitors?
- Kranti Bathani:** Yes.
- Pravin V. Sheth:** World is a competitor for us.
- Kranti Bathani:** Competitors in the sense who are other suppliers suppose if Johnson & Johnson India if they are not able to procure the raw material from you, where they are going?
- Pravin V. Sheth:** See what we have done is that formally they were importing, but recently one company has come up in India that is Global Nonwovens, it is a Jindal company and we have introduced them, we told that you can take it from them.
- Kranti Bathani:** Okay. Any impact on the sense your company's 80% revenues?
- Pravin V. Sheth:** And at present more concentrating on the new expansion because we are not worried about the product mix because there is ample demand even if I do not sell here in India even 1 kg, I can export entire product to USA, so I am not worried about the non-woven we are well established

in Spun Bond Non-Woven. Our whole concentration at present is the new expansion mainly this Flat-Blown which I told you that we are coming up in that the margins are very high, it is more than 30% PBT is there, so we are trying to concentrate more on the new expansion now, because actually capacity of Spun Bond is or you can say like pre-sold.

Kranti Bathani: Okay that is in the near future also even though there is any change in the US policy environment also it will not have any impact on your company?

Pravin V. Sheth: No, it would not be any problem for our company.

Kranti Bathani: Okay that is great Sir. Wish you all the best for the good set of numbers.

Pravin V. Sheth: Thank you.

Moderator: Thank you very much. Next we have a question from the line of Shekar Mudra who is an Individual Investor. Please go ahead.

Shekar Mudra: I wanted to understand that what is the entry barrier for getting into this Melt-Blown capacity because you said that current year supply 60% of demand, so what is stopping your competitor around the globe for getting into Melt-Blown capacity?

Pravin V. Sheth: As I told you that establishing the Melt-Blown line is a very highly technical thing, even to run it is a very high technical. As I told you that in the month of August we have got the machine, but even with the help of the foreign technicians it took as a long time to that we could take out only in the month of November the trial production and our commercial production started only from the December. It is not that easy that anybody can start. Furthermore it only of maximum 3000 tonne capacity. So even very big people are not interested in going for such a small capacity because Spun Bond machines are coming at 18000, 25000, 20000 tonnes capacity, see people are not interested in going for this small things and small people have got technical barrier while luckily we have got that facility that our technical teams are very strong team and that is how we can effort to go for expansion and diversification like Flat-Blown and Spun Bond, I mean Flat-Blown and Melt-Blown, Flat-Blown we are at present concentrating because that is again a very, very lucrative business.

Shekar Mudra: Right, so again for the entry barrier in Flat-Bond is the similar reasons?

Pravin V. Sheth: Flat-Bond has got use of infiltration, has got in absorbent.

Shekar Mudra: Right. Okay and to understand like how big is this Melt-Blown market all over in terms of volume?

Pravin V. Sheth: Actually it is increasing year by year. The actual Melt-Blown market, I have been told I do not have an authentic figure, but I have been told that it is approximately 5 lakh tonne globally.

- Shekar Mudra:** Right and as of now the supply is around 60% of it?
- Pravin V. Sheth:** Supply is highly 3 lakh tonne.
- Shekar Mudra:** Okay and so coming to Flat-Bond and what is the growth rate you are saying in this two markets Melt-Blown and Flat-Bond like year on year?
- Pravin V. Sheth:** See actually that is the wing that the demand is increasing at a speed of about 17% to 18% every year while the new capacity is not coming even 10%, the gap is increasing year after year.
- Shekar Mudra:** Right, so that is to for both Melt-Blown and Flat-Bond right?
- Pravin V. Sheth:** Yes. Flat-Bond that is told you only the 45% of the total demand is being produced, so as I told you there is a margin of PBT margin is 30%, so you can understand, whole concentration at present is as we are now successfully doing the Flat-Bond, our whole concentration now is in Flat-Blown.
- Shekar Mudra:** Right. Okay and Sir I was just wanted to understand your technical front like so what is the difference exactly within the Spun Bond and Melt-Blown and Flat-Blown for the layman to understand?
- Pravin V. Sheth:** It is very difficult to explain because these are all technically used things. We use technical for different, different purpose, now if I tell you even Flat-Bond is used for filtration even Melt-Blown is used for filtration. Now you will take the same even is there why there is a difference, the difference is that filtration of oil and crude you may require Flat-Blown only, while certain chemicals you may require only Flat-Bond, while the normal chemicals and the normal thing you may require only the Flat-Bond, so uses are so specific and so because you see this Flat-Bond is actually by-component line. There are two polymers mixed together and they both are of opposite characters. So it is very highly technical things, very difficult to understand for I mean if you said well how the layman to understand, it is very difficult to understand even we have studied it so much so this very difficult.
- Shekar Mudra:** Sure, so but from a layman point so like if the customer has a Spun Bond is sort of commodity and these two are type of specialty?
- Pravin V. Sheth:** Yes.
- Shekar Mudra:** Right and like who are your major clients in the USA if you can?
- Pravin V. Sheth:** See I will tell you we cannot name them because we are under agreement with them about nondisclosure, but as I told you they are all Fortune 500 companies of US.
- Shekar Mudra:** Thank you for answering my questions and best of luck for the Junior.

- Pravin V. Sheth:** Thank you.
- Moderator:** Thank you very much. We have the final question from the line of Pradeep Bhasin who is an Individual Investor. Please go ahead.
- Pradeep Bhasin:** Good evening Sir. Firstly congratulations on fantastic numbers and I think for more than the numbers, I should congratulate for your honesty in your transparency because I have heard all your concall in the last few years and everything the concall the guidance that you have given on revenue and margins have been met as in fact only to the expectations, so congratulations to you Sir on that. I wanted to know one thing was that last year during one of the concalls you had mentioned about the NSE listing of the company, so I wanted to understand when is that happening?
- Pravin V. Sheth:** You see NSE listing is already being given to agency to do the needful and they say they are hopeful that in shortly that will be done, but some procedure and things are going on, so it is very difficult for me to give you the exact date of it, but we are only on it.
- Pradeep Bhasin:** Okay but Sir can you give a tentative timeframe that two months, three months or six months?
- Pravin V. Sheth:** It is very difficult for me to tell because you see certain things are not in hand if you tell me, how BSE will do, SEBI will do, NSE will do, it is very difficult to predict. So you know the market, so you know very well, I mean better than we are having knowledge about this thing.
- Pradeep Bhasin:** No that is clear. Sir anyway my second question is I wanted to know first time the company has declared a total dividend, so when can we expect a bigger dividend from the company?
- Pravin V. Sheth:** Actually what has happened is that the dividend was declared by the company and we put the money in the bank long back but the ICICI Bank with whom we have opened the account is still in the procedure and some technical issues and all these things took a little longer time but now I am told that now they have already started posting the dividend.
- Pradeep Bhasin:** Okay. So can you also expect some bigger dividend Sir in the near future? Can we also expect a bigger dividend quantum in the near future?
- Pravin V. Sheth:** See we are already expanding as I told you we are at present see this time board was not in favor of giving dividend in fact we gave one share i.e. one for one, but since I am going out or rather my son is taking over the reign from me for the company, it is thought that as a parting gift I would like to give something to our shareholders whoever are waiting for a long time, now once the our Flat-Blown product as come in the market and so probably from 2019-2020 onwards, you can definitely expect a better result and better dividend and all these things. At present, we are trying to utilize, as you know that out of our Rs. 125 Crores capex, about 25 Crores we are going to give from internal accrual, I to conserve our resources for the actual program and capex, so that we do not have to borrow more, we believe little bit in the conservative portion, not to borrow much.

Pradeep Bhasin: Sure. I understand Sir and lastly Sir I just hope that you know once your son takes over he will have continuity in the conference calls and the discussions and the guidance that you have been giving us in the last two to three years or so, and I hope it will be continued by your son as well Sir.

Pravin V. Sheth: Yes. He will definitely continue. He knows it also. In fact he has been at all the meeting, which are taking place with the investors or with the people who are visiting also our factory, most of the time he tries to be here and tries to attend to them. So he will always have a better communication in future.

Pradeep Bhasin: Right Sir. Finally wish you all the best for your personal life going high Sir. Thank you.

Pravin V. Sheth: Thank you very much.

Moderator: Thank you very much and I now hand the floor to over to the management for any closing comments.

Pravin V. Sheth: Thank you all of you and now we close this conference call.

Moderator: On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us. You may disconnect your lines.