

Cosmo Films Limited
Q1FY17 Earnings Conference Call
July 27, 2017

Moderator: Good afternoon ladies and gentlemen. I am Karuna, moderator for this conference. Welcome to the conference call of Cosmo Films Limited arranged by Concept Investor Relations to its Q1 FY17 earning results. We have with us today Mr. Pankaj Poddar, CEO and Mr. Neeraj Jain, CFO from the company. At this moment all participant lines will be in the listen-only mode. Later we will conduct a question and answer session. At that time if you have a question, please press ‘*’ and ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to management. Thank you and over to you, sir.

Management: Very good afternoon ladies and gentlemen and welcome to Q1 2017 Cosmo Films Earning Call. I am Pankaj Poddar, CEO of Cosmo Films and I am joined by Neeraj Jain, CFO of the Company. Our financial results and investor presentation have been uploaded on our website and I hope all of you have had a chance to go through it. I will start with some of the key updates of our business and then the financial performance. We have fully commissioned our CPP line and Coal project for heating at Waluj, Aurangabad. Our new project for BOPP Films is going on track and is expected to start commercial production in Q4 2017 which will add 60,000 metric ton pa capacity to our existing BOPP capacity of 136,000 metric ton pa which is an increase of more than 40%. We have also ordered a new Metalizer with capacity of 7,200 tons pa over our existing capacity of roughly 10,000 tons pa, which shall also be installed along with BOPP line in Q4 2017.

Now coming to the highlights of financial performance of consolidated Q1 FY17, our total income in value terms is down by 6% in spite of 6% growth in volumes. This is due to the fact that polypropylene prices were higher by 20% in corresponding previous quarter and had around 12% impact on our sales pricing given that polypropylene prices’ impact is passed onto customers. We have been able to partly offset this by 13% growth in our specialty business. Our India business EBITDA has grown from about INR 49 crores in Q1 FY 16 to INR 51 crores in Q1 FY 17. This performance has been a result of mainly due to increase in specialty sales by about 13% and 6% volume growth. Our international subsidiaries’ reported EBITDA is down by about INR 5.5 crores from Q1 FY16. We are well on track to improve the subsidiary performance however, our reported result for Q1FY 17 looks down due to multiple one-time factors totaling to about INR 8 crore as follows:

- We have been continuously taking hedges in Japan subsidiary given that Yen has been fluctuating a lot. In Q1 FY16, we had a hedging gain while this year we had hedging loss.

- We also had one-time gain in Q1 FY 16 in our US operations due to retrospective reversal of custom duty from US government
- Increased reserve on inventory in USA

All above items have an impact of almost INR 7.9 crores resulting in lower reported EBITDA by about INR 5.5 crores compared to Q1, FY16.

As regards to the new products, we have come out with three more new products in the last quarter and they seemed to be liked by our customers. The first one is a film meant for the cement bag industry. This helps in better printability and better brand presentation for the cement bags. Further, it makes bags moisture proof as well as the dust does not come out of the bag causing reduction in cement wastage. The other product is an improved synthetic paper, wherein it can now be printed with different ink mediums or printing mediums and it basically provides a non-tearable paper option to the customers, which is environment friendly because for paper you need to cut trees. The third thing is high speed packaging film, which provide better shelf life to the product as well as allows faster packaging. We have also made several new products on our CPP line because we started our CPP operations for the first time. Initial months, we got into commodity films for CPP but within a very short period itself we have already developed two specialty films on the CPP line as well.

These are some brief updates on our business and I would like to now open the call for questions please.

Moderator: Thank you very much sir. Ladies & gentlemen we will now begin the question and answer session. We have first question from the line of Ankit Kaul from Systematic Shares, please go ahead.

Ankit Kaul: My first question, as mentioned in your presentation that volume growth was up by 6% due to significant improvement in manufacturing efficiency. If you can elaborate this statement.

Management: We are trying for lines to run at a higher speed with a higher output. So we have been trying to continuously improve the manufacturing efficiencies of these lines.

Ankit Kaul: How did it help to increase our volume?

Management: We have been able to increase our volume by about 6%.

Ankit Kaul: So volume was up because of manufacturing efficiency or volume was up by 6% that is why we had a manufacturing efficiency?

Management: It is correlated and basically what we are saying is that our volumes are higher by 6% from the same lines.

Ankit Kaul: Why other income was actually down QoQ as well as YoY?

Management: Last year other income included one-time profit on the sale of the guest house, which is not there in the current year.

Ankit Kaul: You are talking about Q4 FY16, right?

Management: Correct.

Ankit Kaul: But in Q1 FY16 other income was 7 million and that is around 5 million, so there is nothing exceptional one should look other than this?

Management: There is no exceptional item with respect to other income other than mentioned earlier.

Ankit Kaul: And if you can give us a volume breakup in terms of commoditized, BOPP and specialized films.

Management: Close to 40-41% we have done the specialized films and remaining BOPP Films.

Ankit Kaul: And sir if we can just give some detail about CPP films recently we started and if you can brief us on that would enlighten us.

Management: CPPs have cast polypropylene and the raw material is pretty much similar, it is polypropylene only. Until now there is hardly any organized player which does the CPP Film in India other than UFlex. So we had started this project very recently. The inside layer of packaging is typically in many countries cast polypropylene metalized layer. It was a natural extension for us and therefore we started this project.

Ankit Kaul: What is the market size per se if I say globally in India of CPP films?

Management: I may not be able to comment on the global outlook because I may not have a ready report which I take a reference. Our annual capacity is 1,000 to 1,400 MT while the Indian market is roughly 36,000 MT pa.

Ankit Kaul: And sir in terms if you can explain us the cycle in this BOPP film cycle each and every company is expanding their capacity, may be in India or globally. So how do you see this cycle? Is it at a maturity stage? This happened in BOPP probably in 2011 and 2012 where we see excess capacity coming in and film prices have dropped down by 40-50%, that time as well. And capacity was idle. Still nobody is setting up a BOPP capacity, considering that they have set up a good capacity in FY11 and FY12. So in terms of BOPP film, where do you see this cycle is and everybody wants to capitalize this cycle. So is it a right time or no? If you can explain as we cycle.

Management: The global consumption today is about 8 million tons and it's expected to grow at 4-5% pa (about 320k tons per year). Currently, the India domestic consumption is roughly at 400,000 MT and Indian market is growing anywhere between 12-15% annually, which means that roughly 50,000 tons of film growth each year. And this should grow much faster because if we compare in terms of China which has almost similar population. BOPP film does not have so much to do about development but more to do about per capita consumption because it's used for food products. China is producing roughly 3.2 million tons pa of film and India is producing only 400,000 pa tons of film. China is not a significant exporter to the world. The 3.2 million tons is mainly internally consumed in China therefore India is a far smaller market and there is a huge potential for India to grow. We expect the growing demand in India would address the upcoming supply which in itself will take time.

Ankit Kaul: So in recent times dynamics have changed. This was the dynamics in years, something has changed in recent times probably say in last 6-8-months time period?

Management: Not really

Ankit Kaul: Sir my last question with regards to tax rate, what should we expect tax rates for this year and next year on a cumulative basis?

Management: It should continue to stay around 22% level.

Moderator: Next question is from the line of Viral Shah from GEPL Capital, please go ahead.

Viral Shah: Sir I wanted to know the current pricing of polypropylene.

Management: Polypropylene today is roughly at Rs. 75 per kg.

Viral Shah: And what was it in Q1 FY17?

Management: I am talking about Q1 FY17 only; I mean it has not changed much in the last one quarter. So it is hovering between Rs. 72-77 per kg from April till 20th July.

Viral Shah: And again these crude prices are coming down, so these prices are going to fall down further?

Management: It is not a complete correlation between the two but generally we have seen that polypropylene reacts after a time lag after the movement in crude prices. So the crude prices have gone down in last 6 to 7 days or 10 days. So if we take the same corollary, I think polypropylene prices might come down a little bit in this month.

Viral Shah: And sir just wanted to understand what is this high inventory reserve in Q1? I did not get it sir.

Management: We have created inventory reserve in line with our policy for our inventory provisioning i.e. anything which becomes more than 180 days old we create a provision for the same.

Viral Shah: So you hold inventory of 6 months?

Management: Yes - A small inventory of more than six months old in US.

Viral Shah: And sir just wanted to understand why is this hedging on a Japanese Yen side? I did not get it sir.

Management: See what is happening in our case is the Japan operations is buying in US dollars and are selling in Yen. Yen has been fluctuating a lot in last 18 months. In the past, we never used to take hedges on Yen but given that it was fluctuating a lot we started taking some hedges in last 18 months. In the last year, we had gained some amount because the Japanese Yen continue to depreciate. However, we had also taken hedges until September of this year and now Japanese Yen has strengthened once again. So I mean in the first quarter whatever hedges we had taken we have incurred hedging loss. So last year it was a hedging gain while this quarter we had a hedging loss.

Viral Shah: And when is this US subsidiary going to turn around?

Management: We have been constantly able to improve the operations and we are confident that within this year we should be able to make a positive EBITDA.

Moderator: Next question is from the line of Kartik from Value Queue Investment Advisory, please go ahead.

Kartik: A couple of questions on these one offs which we have reported, so this Yen thing and even the customs duty in the US operations where are these sitting in the line items if I have to look because I did not understand that.

Management: The hedging gain/loss is a part of the COGS and the custom duty again is a part of the COGS.

Kartik: Okay, so basically it gets included in the cost of the raw material? Is that the way to look at it?

Management: Yes - that is correct.

Kartik: And these Japanese operations, I mean is it the Korean operations which sell in Japan or we have dedicated Japanese facility?

Management: Yeah, so the Korean operation sells to Japan.

Kartik: And on the inventory reserves, so if I look at the numbers last year we had a number of minus 2 crores and this quarter we have a number of minus 7 crores. So this USA inventory reserve is included in this?

Management: Yeah, that is part of it.

Kartik: Okay, so if I were to remove it we would have had a negative number of 5 crores or 6 crores, would that be the way to look at it?

Management: Not actually, you need to take out two exceptional items from the current quarter. One is the higher inventory reserve and another is part of the hedging loss which we incurred and which is part of the EBITDA.

Kartik: So these hedging gains, so you mentioned that we had hedging gains in Yen so what would have been the gains for the full year FY16 if any?

Management: Full year actually we really need to work out a figure for you but last quarter of the same FY16 it was about INR 1.5 crores.

Moderator: Next question is from the line of Surabhi Lohiya from Dynamic Equities, please go ahead.

Surabhi Lohiya: Hi, I had a question with regard to crude price only. So last quarter, like from March if I compare I see that when the crude prices were down the share price did excellently well, like it doubled itself from 200 to 400. But when crude prices started increasing I see a huge impact in the share price. So is there a direct correlation between the crude price and is it because of the increase in crude price that the cost of raw material had gone up by 20 crores?

Management: You are talking about share price or raw material cost, sorry I am not sure?

Surabhi Lohiya: You just told that the crude oil does not have much impact on the prices of the raw materials but then again the raw material cost has increased by 20 crores.

Management: See if you really talk about last year from April to June FY16, the polypropylene prices were much higher on account of two reasons. One was oil since January to March of FY15 the oil was going up. It had an impact on polypropylene prices from April to June. Second thing was polypropylene in general was on little shortage because I think some of the refineries globally had some shutdowns. There was a fire in one of the plants in one of the countries and I think largest refinery in India also had a maintenance shutdown. Both these reasons put together the polypropylene in last year April to June was higher.

Surabhi Lohiya: So there is no direct correlation with crude?

Management: Answer is “no”. There is no direct correlation but there is some correlation. If you really see the crude has fallen from \$120 to \$45 which is more than 65-70% reduction. But if you talk about polypropylene prices, the peak polypropylene prices were like \$1500-1550 and it is still sitting at \$1050 as on date, which is a drop of 30-35%. But on an average what people normally try and predict is that the change in oil price, 50% of that normally gets passed onto polypropylene over a period but the simple reason that polypropylene is not a direct derivative of oil. There are in between 2-3 stages before oil becomes polypropylene. So at a broad level you can say that whatever is the percentage change in oil, polypropylene price may change by half of it but I am not an expert on the matter.

Surabhi Lohiya: And one more question like I see that you have excellent client base, so how do you place yourself in the industry as in like what growth do I see in Cosmo Film for financial year 2016 if you can comment on it?

Management: We are sitting in FY17, until quarter 3 we do not have any new capacity augmentation. All we are trying to do is to produce more from our existing lines which are almost fully utilized, plus we have some capacity addition from cast polypropylene line. So until quarter 3 of this year the increase in volume will be less than 10% from the last year but come the last quarter our new capacity would start which would add almost 40% to our existing capacity and therefore on a full year basis this year we may have 10-12% growth in our volume, while next year we can have a substantial increase in our volumes.

Surabhi Lohiya: And one last question, you spoke about increasing your operations in UK and Italy. I just wanted to understand what would be the impact of Brexit on your operations in Italy or UK?

Management: So there is one time very short impact, small impact to us because whatever were the receivables we had to take depreciation but it was small. Obviously, over the period we have to see that whether we are able to pass on this price increase to the customers. On the commodity film, yes, otherwise we would not obviously sell in UK but typically we do not sell any commodity in UK but as such we export to more than 80 countries and UK is one of them. So it is not going to have substantial impact as such to your bottom line either ways.

Moderator: Next question is from the line of Dixit Mittal from Shubhkam Ventures, please go ahead.

Dixit Mittal: Sir in US can you elaborate what kind of operations do you have? Do you have better lines there what is the value addition that you do in that operations?

Management: We basically have thermal coating line there to produce thermal lamination product in US. We also have multiple warehouses US where we store packaging films and other kind of films that we make in India. We export to US market and sell to local customers in US. So we have two operations, one is thermal lamination films which we largely do local production and sell

locally and second we also have packing films and label films which we export from India to US market.

Dixit Mittal: Okay and sir, during this quarter, we lost around 6 crores on EBITDA level in US, so will this continue in subsequent quarters or how will it pan out.

Management: As we said that we are confident about turning it around and making it EBITDA positive.

Dixit Mittal: Okay, so last year sir what, I think US was EBITDA positive right in 2016.

Management: No, last year also it was not EBITDA positive. Last to last year, we had almost a \$5 million loss, last year it got reduced to roughly \$2.5 million and this year we expect to make it EBITDA positive.

Dixit Mittal: Okay and sir in terms of sustainable EBITDA, if I see in domestic occasions you have done around 50 crore, so is it sustainable looking at the current scenario or do you see some pressure because incremental capacities are coming in?

Management: There are two parts of it, there is a commodity business and there is specialty business. As far as the specialty our main focus is to continuously grow specialty business, where the margins have nothing to do with how much capacity is coming in domestic. As far as the commodity business is concerned, it is not just related to demand supply (though it has big role) but also to the demand and supply in poly propylene and demand and supply in the product that we sell; however, I do not think there is too much of excess capacity coming because as I said earlier India would need incremental capacity of 50,000 tons every year and you know at least in the short-term in next 12-18 months, I do not see too much of capacity coming up in India.

Dixit Mittal: Okay, so is there any seasonality in terms of demand for this film or is it evenly placed.

Management: There is definitely seasonality depending on product to product. Thermal lamination may have a different seasonality than packaging film and labeling film may have a different seasonality but right now, we are fully utilized and I would also like to tell the investor community here that in this quarter, we also had to take certain shutdowns to increase the capacity by increasing the speeds of certain lines as well as conversion of some lines from electrical heating to coal heating. In spite of all those shut downs we were able to generate about 6% growth in volumes from last year corresponding quarter.

Dixit Mittal: Okay, and sir when your new line of 60,000 MT comes in, so for next year, how much utilization can you do like in terms of because industry will be growing gradually, so will you be able to do around 40% to 50% utilization next year itself or will be more gradual.

Management: See baring first few months, we do expect to touch 100% utilization, domestic is not the only market as you know that our total exports are almost 45% to 50% of our total sales value, so our focus is not just domestic market but also exports and therefore we will look forward to utilize our new capacity fully within short time.

Dixit Mittal: Okay, so 50% to 60% utilization is still possible in FY18 of the incremental capacity.

Management: I think the number is quite conservative.

Dixit Mittal: Okay, sir any other CAPEX plans that we have apart from this line.

Management: Right now, we have ordered for metalizer and BoPP line. We are certainly looking at small projects capex in short-term.

Moderator: Next question is from the line of Ashutosh Garud from Reliance, please go ahead.

Ashutosh Garud: Sir, what is the current capacity you mentioned?

Management: 136,000 tons pa for BoPP.

Ashutosh Garud: And what is the new capacity which is going to be added, what is the capacity?

Management: That is 60,000 tons pa.

Ashutosh Garud: And that would be added in Q4?

Management: Yes.

Ashutosh Garud: Okay, and do you expect that, I mean what kind of utilization is expected from Q4 onwards for that new capacity increment sir?

Management: It would be too difficult to predict that at this stage but as I have said earlier, our objective would be to start using the full capacity in a very short period of time, so baring first few months you know we would look forward for maximum utilization.

Ashutosh Garud: With the current capacity itself, the utilization is not near 100%, if we have a capacity of 1,36,000 and production lower than this, so with the utilization going up itself we can grow at a faster rate or is there anything else to it, that is what I want to try.

Management: As I said earlier, 136,000 tons is calculated, if we produce only one micron film all the time. The real life situation is that you do not produce only 1 micron or 1 product; you produce several different products with different thicknesses. Secondly these thicknesses are typically calculated anywhere between 20 to 30 microns depending on the line buildup but you

actually do not produce all the products as per the optimum utilization of the line (at times you produce thinner products as well). When you produce much thinner or much thicker products then you are not able to produce the full output of the line.

Ashutosh Garud: So basically new capacity will be fully utilized in FY18?

Management: That is what we intend

Moderator: The next question is from the line of Umesh Shah Poddar from Mot Portfolio Managers, please go ahead.

Umesh Shah Poddar: Yeah, my question is basically I just want to know regards to your vision 2020, I just saw from your investor presentation slide, what are your thoughts like I mean can you just walk me through the plans that you are going to make as part of your vision 2020.

Management: Yeah if you see our vision statement, there are two things that we want to say, first is we want to be one of the most preferred organization for our stakeholders specially our customers and this we intent to do by being a very customer centric organization, providing one of the best quality and service and best product offerings. The second important aspect of our vision statement is that we want to focus on specialty phase by presence in so different verticals which is packaging, laminations, labels and industrial films.

Umesh Shah Poddar: Okay, sir right now I think like you are mainly focusing more on the sales and market driven organization like rather than just a pure manufacturing focused company, am I right?

Management: That is right, more of sales and research oriented organization.

Umesh Shah Poddar: Okay, sir how do you think, what are the measures that you have taken to overcome losses in USA?

Management: If you talk about US counterpart, there are three-four different strategies that we are following. The first one is we want to always make sure that we produce most efficiently. Second important aspect is that we continuously innovate and bring new products to the market, so that we can take the leadership in the market and can always excite the markets with new things. Third thing, which is very critical is a very customer focused organization, so we are doing host of measures for that. The first one is customer communication, where we intent to make sure that customer do not have to suffer, you ask for any information; they can get everything on a click of a button, so we have a beautiful customer CRM. Second part of the customer communication is to make sure that we participate in exhibitions, we give technical papers in conferences and we also update customers through magazines, our website and various newsletters. Third important thing is that we want to have a high quality standard. We have been able to successfully reduce quality complaints from last year though

we already have one of the lowest quality complaints in the industry. Fourth is we want to make sure that we have more than 98% timely delivery as per the customer schedule, so hardly any order should be delayed. Right now, the entire culture of our organization is to be focused on customer's need.

Umesh Shah Poddar: Okay, sir and my last question is are you planning to make any kind of acquisitions in the near future.

Management: Not on cards as yet.

Moderator: The next question is from the line of Abhinav Ganeshan from Canara Bank, please go ahead.

Abhinav Ganeshan: I have a couple of questions, this new packaging film that has been introduced for cement bags, has the offtake started.

Management: Yes, the offtake has already started.

Abhinav Ganeshan: Okay, I mean what we are gauging from talking to good cement players, is that this is a follow up on this one that there will be a good seasonal growth in Q3 and Q4, so can we expect our volumes to also grow exponentially during these two quarters, what is your take on that?

Management: New concept altogether. This is also going to marginally increase the cost of the cement bags for the cement players. Innovative players want to try this concept immediately and some players have already shifted white cement to these bags while others are shifting their part volumes of black cement. Cement industries is regional, some parts are paper bags, some are HDPE and others use some other material, so it is not that overnight we will be able to shift the entire industry into this. The initial response from the industry is encouraging.

Abhinav Ganeshan: Okay sir and one last question that I would like to ask is that you have said that in today's Q and A that you have converted some of these electrical heating lines to coal heating lines, so what would be the impact on increase in efficiencies if you could put a number and how much it would reduce your cost to drive up EBITDA, if you could give some color on that.

Management: Just finished this project. We were doing it for three lines. So we will be able to better calculate the numbers in the next quarter. We had initially done certain workings which I cannot share because the scenario is changing every day for the power cost. See, power unit cost is changing, the furnace oil cost is changing, so it is a moving scenario but the savings can be anywhere between I would say at a very broad level 2.5 to 5 crores per year.

Moderator: The next question is from the line of Karthik from Valque Investment Advisory, please go ahead.

Karthik: Yeah, thanks again for the opportunity. Yeah, just going back to the one-off so the customs duty so that the entire amount was in Q1 FY16 or there was anything in last year's Q2, Q3, or 4Q also?

Management: Only in the first quarter

Karthik: Okay and the Yen thing so what would be the, if you can give some sort of number what kind of revenue are you getting from Japan.

Management: Close to USD 8 to 9 million pa

Moderator: We have next follow-up question from the line of Ankit Gour from Systematic Shares, please go ahead.

Ankit Gour: Yeah, thanks for taking my questions again. First of all, sir with regards to CPP film itself can you share operating margin what kind of OPM we can have from CPP films.

Management: It is too early for us to comment on that, we have just started.

Ankit Gour: Similar to specialized films or more than that if you can just give broad range.

Management: In the first quarter we had largely sales of commodity films. We have recently developed two specialty films which are yet to start sales because these are very recent developments but depending on specialty commodity, the operating margins can be fairly different.

Ankit Gour: Okay and sir on your website I have seen if I see client list also suggest Britannia and some other ITC's and some other FMCG guys as well, so just want to know we also provide to direct FMCG guys or do you just provides into converters like Huhtamaki, Amcor.

Management: Large part of the sale is to converters like Huhtamaki and Amcor. In many cases, we also have tri-party contracts between us, Brand and the converter. So we have all models existing in the company.

Ankit Gour: Okay and Sir any comment on QIP update?

Management: It is enabling resolution. Currently we are studying different technologies. Once we decide on that and subject to board approval, we will certainly come back with more news on that.

Ankit Gour: Okay thanks, that is it.

Moderator: Next question is from the line of Manish Oswal from Nirmal Bang, please go ahead.

Manish Oswal: What is the total impact on this quarter EBITDA from impact of the crude price movement and the raw material cost?

Management: Raw material does not impact our EBITDA as an absolute number because the polypropylene impact is generally passed on to customers. It does impact the %age margins with change in base.

Manish Oswal: Other Expenditure has increased from last year. Is any one-off any other operating expense included?

Management: Well not actually. Power and freight are major costs gets classified under the other expenditure, the change in the volume definitely impact the same.

Manish Oswal: And currently the US subsidiary are making losses of INR 6 crores per quarter. Right sir?

Management: No not really

Manish Oswal: Sir what is the contribution of US subsidiary in a consolidated fact in terms of negative number?

Management: The US subsidiary EBITDA was about USD 550k after one-off items explained earlier.

Manish Oswal: What are exceptional losses?

Management: Exceptional items mainly include fluctuation on the foreign currency loans, some part of the amortization of the fluctuation in foreign currency loans in line with the MCA circular and hedging costs.

Manish Oswal: Okay lastly you said during the call that plant was shut down for some debottleneck yourself or some line change or something, so how many days the plant was shut down during the quarter?

Management: Different lines were shut down for different number of days.

Manish Oswal: So how much of production loss, could you quantify that.

Management: We would not have immediate number roughly, it can be anywhere around 1,000 MT.

Manish Oswal: It should pull back in quarter 2 right?

Management: Yes.

Moderator: The next question is from the line of Dikshit Mittal from Shubhkam Ventures, please go ahead.

Dikshit Mittal: Just a clarification of this exceptional item, is it different from the Yen hedging loss that you incurred?

Management: Some part of the Yen hedging loss gets classified into exceptional items beside the part of EBITDA loss as explained earlier. The EBITDA loss due to Yen fluctuation as explained earlier was beside this exceptional loss.

Dikshit Mittal: Okay, so this 3 crore loss that is, that is also on the Japanese Yen fluctuation only.

Management: Not entirely but part of it.

Dikshit Mittal: Okay and part is on Rupee to Dollar.

Management: Yes you are right to a large extent.

Dikshit Mittal: Okay and sir you mentioned that you will be turning EBITDA positive for US this year so is it for a full year or on the exit by Q4 you will be turning positive or for the full year you will be making profit sir, on that operations.

Management: Very difficult to comment at this stage, let's talk about this point again in the next couple of quarters.

Dikshit Mittal: Okay.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand over the floor to the management for their closing comments. Over to you sir.

Management: Thanks everyone for participating in the call and we really appreciate some interest. We look forward for these interactions in future as well. Thanks once again.

Moderator: Thank you very much. Ladies and gentlemen. Thank you all for being a part of the conference call. If you need any further information or clarification, please email at neeraj.jain@cosmofilms.com and vaibhav.kapoor@cosmofilms.com. Ladies and gentlemen this concludes your conference call for today. Thank you for using Chorus Call Conferencing Services. You may now disconnect your lines. Have a pleasant day.