



“Fiberweb (India) Limited Q1 FY 2018 Earnings
Conference Call”

August 14, 2017



**MANAGEMENT: MR. PRAVIN SHETH -- CHAIRMAN AND MANAGING
DIRECTOR, FIBERWEB (INDIA) LIMITED
MR. G. RAVINDRAN -- EXECUTIVE DIRECTOR,
FIBERWEB (INDIA) LIMITED**

Moderator: Good Day, Ladies and Gentlemen, and Welcome to the Q1 FY 2018 Earnings Conference Call of Fiberweb (India) Limited. 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 the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pravin Sheth -- Chairman and Managing Director, Fiberweb (India) Limited. Thank you and over to you, Mr. Sheth!

Pravin Sheth: Thank you. Good afternoon, everyone. And I extend warm welcome to all the participants of quarter one FY 2018 earning conference call of our company Fiberweb (India) Limited.

Today, I am joined by Mr. Ravindran -- Executive Director of the Company; and Bridge IR our Investor Relation Advisor.

I hope that all of you had a chance to look through our Investor Presentation or are looking through it right now. I will first take the opportunity to take you all through our company followed by first quarter 2018 business updates.

Fiberweb (India) Limited was incorporated in 1986 with a sole purpose of manufacturing plastic molded product with high performance engineering polymer to fulfill the gap that existed in molded product industry and abroad. This time with machinery imported from the Germany.

Later in the year 1995, the Company started for the first-time manufacturing of the Spun Bond Non-Woven Fabric with a unique double beam technology sourced from renowned German manufacturer Reifenhauer GmbH.

At our manufacturing facility located in Daman India. This unit is 100% export oriented with a capacity of 5,000 per annum metric tonnes. In this journey of almost 3 decades, we have successfully partnered with large corporate MNC to provide customized products to their specification and introduce uniquely designed Non-Woven Fabrics in the industry. Some of our client have enclosed Johnson & Johnson, P&G, Unichem, and many more.

Strength of company lies in capacity to offer end-to-end solution for the Non-Woven Fabric requirement in different GSMs. Our expertized in-depth market know-how of the technology is innovating and manufacturing new fabrics into various range of GSMs there has been of great age over peer. Not only domestically but also globally, such products have been well accepted in the international market.

Let me give you all updates of our business for the first quarter ended FY 2018.

Our performance in the quarter has exceeded expectations. Historically quarter one has been the weakest quarter for our company. But FY 2018 the number have taken our recent growth momentum forward and we hope we will deliver similar outstanding performance in the subsequent quarters. This will be driven by strong growth across business segment supported by strong tailwinds from domestic as well as global markets.

During quarter one FY 2018 we received some fantastic order, the order was 121 million of Spun Bond Non-Woven Fabric from USA client. We received another big order of 208 million again from USA. We bagged an order of 190 million order from the same market.

Throughout quarter one FY 2018 we have been able to obtain good business on a consistent basis and this is a testimony of our manufacturing expertise. Timely delivery, product and consistent quality which shows the great trust that our client in us giving the great confidence in meeting our long-term goals. Going forward, we look at financial year 2018 with a lot of fungibility.

In FY 2018, we are undertaking a huge expansion of our capacity by introducing existing product line along with new product range. We expect to complete the two expansions by end of FY 2018. We are going to introduce a new Melt-Blown Non-Woven Technology, with an installed capacity of 3,000 metric tonne which we expect to be operational in September 2017. Further we are also expanding the existing Spun Bond Non-Woven capacity to a total of 15,000 metric tonne with an addition of 10,000 metric tonne expected to be operational by the end of FY 2018. This expansion exercise will take the total installed capacity to 20,500 in the year FY 2018 which includes a Single Beam Spun Woven non-woven lease capacity of 2,500 metric tonne.

We expect to fully commercialize all the new additional capacity by the end of FY 2018. Also we expect to increase value-added product offering to the existing and newer geographies. Fiberweb is well-poised to capitalize on any forth coming business opportunity.

So, from an overall business perspective, that is all from my side.

I will now hand over to Mr. Ravindran, who will take you through the financial performance of the company. Thank you very much.

G. Ravindran:

I will share highlights of our consolidated financial performance, following which we will be happy to respond to your queries.

To begin with, in Q1 FY 2018, the Company registered a revenue of Rs. 53.7 crores with a year-on-year growth of 313% from Rs. 13 crores in the same quarter last year. This is mainly on account of better product mix and continuous order inflow from new and existing clients across the globe.

EBITDA for Q1 FY 2018 is at Rs. 8.4 crores, as compared to Rs. 3 crores in Q1 FY 2017 which amounts to increase of 181%.

Profit after tax for Q1 FY 2018 stood at Rs. 7.7 crores as compared to Rs. 2.3 crores in Q1 FY 2017. This represents an exceptional growth of 231% year-on-year.

Our EPS in Q1 FY 2018 grew by 211% at Rs. 5.7 as compared to just Rs. 1.8 in Q1 FY 2017.

This is all from our side and now we can open the floor for Question-and-Answers. Thank you.

Moderator: So, we will open it for Q&A now?

G. Ravindran: Yes,

Moderator: Sure, thank you. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Krishna Jonnalagadda from Jagannath Capital. Please go ahead.

Krishna Jonnalagadda: Why increase in raw material cost compared with last year quarter?

Pravin Sheth: You see, last quarter we did not have trading activity at the UAE, this quarter we have trading activity at the UAE. So, consolidated result includes the trading activity. Number one. Number two, the raw material prices has also comparatively increased in this quarter vs the last quarter. Number three is that this time we had a strategy that to maximize the profit we will go for a higher production by only taking the orders for higher grammage which will help us in maximizing thing. If you see the overall picture, you will be happy to note that the bottom-line has correspondingly increased because of our efforts to see the standalone and the consolidated. So, it will be in a separate mode then you will realize that this is all very reasonable.

Krishna Jonnalagadda: Thank you. I have one more question, we have Melt-Blown technology 2,000 metrics. When it be commencing that you say September what is the revenue we can expect from this?

Pravin Sheth: See, actually the installed capacity is 3,000 tonnes but we are expecting that till this year by 2018 end will only achieve 2,000 tonnes because this technology is a very specialized one. The machine is under installation now and we hope to start by the next month that is in September. The actual product is very much in short supply in the international market and the prices are very-very good as long as international market is concerned. In fact, against about U.S.\$ 2.1 for 1 kilo in Non-Woven market, this product price about \$3.5 per kilo and the corresponding increase in the production cost is hardly by about increased of about 3% to 4%. As such this is a very-very profitable product and we hope that the company will benefit much more in this market. Plus, we have got the present customer who are in need of this material and they are not getting it. So, in fact, it is who they have requested us to start this Melt-Blown line and

they have promised us that as soon as we start production there will be influx of order from U.S. customers.

Krishna Jonnalagadda: Is there any international competitors for this product, sir?

Pravin Sheth: Actually as I told you there is a tremendous demand against which the supply is very less in fact there is a gap of about 25% between demand and supply. So, there is no question of competition because it is not easy to increase the production capacity that fast plus it requires a very technical expertise which fortunately we have.

Krishna Jonnalagadda: What is the EBITDA margin and PAT margin we expect from Melt-Blown sir?

Pravin Sheth: As I told you even if we produce this will be approximately say 6 months of this year, even if we produce about 1,000 tonnes the revenue will increase tremendously and the profitability will also accordingly increase much more.

Krishna Jonnalagadda: Okay. What is the revenue guidelines for financial year 2018 sir? Total, overall about the company. Today this quarter we have achieved 56 or 57 what is the revenue guidance we can expect for this entire financial year?

Pravin Sheth: Actually it is very difficult to predict because our consolidated is dependent on the our UAE unit which is purely trading unit. But however, we are expecting at least about 20% to 25% growth in FY 2018 than from the last year.

Krishna Jonnalagadda: Okay. Is there any international clients added like Johnson & Johnson this quarter?

Pravin Sheth: Sorry.

Krishna Jonnalagadda: Is there any international clients added this quarter?

Pravin Sheth: Yes. In USA, we have added about 7 - 8 clients.

Krishna Jonnalagadda: Good. What is the revenue expectations from these clients?

Pravin Sheth: See, these are the clients which are actually we are supply them the trading material from not our own production, our own production our clients we are even not able to supply them the requirement.

Moderator: Thank you. The next question is from the line of Ganesh Kumar, he is an individual investor. Please go ahead.

Ganesh Kumar: Sir, I have few questions. Sir, I want to know when would the second machinery be inducted?

- Pravin Sheth:** See, the first machinery will start now, the second machinery we have been promised that they will supply it in either by December or January. And it take about a month and half to install and start the commercial production. So, we are expecting by the end of this FY 2018, we will be able to start that but the benefit of that will be reaped in this next year.
- Ganesh Kumar:** And sir, regarding the Melt-Blown would the final capacity for FY 2018 year ended FY 2018 that is would be 2,000 metric tonnes?
- Pravin Sheth:** Yes, 2,000 can be achieve in the year so the 6-month roughly will be there. So, we will be able to achieve at least about 1,000 tonnes.
- Ganesh Kumar:** Great, sir. And sir, our UAE seems to be doing extremely well, any plans of eventually setting up any plant there in the long-term?
- Pravin Sheth:** We will definitely think it over. We started in the last quarter of about 2017. We did very well. This quarter we did very well. If this continues for another 1 or 2 quarter, we will definitely think by the time once we have established here our capacity we will definitely think of putting up a plant overseas.
- Ganesh Kumar:** That would be great, sir. And sir agriculture seems to be a contributing a lot to our top-line and India actually agriculture seems to be a huge opportunity. So, any chance that we can capture the domestic market as well when it comes to agriculture and make big in roads there?
- Pravin Sheth:** We can definitely make big in roads at present we did not have the capacity to supply because we are 100% export oriented unit. So, we have a restriction of selling the material locally. But now with the expansion, our capacity to supply locally will increase and we will definitely be exploring this market, we only had a lot of talk about the things and we are expecting that even the domestic market will be a very lucrative market.
- Ganesh Kumar:** Yes, sir that is right, sir. And sir, final question, regarding NSE listing of our company, sir.
- Pravin Sheth:** Yes, NSE listing we will be now doing it. In fact, we are on this, already we have decided and our board is decided and we are already putting up somebody to do the needful.
- Moderator:** Thank you. The next question is from the line of Ashutosh Garud from Reliance Wealth. Please go ahead.
- Ashutosh Garud:** Sir, I have dialed-in for the first time, I have not seen this company much earlier. So, if you can just give me a break-up in your revenues? What kind of segments do contribute this quarterly revenues that would be helpful?
- Pravin Sheth:** See, we do not want to sell all the products in one segment. Because as you know it is a good policy not have all the eggs in one basket. What we do is that we supply locally to Johnson & Johnson, Unichem, and all those people hygiene material. This hygiene material is

approximately 30% of our total production. We sell that much. balance 70% we export. Now, in the export market, we do not sell hygiene material because of various reasons and because our capacity only is full. But we sell it to the agriculture market and at general textile market. So, about 40% goes in agriculture market and 30% goes in the general textile market.

Ashutosh Garud: So, this agri and textile are exports, you mean to say.

Pravin Sheth: Yes.

Ashutosh Garud: Agriculture and textile, okay. And would be the customer on these fronts?

Pravin Sheth: There are many customer and we have been growing with our customers for last about 10 years, we have most important customers and a very wide way of range of customers.

Ashutosh Garud: Okay. So, on capacity terms what was the expansion, so when you are saying 30% domestic and 70% exports, I presume you are talking about Q1 FY 2018?

Pravin Sheth: Yes.

Ashutosh Garud: And this would be your case on a yearly basis also?

Pravin Sheth: Yes, yearly, the same way we follow the pattern. Even if you see, FY 2017, if you see FY 2016 we are following the same pattern because we want to just sell the certain amount of product in certain market.

Ashutosh Garud: Okay. And so what was the capacity expansion we took?

Pravin Sheth: Capacity expansion we are taking 10,000 tonnes. At present, we have got 5,000 tonnes of our own and 2,500 tonnes are being lease out, so, 7,500. 3,000 tonnes is Melt-Blown and 10,000 further we are introducing this Spun Bond Non-Woven.

Ashutosh Garud: So, when was this expansion? So, I presume there was expansion that is the reason why we are growing.

Pravin Sheth: 5,000 tonnes is from beginning and we took on lease before two years this 2,500 tonnes.

Ashutosh Garud: Okay. So, was there any specific expansion which actually came in production in last year, in any of the quarter of FY 2017?

Pravin Sheth: No, last year there was no expansion.

Ashutosh Garud: But then these growth numbers, how do you explain these growth numbers?

- Pravin Sheth:** See, you also see the standalone one more rather than the consolidated. Because consolidated of last quarter of last year includes trading activity. Plus, we have also gone for a value-added product. Now in a value-added product the turnover will show more especially because the profitability is higher.
- Ashutosh Garud:** Okay. And what kind of growth are you expecting going ahead now?
- Pravin Sheth:** As I told you, the growth this year we are expecting about 25%.
- Ashutosh Garud:** On the top-line front?
- Pravin Sheth:** Yes.
- Ashutosh Garud:** Top-line and bottom-line both.
- Pravin Sheth:** Top-line will be much more but bottom-line we are expecting it will be about 25% to 30% growth.
- Ashutosh Garud:** That would be much lesser as compared to the kind of growth that we have done in last 2 - 3 quarters. Right?
- Pravin Sheth:** Yes. But every time you cannot have 100% - 200% growth. We believe in somewhat very conservative way of telling people because if I tell you that I will be having x profit and if I make it x plus, you will be happy. But if I made it x minus our investors will be unhappy. So, we are very conserving in estimating.
- Ashutosh Garud:** Okay. And sir, if you can share some thoughts on if we go in the past from let us say FY 2010 to FY 2015 kind of scenario, the return ratios have been very low, so any specific reasons for that?
- Pravin Sheth:** See, as you grow in the international market, FY 2010, FY 2011, FY 2012, FY 2013, we did not have the value-added product at all. It was just a normal Spun Bond Non-Woven product which was being sold we were developing the U.S. market which went on growing, went on growing. But it was not there till approximately 2013. So, here is a huge potential in the U.S. market and you have to tap it. We actually now have started in 2013, an office U.S. employed some people who can get the orders as well as who can do the after sales service and that is how our market share went on increasing and new product from 2014 which is value-added and that way. Slowly gradually the things are improving.
- Ashutosh Garud:** So, would you mean to say that in 2013 we did not have much of exports?
- Pravin Sheth:** No, we had exports but we did not have a value-added exports.
- Ashutosh Garud:** Okay. So, what was the percentage of revenues coming from?

- Pravin Sheth:** No, everything was without value-added. It was just normal Spun Bond Non-Woven Goods, it is known as Rolled Goods. But once we started we entered into in this particular market of converted products which is much value-added than the normal products.
- Ashutosh Garud:** Okay. And what is the CAPEX you are expecting now, so what will be the capacity now and what is the expenditure you would be doing?
- Pravin Sheth:** See, at present for Melt-Blown we have about Rs. 20 crores CAPEX and we will be having another about Rs. 80 crores for the 10,000 tonnes.
- Ashutosh Garud:** So, what would be the capacity than, total capacity after that?
- Pravin Sheth:** Total capacity including Melt-Blown will be about 20,500 tonnes including the 2,500 tonnes of lease capacity.
- Ashutosh Garud:** Okay. And when is this expected to come in production?
- Pravin Sheth:** Actually, we have got now 7,500 tonnes. These 3,000 tonnes will come in production from next month and the 10,000 tonnes expansion will according to us should come in production from the February 2019.
- Ashutosh Garud:** So, Q4 basically?
- Pravin Sheth:** Yes. Basically, Q4 or may be even that is why we are not calculation in our calculation this 2018 anything from there. We will take full year of 2019 for that.
- Ashutosh Garud:** Okay. Why are our stocks in XC category in BSE?
- Pravin Sheth:** Sorry.
- Ashutosh Garud:** The category we are X category, XC category in BSE shares?
- Pravin Sheth:** I will tell you very frankly. I neither sell a single share nor I buy share nor I bother about the BSE what is going on. So, BSE takes its own time and its own way of they have got their own norms which we are not able to control it, nor we try to understand it also. But we are definitely going for now NSE listing. Once we go for NSE listing, the things will all vanish in BSE.
- Ashutosh Garud:** So, by what time are you expected to list on NSE?
- Pravin Sheth:** Timing we cannot say but we have started, we already taken the decision in the board and already I mean we are giving the work to somebody who will start doing it from now also. So, maybe hopefully in 2 - 3 months the things will be all right.

Moderator: Thank you. The next question is from the line of Abhishek G. from Vision Capital. Please go ahead.

Abhishek G.: Actually, I just want to go ahead with the question which was asked by a caller previous to my call. Can I just zero it down that whatever the turn of fortunes which happened in last 2 - 3 years is basically because of the value-added products, right which we started supplying to our North America region?

Pravin Sheth: See, actually I will tell you. It is not only one factor which has contributed. We opened in 2013 our office in USA and concentrated on U.S. market. Formally we are giving to various markets. You know U.S. market has one advantage, their orders are bulk and as such once you overseas a continuous process industry, we actually work 365 days 24/7. So, we need to have a maximum order from a continuous production because if we have to change the production the profitability is not that much. If I just get an order for 1 container, 2 containers like that then again change it to something else that is involving a lot of expenditure. Here in U.S. we get bulk orders. So, once the bulk order comes in a time about 8 - 10 days the machine runs smoothly on the one product and that is how we concentrated more on U.S. markets. So, that was one of the reason that we concentrated in U.S. market and we got a lot of orders from U.S. market which was rather a sought of beginning of our enthusiasm. Then with the help of our customers, who wanted the converted products or who are doing converted products, we just had told them that we can do it in a much lesser price. The thing which they are incurring their expense and we can share the benefit with them as such they agreed. So, we slowly started more and more value-added products.

Abhishek G.: Okay. And you are seeing that traction to continue for the coming years as well right because as you said, you added many of the customers in this may be a quarter or two and you are seeing continuous interest from these more and more clients from the North America, right?

Pravin Sheth: Yes.

Abhishek G.: Okay. And the way you said that domestic clients like Johnson & Johnson, so can you just name a few of the U.S. clients, from which we are getting our business?

Pravin Sheth: That is something which we are unable. But I will tell you one thing that one of our biggest client is lowest who supplies to the Wal-Mart but furthermore, I will not be able to tell the name of the client because that is something like a trade secret which you will appreciate that we would not like because there are other competitors also. So, better we avoid that.

Moderator: Thank you. We will move to our next question which is from the line of Jay Tejwani from AQF Advisors. Please go ahead.

Jay Tejwani: First question. Sir, what would be the volume guidance for FY 2018 vis-à-vis if I can have a break-up of manufacturing and trading?

Pravin Sheth: See, trading volume I will not be able to. But as the things are going on, we are expecting that every quarter will be doing more or less a good sales from the UAE. And so far as the manufacturing is concerned, we are doing at the maximum level of our capacity and we will continue to do the same because of the pending order and we are trying for the value-added products more and more.

Jay Tejwani: Right. So, you said value-added products, what would be this value-added product exactly, if we could get a better understanding?

Pravin Sheth: You see there is one difference, one is you are supplying up till now rolled goods which is in a form of big rolls. But if you go to say Wal-Mart, you are having your own bungalow and your own garden and you want to lay agriculture product there. If you want to do that, you hardly need about say 100 meter. So, there are small rolls made of 50 meters, 100 meters like 150 meters like that. And they are well-packed, we well-made, so you just go to Wal-Mart pick-up from their shelf, and use it. So that way it is a ready to use product and you know how the U.S. labor is very costly thing like we have this kind of things. This was done by our own customers but expanding their capacities they are now giving all the other access work to us, so that we are able to earn more and more and have more and more share of value-added product. These are the actual value-added products which you can just and there are various other things like car cover and even the fruit covers and there are lot of crop covers, there are lot of things which we slowly gradually have done it and we are giving supplying them which is ready to use.

Jay Tejwani: Right. What would be a sort of the realization all these value-added products vis-à-vis the traditional product?

Pravin Sheth: It differs. See, the value-added products give us additional revenue, over and above normal revenue between 20% to 50%, it all depends on individual product.

Jay Tejwani: Okay, understood, sir. Sir, what would be the CAPEX for this year?

Pravin Sheth: As I told you we already invested in the Melt-Blown line which is under installation which total cost is approximately Rs. 20 crores and line which we ordered for it is likely to come by the January or so December or January that is about Rs. 80 crores.

Jay Tejwani: Right. Sir, post this capacity coming on line would we still be using the lease capacity?

Pravin Sheth: Yes we will be using it. Because see, the demand is so much and actually we had a plan to first expand for by 18,000 tonnes but we thought that we would like to go, we are a little conservative in our approach. So, we would like to go slowly, so first, we are expanding by 10,000 tonnes and we are hoping that this 10,000 tonnes will be immediately sold because we have got a good demand of our products. So, once that is done then we will think of till that time we want to continue the lease capacity.

- Jay Tejwani:** One last question, what is the volume for Q1 for manufacturing?
- Pravin Sheth:** Volume I have not worked out but I can definitely let you know.
- Moderator:** Thank you. The next question is from the line of Rajeev Thakkar from MIP Investments. Please go ahead.
- Rajeev Thakkar:** Sir, I just want to touch on your Dubai business that you have. Could you just give me background how did we get into this?
- Pravin Sheth:** Yes, I will tell you, what happened was that we are known in the U.S. market as a quality supplier. Our quality is supposed to be best. In fact, their own customers ask for Fiberweb material. So, we have that reputation. Now there were some new customers who are interested in lesser price even at the compromising a little bit of the quality wise. So, we were toying with the idea of that whether we can get it from China and supply them from Chinese material. So, we actually contacted various Chinese producers and found out how we can do it. It started in the last quarter of last year that we as experiment level we started taking from China supplying in the U.S. and trading margin we could see that we can get about 12% to 15% trading margin and there are no other expenses except that the things go directly from China to U.S. acting a middle person. And in this process, we are now so successful that we intend to continue that because even if you see in this quarter also we had a very good profitability of this product.
- Rajeev Thakkar:** So, you mean to say the response has been fairly good over there.
- Pravin Sheth:** Yes, this is how we got our idea. In fact, once your name is popular in the U.S. market, people come to you. They started asking us that can you supply this material? We never wanted our name to get spoil that we also supply a material which is not quality under quality, we wanted to keep our name secure. So, that is how we got idea of starting a 100% subsidiary in UAE, so from that directly we can deal with the customers from that subsidiary and the name of our company will not involve in that thing.
- Rajeev Thakkar:** And how much the percentage would you see this growing to in terms of your entire of us going forward?
- Pravin Sheth:** We have I mean surveyed the market and we have found that the quarter-to-quarter I think we will be having more or less the same marketing, same sales and same type of profit. But we are also trying to find out some new customers, so we can increase. Because here there is no capacity constrain for us, we only to procure it from China and supply there. So, we are trying our best to increase that our level.
- Moderator:** Thank you. The next question is from the line of Prateek Gandhi, he is an Individual Investor. Please go ahead.

- Prateek Gandhi:** Sir, I wanted to know one thing that though export oriented unit why we are not showing some FOREX gain or loss in our P&L?
- Pravin Sheth:** See, as per the law we have to show the foreign exchange profit or loss and if you see the other income portion that clearly shows that nearly a profit or loss in the foreign exchange and in fact last quarter we had a bad quarter so far as foreign exchange loss is concerned. There was a Rs. 21 lakhs loss because what we do is that we try to hedge our sales proceeds so that we do not lose much in our foreign but however, there is always some gain or some loss that goes on. Exact last year 2016 first quarter there was a gain of 14 lakhs. This quarter only 32,000 is the profit in this foreign exchange. So, this is only because of our hedging. So, it is not a very big fluctuation in the loss. See, what we do is that we make our price on a certain amount of recovery from the dollar. So, what we do is that the moment we book, we make the sale and we are realizing say after 60 days then we immediately make it because our customers pay very much in time. So, we immediately hedge the money, so that if there is any fluctuation we don't lose or we do not get very big things.
- Prateek Gandhi:** Okay. So, second I wanted to know what about the raw material?
- Pravin Sheth:** Raw material, so part of the thing our earning goes in raw material.
- Prateek Gandhi:** Yes. Sir, I wanted to know about UAE subsidiary, what can we expect from it. does the revenue continue to be the same?
- Pravin Sheth:** I think it should continue or increase.
- Prateek Gandhi:** Okay.
- Pravin Sheth:** We are trying our best to increase it naturally and it will definitely remain but we would like to try to increase the revenue.
- Prateek Gandhi:** Okay. The last question, sir I was just looking at the shareholding pattern, is there some promoter selling going on?
- Pravin Sheth:** You should see the promoters holding only from my family point of view. If you compare the promoters holding which was there in the year 2013 and 2017 it has doubled actually because of the fresh buying or taking of the share has increased. Now the other people whom the shares are given they are termed as acting in concert with the promoters. But they are just because they were given the preferential shares that is why they are acting in concern and plus there is strategic investor. Now, we do not have control over them. But in totality, our shareholding much better than what it was earlier.
- Moderator:** Thank you. The next question is from the line of Ananth Rao, he is an Individual Investor. Please go ahead.

- Ananth Rao:** One clarity I wanted on the 10,000 metric tonne when would that be operational sir?
- Pravin Sheth:** That will be operational from mostly from February 2018.
- Ananth Rao:** February 2018, okay. And one more thing, what is the present order book value, sir?
- Pravin Sheth:** Present order book is a very-very healthy order book position. We have started accepting the orders for the whole year from the month of July end and August beginning and at present our order book you can say is so healthy that we are just wondering if we can have our this 10,000 tonnes capacity earlier, we will be very happy.
- Ananth Rao:** The gloves order, have they started coming in sir or will you expect that to come this year?
- Pravin Sheth:** It has started coming in.
- Ananth Rao:** The sales number, sales revenue, why was it a bit lower than the last quarter, sir?
- Pravin Sheth:** Numbers are less which number you are talking of?
- Ananth Rao:** From Q4 to Q1, sir.
- Pravin Sheth:** Q4 to Q1, as I told you Q1 is the poorest quarter. In fact, you should be very happy to learn that this Q1 which if you see our history of Q1, Q1 is always the weakest one. But this year right from beginning we tried our best and to take the order even at little lesser price but make our bottom-line to big. So, if you see the bottom-line you will find that the bottom-line is double than the last year's quarter. Quarter four is always the best. Sales in quarter four, when it will come, you will say I cannot imagine now.
- Ananth Rao:** Yes, thanks for that, sir. And in your results, why there is no split between export value and domestic value, I do not know if you have given that in your Presentation, what is the segment wise break-up as well from the business point of view also.
- Pravin Sheth:** See, we have to follow the SEBI guidelines and the Stock Exchange guidelines of Presentation. Now, if they say that you have to only the sales, if we give something extra or something new then it will be questioned. So, there is nothing to hide about it, if you are interested in knowing it we can always give you regular details but just now we cannot show it in this thing because we have to follow the SEBI guidelines and the Stock Exchange guidelines and this year, the whole format has been changed to international standard.
- Ananth Rao:** Okay. And my last question is regarding with the number of shares to the public are very low so, do you expect any split of shares or any future bonus shares or something like that for investors?

- Pravin Sheth:** See, I cannot give any answer to that I am sorry because this is totally to be decided by our board of directors. And it is policy decision which I alone can never think of taking it.
- Ananth Rao:** Yes, absolutely. One more thing our raw material is it still supplied by ExxonMobil? I mean how do you see the Polypropylene prices going forward, sir?
- Pravin Sheth:** No, actually considering the domestic prices ExxonMobil is much better the quality wise and even the price wise better because we are regular taking from ExxonMobil every year for last 20 years, so they give us price preference also. So, we continue to have it from ExxonMobil because it is an advantageous thing.
- Moderator:** Thank you. The next question is from the line of Rohan Kumar from Zensar Technologies. Please go ahead.
- Rohan Kumar:** Sir, my question in BSE they were talking about the Rs. 20 crores order is till October. So can you highlight what is the next orders aligned for the future?
- Pravin Sheth:** See, order have only started coming now in the first week of August. Now, this is a season of getting the order and we will be getting now the orders by the end of August, we will be more or less full till March. This is how the pattern of U.S. orders are, they give July end and August till end of August they start giving the orders for the whole year.
- Rohan Kumar:** Okay. So that will be updated in the BSE site?
- Pravin Sheth:** Yes, we will definitely be updating it. First, once for all, we will update it, every time you give order I mean every day I cannot go and giving I received Rs. 100 crores.
- Rohan Kumar:** But we have just seen the site, so we know that the orders are coming, so we feel happy.
- Pravin Sheth:** We have got this month so much order and it will be good enough for March.
- Rohan Kumar:** Correct. And my next question is you are saying you are concentrating on North America, so why do not we also concentrate on Europe markets?
- Pravin Sheth:** See, we have a European market also, not that we do not sell about 10% of our exports goes to Europe also. But as I told you the North American market has one additional advantage for us. Europe market they will give order for 1 container, 2 containers, while the North American market our customer give order for say 50 containers, 100 containers, when in a month we have to supply at a time 10 containers, we start producing for continuously for a 7 days or 6 days, that helps us because I would say continuous process industry 24/7 and all 365 days. So, lesser the change, the better profitability, so we prefer North American for that reason that there is always a bulk order from there.

- Rohan Kumar:** Okay. Sir, any plans for expansion your manufacturing units like coming, I see only manufacturing unit in Daman and Diu.
- Pravin Sheth:** See, at present we have got 5,000 tonnes to our capacity plus 2,500 we have leased out. Now with Melt-Blown capacity which is only under installation which will start production I think by next month that is another 3,000 tonnes of Melt-Blown capacity. We have another CAPEX of 10,000 tonnes of Non-Woven Fabric which will come by February 2018.
- Rohan Kumar:** Okay. So, my question is manufacturing unit setting up in other places also?
- Pravin Sheth:** See, what we are sure about this work which is going on with our subsidiary continuous for one more year or say till the end of 2018 then we will definitely think because by that time our expansion here will be over then we can think of putting a manufacturing unit there also.
- Moderator:** Thank you. The next question is from the line of Shiv Kumar Binani, he is an Individual Investor. Please go ahead.
- Shiv Kumar Binani:** Sir, I want to know for the quarter one, for Q1 our production or volume?
- Pravin Sheth:** So, you want to know the quantity?
- Shiv Kumar Binani:** Yes, sir.
- Pravin Sheth:** Quantity I will just let you know because at present I do not have the figures. We will be putting it. Our IR will be able to give you the correct answer for that.
- Moderator:** Thank you. The next question is from the line of Rajeev Thakkar from MIP Investments. Please go ahead.
- Rajeev Thakkar:** Sir, if you can just throw some light on the Melt-Blown technology of ours I mean what would be the potential of this product and how the realization could pan out?
- Pravin Sheth:** See, I will tell you, the Melt-Blown product idea came to us from our customers in North America. Our customers told us that they are unable to get this product because worldwide the supply is short and the gap between demand and supply is very big. So, they told us to go then we also studied technically what are the difficulties in starting and we had our technical team to go and analyze the whole thing. Then we came to know that yes, we can do it. So, we order for this machine. The machine is only under installation now. And actually, I will tell you this technology requires a lot of technical inputs. Now once it is done, the profitability wise it is a very-very profitable business because as against the present Non-Woven market, if you see the result that we get approximately 70% more profit than what we get in the Non-Woven market.
- Rajeev Thakkar:** Okay. And which industry is used usually?

Pravin Sheth: Filtration industry uses it mainly. Also, it goes in agriculture. Filtration is the biggest market for that.

Rajeev Thakkar: Okay. And going ahead what you think what would be the contribution from this segment?

Pravin Sheth: See, once it starts production then we are hoping that it will increase the marketing the sales as well as the profit to a great extent.

Rajeev Thakkar: Okay. And how much any plans of adding any more capacity to this for the Melt-Blown one?

Pravin Sheth: No, see, Melt-Blown it is not very easy to increase the capacity. See, this 3,000 tonnes machine if you see is under installation for last about I think 20 days and if you take another 10 - 15 days to get it installed. So, it is a very and huge machine it is. Also it makes a lot of noise. Now since we have established this, we will achieve it. Our customers are ready to give order for it once we start the production because it is at their request we have put up this plant and once that is done by sixth month or eight month we will know how this whole thing works and then we can think of expansion. At present, it is very too premature for me to tell you anything about it.

Moderator: Thank you. We will take one last question from the line of Gurmeet Singh, he is an Individual Investor. Please go ahead.

Gurmeet Singh: Sir, you were talking about that Q1 quarter is usually weak. So, I want to know about the seasonality, why this seasonality exists?

Pravin Sheth: See, I will tell you, the order pattern in U.S. market is that in July and August, they put all the orders for the entire till next June. Now the season of there up to April - May. So, your material has to go by latest by April because then only they can use it in the season. Thereafter, the season ends. The season there is very bad so far as our market is concerned in the month of April, May and June and that is why the quarter one is always weak. What we do is that we try to take the order even at little lesser price or with higher grammage and all. So that we continue to sell, this is the first-time experiment that. Last quarter, we are not successful but this quarter luckily, we are successful in this our endeavor and that is the reason why we could do so much good in this quarter as compared to the last year's quarter.

Gurmeet Singh: Okay. And sir, next question. What kind of EBITDA margins do we target while taking up orders? And with the new capacity are we targeting any specific level of EBITDA margins?

Pravin Sheth: See, Melt-Blown profitability is very high. So, definitely we will be able to get the good EBITDA margin much better than what we are having now.

Gurmeet Singh: Okay. And can you give any guidance on that perspective?

Pravin Sheth: What sort of guidance?

- Gurmeet Singh:** In terms of numbers wise and all that.
- Pravin Sheth:** See, it is very difficult and premature to give any figure. But we will be keeping our all shareholders informed by our BSE site about the progress and about the expectations. And if there is any further conference call or anything by then we may certain about it because see, it is very difficult now to predict the things and we are very conservative in our prediction. We do not want to predict something and then go for less than that, we would like to do more than what we predict.
- Gurmeet Singh:** Fair enough. And sir, what kind of competition do we face in the global front like from China and other countries and domestically what sort of competition intensity is there in these 2 markets?
- Pravin Sheth:** See, there is always a demand for quality products. In the North American market Fiberweb is known for their quality. In fact, to the extent that our customer's customer asks them please give us Fiberweb's product. So, this is something to which we are proud of. Second thing I will tell you, for the last 20 years, we had not a single complaint of our quality from international market which is definitely a very big thing because somewhere something can go wrong. But we have been so careful about this market. So, our reputation is totally different in the market and that is the reason why we are getting, and even this starting of subsidiary is also because some people wanted the less quality market, so we procure it from China and give it to them because we do not want to spoil our name, as a quality supplier.
- Moderator:** Thank you. Ladies and gentlemen, due to time contains that was our last question. I now hand the conference over Mr. Pravin Sheth for closing comments.
- Pravin Sheth:** Thank you very much and it has been a very good response from the investors. I am happy that the people are taking a lot of interest in our company and I hope that I have clarified all their questions and they will be happy to get this thing. So, thank you everybody. I thank everybody very much.
- Moderator:** Thank you. On behalf of Fiberweb (India) Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.