Tata Chemicals Limited
Update Conference Call
May 15, 2019

Moderator: Good day ladies and gentlemen and a very warm welcome to the Tata Chemicals Conference Call. I would like to handover the conference to the management for the opening remarks. Thank you and over to you.

R. Mukundan: Thank you. Mukundan here – MD & CEO of Tata Chemicals. I'm joined here by my management, Mr. Zarir Langrana – Executive Director and Mr. John Mulhall –Chief Financial Officer. Just want to give some opening color to the transaction details we did today.

We at Tata Chemicals have nurtured Tata Salt, Tata Sampann and the Consumer Business over the years. It has given us immense satisfaction that they will now be part of a large consumer focused company, Tata Consumers Products Limited, with an immense potential ahead to transform the lives of Indian consumer by providing products full of wellness, nourishment and natural. We will continue to be partners in this journey and this is a critical point as Tata Salt will continue to be manufactured at TCL's Mithapur, the city of salt, the birthplace of Tata Chemicals.

We strongly believe that this arrangement is extremely beneficial for our shareholders as they not only benefit from unlocking value residing in the consumer business but now they are part of growth trajectory of two companies, one in the consumer products space, another one focused on Chemistry Solutions. More specifically once this scheme of arrangement is approved, Tata Chemicals shareholders will be allotted 114 shares for every 100 shares of Tata Chemicals held, they will be allotted shares of TGBL which will be later rechristened as Tata Consumers Products Ltd.

Our company has had 8 year journey and Tata Chemicals enjoys tremendous customer equity by being partner of choice for supply of Soda Ash, Bicarbonate and Salt to many leading Food, Pharma and Detergent and Glass companies globally. So we would add one more customer to our list which is Tata Consumer Products Limited who would buy the Iodized Edible Salt from us.

On the Chemistry front; due to changes which we are witnessing on the global supply-chain, especially the changes in China, we are very confident that we will derive benefits and potential in demand which will lead to margin expansion and strong uptick growth. In line of that we have already committed Rs. 2,400 crore of expansion and debottlenecking projects across all locations and benefits of these investments will continue to reap in years ahead. In addition we will revive our focus on Basic Chemicals and we want to be cost efficient and sustainable in that we will also be aggressively transforming our company from Basic Chemistry Solutions Company to also Specialty Chemistry Company. Currently the demerged entity would stand at approximately Rs.10,000 crore of revenue and approximately Rs.1,400 crore of PBT, we believe currently 20% of that revenue comes from Specialty products and 80% comes from Basic Chemistry. Our aim is to change this ratio to 50-50 over a period of time even as we grow the turnover at least in our view in the near term close to about 2.5x on the back of investment plans.

In addition to investments in Basic Chemistry which I highlighted we are also investing in the Specialty Chemistry space which has four components Agri Science, Nutri Science, Materials Science and Energy Storage Science. In the Agri Science, Rallis has already committed to invest about Rs.800 crore to go aggressively both in domestic and international market. Our Nutri Science business has set up an investment of Rs.250 crore facility in Nellore. This is coming on back of approving the pilot facility in Sriperumbudur which is completely occupied to the full capacity. As far as our Material Science business is concerned, we recently acquired Allied Silica at Cuddalore and all the hook ups are currently progressing underway to make that a sustainable Tata factory.

In terms of the overall science behind it, I want to emphasize that all these products are being developed at our innovation center by dedicated team of scientists. You would be aware that we have three research centers, one in Pune, and two in Bangalore and two of the research centers, one in Pune is focused on Bio-Nano-Technology, the one in Bangalore which is Rallis has focused on Chemistry Technology and one which is Metahelix which is in the process of being merged into Rallis focuses more on Biotechnology. We have a team of over 200 scientists who will continue to come up with new products for our specialty business.

In addition, the last item which we have had an early stage of entry is the Energy Storage business where we are working closely with our auto customers to support them in their transition to electric vehicle. Hence all our pillars Specialty Chemicals, Agri, Nutrition Science, Material Science and Energy Storage are all on strong growth trajectory. Hence I want to again emphasize to our shareholders they will continue to get benefit of the Chemistry based business in Tata Chemicals and added benefit of rapid growth of the consumer platform in Tata Consumer Products Limited as the entity being formed by rechristening TGBL.

So, with these few opening comments I just wanted to throw open the lines. Broadly the cash in the books remains same, it is about Rs.2,500 crore of net cash in the standalone and our net debt in the books will be about Rs.2,000 crore odd. Hence as far as growth support is concerned in terms of cash generation as well as war chest to grow, we are adequately funded to deliver on the numbers which I stated just now. With this opening remark I would invite you all for any Q&A questions on the transaction.

Moderator: Thank you very much. The first question is from the line of Abhijit Akela from IIFL.

Abhijit Akela: Sir, couple of questions, first question is just whether there are any tax implications of this transaction on Tata Chemicals?

R. Mukundan: I will ask John to add color to this. In fact, one of the key attractions of this transaction is that it is one of the most tax efficient ways of rewarding a shareholder.

John Mulhall: Yes Abhijit, this may not have had the implications as it's a corporate demerger.

Abhijit Akela: Just on the balance sheet implication Tata Chemicals, should we just assume that the capital employed in the consumer products segment is basically all that goes away, so very negligible impact overall?

John Mulhall: Look at the March '19 segment reporting numbers; you would see that net total assets that will transfer.

Abhijit Akela: Any impact on British Salt as a transaction on that remains as it is?

John Mulhall: There is no change. It is just for CPB in India.

Abhijit Akela: Finally, I just want to check whether there is any growth roadmap you might be prepared to lay out for the remaining businesses. I know you have aggressive growth targets but like we had these Rs.5,000 crore for the consumer business if there is anything you can lay out, so your vision for the remaining…

R. Mukundan: One of the things we have said is that we are investing as I said Rs.2,400 crore which is still in pipeline in Mithapur. This was to take up the capacity of Soda Ash to a little over a million tonnes, 1.1 million ton and the Salt capacity investment will continue as planned which will grow from 1 million ton to 1.45 million ton. In addition we will also be expanding the Caustic Soda by doubling the capacity there to close to about 200 tonnes broadly. And we would look at opportunities to further grow the Bromine and other marine chemicals in Mithapur, so Mithapur itself is slated to clock a very good growth rate.

In addition to that, our investments in UK, which we have spoken about in terms of the Carbon captured facility to produce higher grade Bicarbonate, is pretty much on track. In addition, we are also debottlenecking our output in US. So that it takes care of the Soda Ash in the Basic Chemistry business. In terms of the Specialty business, if you look at the roadmap laid out by Rallis, out of Rs.800 crore, the first Rs.200 crore are getting on ground this year and we would see balance Rs.600 crore come over in next 2-3 years and bulk of the funding would be done through internal accruals. There is no recourse to any capital raised as far as we're concerned.

In terms of the Cuddalore plant I think the final hook up and taking the plant to Tata standards is almost complete. Investment is almost complete. There is a minor investment of about Rs.10 to Rs.15 crore to be done which will happen in the couple of months going forward.

And in terms of Nutri Science, which is 5,000 tons capacity FOS plant in Nellore that is pretty much close to commissioning and we are just waiting for the final hook up to be done in next 30 days or so. But the final commercial production we anticipate would happen by December and the reason for that gap is we need to get FDA certificate as this product goes into Food products i.e. Infant Food and other categories and hence this needs FDA certification. The certification process is going to take time. But Rs.250 crore which we had committed is almost done and ready for launch. So Phase 1 of Nutrition product is coming to close and it should just start yielding revenues going forward. The Rs.2,400 crore expansion in Mithapur is going to happen over next 3 years and you would see the capacity is coming on stream into the market spread over 4 years especially on Salt but on Soda Ash it is over the next 24 months. So I hope that gave enough color to you.

Our plan and overall is to grow in the next 5 to 6 years about 2.5 times our current size the residual entity size which is about the Rs.1,300 or Rs.1,400 crore on the basis of last year numbers. I also said that the portfolio is 20% weighted towards Speciality products, which is about Rs.2,000 crore in Speciality, Rs.8,000 on Basic Chemistry. And when we hit the number which we are targeting, Basic Chemistry would be 50% and we would have 50% of the revenue coming from Specialty products. Specialty products generally do have lower asset profit ratio so they need less asset to generate same amount of profit and the Basic Chemistry is slightly more asset incentive. That's the basic differentiation. In terms of Specialty products there is also greater knowledge intensity. The customers are stickier. They don't change very often and once you get an approval, especially let's say in the Nutri Science once an FOS is approved, we don't expect Pharma and the Food companies to change suppliers very quickly. So its sticky pricing power comes because it is based on science and technology.

Moderator: The next question is from the line of Viraj Kacharia from Securities Investment Managers.

Viraj Kacharia: Just had a couple of questions, first if I look at our CAPEX program of around Rs.2,400 crore for Mithapur, even post that CAPEX we still will be generating a good amount of cash flow. So just trying to understand if I look at next 4 to 5 years for Tata Chemicals, the cash implication would still be much larger than what we are eying. Our policy historically has been to pay off the subsidiaries debt from their own operations. So how should we look at allocation of that cash, how should we look at utilization of that cash?

R. Mukundan: I think you are right. As I said we want the subsidiaries to pay down the debt which is overseas when I spoke about the net debt on consolidated being Rs.2,000 crore, most of the pay down of debt is going to happen by our overseas subsidiaries and standalone is going to retain the cash for growth. And our primary target is to continue to have a dividend policy which we have outlined which is one way we reward the shareholders we being steady in that outcome, parallelly investing in high value generating projects which will continue to grow. So we have growth plans and I just want to assure you that if there is any excess cash left beyond it, it will be up to the Board to come to a conclusion and take decision what they want to do with that cash. But there are very interesting opportunities out there and we are constantly focused. I did not talk to you about the investment needed to build a 10 GW facility for the Lithium Battery which is the kind of economic size we are looking over a period of time. It will start with 2 GW and finally going to 10 GW and that will need a bit of capital. So all these new areas which we are speaking about will certainly need capital and if there is any cash to be handled I'm sure John and the Board will jointly discuss and do the needful in terms of rewarding the shareholders.

Viraj Kacharia: In terms of capital or cash allocation will there be a mix of pay-out or rewarding shareholders and also addressing our growth plans how should we look at it in terms of dividend payout or those forms? Second we have a lot of group holdings be it in Titan, be it in Tata Projects, Tata Industries, so what is the broader thought process now because we have almost close to Rs.3000 crore worth of those investments lying on our balance sheet? So just trying to get an understanding what are plans with respect to that. And third was we have been hearing of plans to merge Rallis India into the standalone entity, so if you can provide some color on that.

R. Mukundan: Let me address the last one I think the Group is embarked on a process of working towards synergy and rationalization but the specific decisions and forward-looking statements I would not want to make there. There is certainly options with the Board would review from time to time. As of now we are very focused on ensuring Rallis' growth trajectory is revived and one of the tasks which we have requested the management and the board of Rallis to do is to ensure that the investments are in place and the growth pipeline, the growth trajectory is delivered on the ground we will take a call and review how to look at that business going forward but certainly it forms a very important part of the pillar. As you know we have a controlling stake, if you ask me immediately is there any plan that is not on radar but as and when anything happens it will be very happy to speak to you.

As far as the Group holding is concerned, from last year's back we made a commitment that there is a process to unwind them over a period of time. The first step which we took was to unwind the TGBL shareholding. You would recall any time a big opportunity comes and some of these international and some of the large domestic opportunities are big-ticket opportunities and they would need war chest and we would utilize such elements by combination of cash and combination of structured moves. Last time when we acquired General Chemicals you would know that bulk of that financing was done through sale of TCS shares, which is not there in the books today. We do think that these are part of our war chest for expansion and we would use them judiciously. We are aware of the group cross holding issue and we are working constantly and steadily. All I can say is that these cross holdings have helped us and they have provided terrific return to the shareholders in terms of balance sheet stability and this is one of the most robust balance sheet you can find in chemical space. Tata Chemicals is not only amongst the largest chemical company, if you just take chemicals, not the Petro Chemical, we are #1 in terms of revenue but not just that we are also probably amongst the best balance sheets in the industry.

Viraj Kacharia: In terms of use of cash between payouts and the growth plans, if you can just…

R. Mukundan: In terms of pay out we have a payout policy which has been highlighted in our Dividend Distribution policy. Payout ranges between 30% - 50% and we are a very steady dividend paying company. We to understand that a lot of our shareholders have emphasized us again and again, they would need a steady dividend payout payment policy and that's what our Board is also very sensitive to, the management is very sensitive to that and a large portion of our cash generation every year, is apportioned towards making sure the shareholders are rewarded every year.

Moderator: The next question is from the line of Trilok Agarwal from Birla Sun Life Insurance.

Trilok Agarwal: At any point in time, did we think about making it a cash because having that been an option you would have got more cash to expand for Basic Chemical business?

John Mulhall: The Board reviewed the options and decided that the all share demerger option was the most efficient for all stakeholders involved.

Trilok Agarwal: Given our current expansion in the Salt business—from which date will the transaction—what is the cut-off date I'm trying to understand because for incremental CAPEX there you want to put in the new Salt business, the capacity would be ready but the revenues will be generating the future.

John Mulhall: There are two dates that are important, one is the Appointed Date one is the Effective Date. Appointed Date is for your purposes, the date of the transaction, and accounting changes. The Effective Date is post NCLT approval when the physical documents will change hands. So, the Appointed Date it is April 1, 2019.

R. Mukundan: Yes, also in terms of the non-utilization rate of the Salt plant while we have outlined close to about Rs.600 crore part of which is already done in terms of taking the capacity up from the current level of 1 million tonnes to 1.45 million tonnes. These are lines, they come in batches. So, each line approximately delivers close to about 100,000 tonnes which is about 10%. We almost get full utilization from day one. Marginally it may fluctuate to 80%-90%. We haven't had and this is been a history of TCL, our plants run close to their running capacity. We run them at full capacity and that's how we make all the margins.

Trilok Agarwal: Given that the whole transaction is being transferred, I believe that we are already in the Soda Ash business, so we will not even make any manufacturing margin. Is it correct to understand even in the Salt business going ahead?

R. Mukundan: There is a manufacturing margin already in the Basic Chemistry segment which factors in the Salt margin and it is already a part of it so when the expansion in Salt happens the margin upside for manufacturing margin will come to us.

Moderator: The next question is from the line of Amit Murarka from Deutsche Bank.

Amit Murarka: What is the transfer price formula or something between the manufacturing part that they will now be transferring to the Salt business. I see that is there in the segment but just to understand because now these are two separate companies so how will it work?

R. Mukundan: John can supplement it even though we had run them as two business units even at the time of arriving at transfer pricing it was very-very carefully crafted with independent support to ensure that this met all the requirements of arm's length and also making sure that we didn't trip in of the rules which we needed to comply with. If you take the segment reporting and more or less it should track that.

Amit Murarka: I understand that but segment reporting its basically part of the of the Basic Chemistry segment so we don't have the break-up or if you can provide the breakup of EBITDA between the two items as in the other, what is the manufacturing EBIT captured into the Basic Chemistry?

John Mulhall: What we did back in 2018, to reflect the fact that the consumer business was such a large segment compared to prior levels. We did establish a robust, fair, cost charge between segments based on transfer pricing principles and that's now what is reflected in the segment reporting, and that's going to continue effectively at same basis going forward. Regarding your question around margin by product we have never done that. All our products that the segments are reported fairly within the appropriate segments. That's what we talk about.

Amit Murarka: I understand but now these are two separate companies so if you can provide either the formula or may be what is the EBIT that was there, that was captured for the Salt manufacturing, it will just help understand. I understand that the formula was fairly watertight and all but now, earlier it was part of the same company but these are two separate companies now.

R. Mukundan: What I would suggest is if you look at the Basic Chemistry segment reporting the margin which is being made in the business more of less would continue to track in future assuming steady prices and steady margin in Soda Ash. It is fairly reflective of what you would make in a Basic Chemistry product.

Amit Murarka: Just to understand but is it like a cost-plus sort of an arrangement, is it an IRR, ROE arrangement, how does it just to understand the philosophy around it.

John Mulhall: There are number of defined ways of calculating transfer price. There are probably 3 or 4 prevalent for the industry, we have one of those selected. I am not going to get into that just now because we don't disclose that type of information. We are comfortable that it is a fair reflection of the value drivers and the contribution to the value of the product to each business segments whether it's a Consumer Product Business or Industrial Product, Basic Chemistry Product business.

Amit Murarka: The capital employed shows about Rs. 390 million so does it mean that about that much of debt will be transferred from to TGBL?

John Mulhall: No. we don't allocate debt by business but we have no debt, just what we will pay in July and in October this year and that based in the corporate piece, that is part of unallocated along with the cash that we have that you see in the segment reporting.

R. Mukundan: Standalone debt should disappear by this year end.

Amit Murarka: The Appointed Date is 1st April, 2019 so the FY20 cash flow generated from the consumer business will be transferred to TGBL that means?

John Mulhall: That is correct, yes.

Moderator: The next question is from the line of Sumant Kumar from Motilal Oswal.

Sumant Kumar: The Company has launched Detergent so going forward the manufacturing of Detergent will be done by Tata Chemicals?

R. Mukundan: No, the manufacturing Detergent is done by 3P in Calcutta close to the markets in West Bengal and we do supply Soda Ash to that so that supply of the material, Soda Ash which goes to make Detergent will continue to happen.

Moderator: The next question is from the line of Hansal Thacker from Lalkar Securities.

Hansal Thacker: Just wanted to ask a quick question with reference to the Energy business, on the previous con-call it was my understanding that the Lithium-ion and Battery Recycling business was likely to kickstart quicker than the Cell Manufacturing business but the presentation seems to suggest otherwise so can you just give me quick rundown as to what is the roadmap on that?

R. Mukundan: The roadmap is that both the businesses are moving independent of each other so there is a Battery Recycling business, there is a Battery Active business which is materials which goes into coating the Lithium cell and finally the Lithium cell itself. The Lithium Cell business will be in partnership in technology or otherwise with an overseas entity which already is in that business and we are working closely with our customers to tie that up so that the supply chain impact of theirs is protected. As far as the Recycling business is concerned we have a relationship with CMET which is the CSIR lab in Pune and the first trial of, first trial lot of the recycling of a battery is happening on a pilot scale and that pilot scale is not waiting for automotive batteries to be manufactured in India but we are actually recycling all the spent batteries coming out of electronic goods. The Active's business actually will start once the Recycling business is able to start producing those materials because it needs those ingredients coming out of the recycling process to make those active components again. To answer your question in a short manner Battery Cell business and Battery Recycling business will move independent of each other but the Battery Active business will follow post the Battery Recycling business coming on stream. In all likelihood it is easier for us to start up with the domestically with the Recycling business because there is already a large amount of batteries in electronics which can first be used to kickstart the recycling.

Hansal Thacker: Ideally there is a greater chance for the Recycling business to hit the market before the Cell Manufacturing business?

R. Mukundan: Yes, that's it because the Cell Manufacturing will depend entirely on the EV plans of the customers. If the EV plans of the customers move forward it would happen faster.

Moderator: The next question is from the line of Rakesh Vyas from HDFC Asset Management.

Rakesh Vyas: When the segment reporting was separated what I captured was the main idea was to have distribution margin what a normal FMCG company would generate to be captured into the Consumer Product business and the overall margin and what is left was part of the Inorganic Chemical. I understand that now with the expansion the margin upside on manufacturing will remain with Salt but what happens if there is an end product price increase, who captures that margin upside going forward?

R. Mukundan: Yes, you are absolutely right in saying that there is going to be margin upside on the sales and marketing, there could be margin upside on the manufacturing by the scale expansion which happens which reduces per unit cost structure in the manufacturing. There is a mechanism which has already been put in place which looks at these pricing mechanisms in a very fair manner and I think that mechanism would continue. All I can say is that the upsides for both businesses are there as the business grows.

Rakesh Vyas: So if there is any sales and marketing upside, is there any portion of debt comes to Tata Chemicals in terms of transfer pricing at all or it remains with TGBL where the shareholders with Tata Chemicals will also be….

R. Mukundan: To cut a long story short let me just tell you some methodology of this because you need to even if you do Rs.100 increase in pricing let us assume that as a figure, about Rs.65-Rs.70 is what accrues to the company because you then have to spend that on the market and distribution, on supply chain and stuff like that. Then of the rest there is a mechanism and all I can say is there is a fair distribution between marketing and manufacturing. But you need to factor in as the expansion happens the scale benefits of manufacturing also have to be factored into this pool.

Rakesh Vyas: Was at any point of time the thought that the manufacturing margin could be based on certain ROE principle or ROC principle and the remaining part of the margin in the overall product get captured in the consumer product itself? That's how consumer companies would probably operate. When they do sales marketing the contract manufacturing would probably get a cost-plus kind of ROC structure and the all upside that remains in the consumer product itself. If there are any sales and marketing synergies or any benefit that comes through. So, was it any time considered at all?

R. Mukundan: There are several considerations as John has explained but also, I want to say is that our basic consideration also has been the margin structure in the Basic Chemistry product be protected as we move along.

Moderator: The next question is from the line of from Vikas Chiranewal from Franklin Templeton Asset Management (India) Private Limited.

Vikas Chiranewal: Is there any exclusivity that has been find into between the two parties now and what is the nature of that exclusivity if it all?

John Mulhall: It's a non-exclusive arrangement.

Vikas Chiranewal: The supply arrangement with the former TGBL will be non-exclusive in nature?

R. Mukundan: Let me just say this if someone where to go and if I was sitting on the other side you won't get any supplier who has the capacity to produce the million tonnes who has the competitiveness which we have on the manufacturing side. Similarly, I won't get an outlet to put my 1 million ton which I make competitively other than the system I am transferring to them. This is almost symbiotic and plus as it grows the lock which we have on each other is going to get tighter and tighter.

Vikas Chiranewal: But then the supply contracts are long-term in nature or they are short-term?

John Mulhall: They are 25 year -supply contract with the take-or-pay arrangements.

Vikas Chiranewal: With a take or pay arrangement?

John Mulhall: That's right, yes.

Vikas Chiranewal: Our current capacity of a million tonnes and 1.4 million tonnes expanded capacity as well?

R. Mukundan: Yes, that's right anything beyond there is also a right of first offer on both sides.

John Mulhall: It's in our mutual interest to grow the business as strongly as possible.

Vikas Chiranewal: That contract defines the formula basis which the transfer price will be?

John Mulhall: That's correct, together yes indeed. It's one negotiation.

Moderator: The next question is from the line of Rishabh Bothra from Sharekhan.

Rishabh Bothra: What kind of revenue synergy benefits would approve to the company by transferring the Consumer Product business in the TGBL and as well as cost synergies. Will the distribution arm of TGBL help in accelerating the revenue profile of consumer business being transferred?

John Mulhall: They are really questions you want to ask the new TGBL management to look at. I think they have their conference tomorrow.

Rishabh Bothra: But Tata Chemicals management would also have explored the growth path how the consumer business portfolio will grow in TGBL.

R. Mukundan: We were party to the joint call which happened an hour ago and we are only going to restate what their management has said and review and they believe that it is in the range of 2% to 3% of the domestic combined business which is TGB India business and our business which we are trying over the 24 months.

Rishabh Bothra: So 2% to 3% revenue synergies benefits will give approve?

R. Mukundan: The total synergy number so if you want to take a total synergy number it is 2% to 3% spread over 18 to 24 months of the India business of TGB and the business which is transitioning from TCL to TGB combined.

Moderator: The next question is from the line of Jayesh Gandhi from Harshad H Gandhi Securities.

Jayesh Gandhi: Is there any immediate advantage to the EBIT margins for our company Tata Chemicals due to may be lower depreciation and other expenses now?

John Mulhall: No, it will be flat, just look back on the FY19 result that gives you the indication that what difference the CPB business makes. There is no significant depreciation in that segment.

Jayesh Gandhi: How about other expenses then?

John Mulhall: Very little

Moderator: The next question is from the line of Gauri Anand from Old Bridge Capital Management.

Gauri Anand: Is the manufacturing margin higher than the brand margin, at this point in time and the second is, if you look at the residual value that the business now commands wouldn't it have been fair to have moved a manufacturing piece also to the package with the branded piece because I think it would have been a better value realization for value unlocking for the shareholders?

R. Mukundan: Let me address the second one, first in terms of we can come at it from multiple considerations but we have had several difficulties number was not lean on the Salt business but I want to lean on a business which all of you are aware within TCL which is Subscale. The Subscale business is the Cement but it is so intricately intertwined with various others operations, it's very difficult to untangle the site itself because it is part of an integrated site and a lot of synergies come out of that manufacturing integration. There are challenges Gauri on this sort of an account and hence while it's an idea worth exploring, it is an idea of very difficult to implement on ground and the correct structure was the way we have done the transfer pricing in the segment reporting which effectively now is transitioned into a separate company.

Gauri Anand: Your comments on the margin that gets captured within manufacturing and would that be higher than the brand at this point in time?

R. Mukundan: All I can say is that they both are capturing fair margins and it is even-steven depending on how efficiently we run our operations.

Moderator: That was the last question. I now hand the conference over to the management for their closing comments.

R. Mukundan: Thank you all for joining this conference. We do appreciate the details which have been asked and we would continue to engage with you to ensure that we address all your queries on this very important transaction but in the end I want to emphasize we have looked at the structure which unlocks value of the consumer business in a way that is extremely tax efficient which is also finding a good home for that business to continue to grow shareholder value while Tata Chemicals focuses on building a world-class, world-scale Chemical business which is based on Science. We already have scaled in the Soda Ash and Bicarbonate business where we are # 3 in the world. We are going to build similar scale in each of our Specialty businesses be it the Agri business, the Nutrition Sciences where we are the only company in India and probably in the FOS short chain, we are the second company in the world. Similarly, in the area of Material Science where most of the products were introducing overall, we are either number one or number two or number three in the world and in terms of the Energy business. So, we are in exciting phase of building a Chemistry led business. Now we have a clear view to look at what's Tata Chemicals is. It is the Chemistry Company and Chemistry led and Science led business and the shareholders get to participate parallelly in a consumer platform which also would grow from strength to strength and we would want to continue to engage with you as we progress the transitioning of what we sometimes used to call a Chemistry led conglomerate into Chemistry Focus Specialty and Basic Chemistry business. Thank you.