



“Emmbi Industries Limited
Q3 FY'22 Earnings Conference Call”

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Emmbi Industries Limited

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Mr. Yash Punjabi - COO, Avana

Analyst: Ms. Parvati Rai – KR Choksey Research

Moderator: Ladies and gentlemen, good day and welcome to the Emmbi Industries Limited Q3 FY '22 Earnings Conference Call. This conference call may contain certain forward looking statements about the company which are based on the beliefs, opinions, assumptions and expectations of future events. The company cannot guarantee that these are accurate or be realized. The company's actual results performance or achievements could thus differ from those projected in any forward looking statements. The company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

As a reminder, all participant lines are currently in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call please signal an operator by pressing “*” and “0” on your touchtone phone? Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Parvati Rai from KR Choksey Research. Thank you and over to you, Ms. Parvati.

Parvati Rai: Thank you. Good evening, everyone. On behalf of KR Choksey Research, I welcome you all for the Q3 FY 2022 Earnings Conference Call of Emmbi's Industries Limited. From the management side, Mr. Makrand Appalwar – Chairman & Managing Director, Ms. Rinku Appalwar – Executive Director & CFO, Ms. Maithili Appalwar – CEO of Avana and Mr. Yash Punjabi – COO of Avana. We will begin the call with a brief overview by the management followed by the Q&A Session. I now hand over the conference to Ms. Maithili Appalwar for her opening remarks. Thank you and over to you.

Maithili Appalwar: Thank you so much Parvati. Hi, everyone, and welcome to the call. Thank you for joining in. This was another great quarter for us. I'm very excited to tell you all that we crossed the revenue of the entire last year, which was a fiscal '21. We crossed it within eight months of this year. And with this result, we recorded around INR 382 crores in our nine monthly revenue, which was 48% quarter-on-quarter growth from last year's Q3. So we're very excited about that. We've also shown a significant improvement in a lot of other different parameters, which I'd like to highlight. For example, our PAT is up by 115%. Quarter-on-quarter. Our CMD had also claimed in the last conference call that we will be aiming to improve our EBITDA by about 25 basis points compared to Q2 and we were more than successful in doing that. We raised our EBITDA by about 49 basis points and we will aim to keep it up in the coming quarters as well.

With regard to our working capital cycle, and I know that this has definitely been a point of discussion on a lot of different conference

calls, our working capital cycle has also gone down from 148 days to 107 days. And we are now aiming to get it anywhere in the higher double-digits, to anywhere between 95 to 99 working capital days.

This year, we also showed an improvement, a significant improvement in our ROE and ROC. So with regard to ROE, it was around 13% as compared to 5.68% last year, and ROC was at 13.5% as compared to 8% last year. So the idea of creating a company which is growing quickly and still remaining asset light is something that we are trying to use our parameters to sort of deliver on.

Along with this, I'm really excited to tell you about one of the new initiatives which we've taken on this quarter, which is called Reclaim30. As you all may know that we are primarily a polymer processing company. And with that there is a significant concern of the sustainability of the raw materials that we use, and the carbon footprint that we're having with our products on the world. Emmbi has always been a leader in this sustainable packaging and in sustainability. And now we've had one more instance where we were able to showcase this to our customers as well as to the larger polymer processing fraternity. So the UK recently declared that starting April '22 all plastic packaging which is imported into the UK will need to have at least 30% recycled polypropylene and to counter this law Emmbi has come up with the Reclaim 30 range of Emmbi bags, which all use 30% plus of recycled polypropylene and also help all of our customers do the required paperwork to make sure that they're getting the exemption from the government. So we are trying to be the one stop shop for our customers, where we're not only delivering the products to them, which is with the RPP, and still is very safe and very high quality, but at the same time, we're also providing them with optimal service to make sure that they're getting the tax exemption and they're good from a paperwork standpoint as well.

And although currently this has only happened in the UK, we are forecasting a similar trend across the EU to begin with, and then also into the Americas. So it's very important for us to establish a market leadership as well as thought leadership within the UK to make sure that we're setting the right foundation for the business within the polymer processing fraternity which has to come in the next 20 to 25 years.

With that, I will hand over to Yash to provide some remarks on our B2C segment. So Yash, will go ahead and explain a little bit about the consumer goods and consumer side verticals -- consumer goods and consumer durables vertical. And after that, if you have any questions, all four of us from the management are here and open to take them. Thank you for your time.

Yash Punjabi:

Hi. This is Yash I'm going to go over Avana for a bit now. Avana durables, also previously known as Avana pond lining division, has been developing a bunch of new states. We're getting a good response in the southern states, as well as some northern states. We've been trying to capture market share in Haryana for a few quarters and are glad to report that Q3, we were successful in getting a good amount of sales coming out of Haryana. We've also submitted a government tender for Madhya Pradesh, which has been accepted. So a lot of new states being added in the pond lining division. This quarter and in Q3 as well. We were focused on ramping up production and setting up better distribution channels for ourselves, seeing as pond lining is usually peaking in the pre-monsoon period, so Q4 and Q1 of next year, we know that we need to be ready for this. So that's been our main focus this time.

On the Avana consumer goods side. Those are the smaller ticket retail items that we've been launching, we've launched a new product in Q3, which is Mulch Film. We've seen a really good reception in the market for Mulch Film and it's been so encouraging that we're planning to add some in house capacities, since it's not a very labor intensive product, and will fit into our current setup without much change. We're happy to report that we've increased our touch points by a very good amount this quarter, we've hit a landmark of 1,800 retail stores at the end of Q3. So we're well on track of our goal of 2,000 stores by the end of this fiscal year. We'll probably beat that by a little bit as well.

Along with this, we're seeing a lot of deeper brand penetration. This last quarter, we spoke about our marketing push for the Murghas bag product, where we were adding shop boards, standees, and other branding and retail stores. So we are seeing the benefit of that in this quarter even for other products, such as mulch film that I spoke about. So that's been encouraging. Another aspect of consumer goods we've been working on is improving our packaging and branding of our existing products. So this is a learning we got from Jal Sanchay, that when the brand is put front and center, and we have a really good look and feel compared to our competitors, that builds a lot of trust in the brand from customers. So even customers that may not have heard of Avana, seeing the packaging and seeing the look and feel of it makes them trust the brand and more encouraged buy.

On the on the Emmbi side of things, we've continued previous strategy of using Avana as a experimental ground to figure out what works well, and then applying those positives to Emmbi. So working on the software side of Avana consumer goods, we've developed an AI powered warehousing and inventory system, where we are able to tag all our warehousing and have computerized systems that fix a lot of inefficiencies. One example of which is we don't even allow inventory to be loaded. If it's not marked on an order, the computers

just won't let you. So these kinds of benefits have been seeing -- have been making its way onto the Emmbi side.

Additionally, having built a CRM system for the Avana pond line division, we saw good results and have started preliminary phases for export B2B as well and that will be integrated well with our ERP system as well. So this will help especially in aspects like Reclaim that Maithili be just spoke about, where if we're going to be thought leaders and going to be technical leaders in the space. We want to make sure our marketing is matching that so our customers are well aware of this. That's pretty much my update for the Avana side of things. Thank you.

Maithili Appalwar: Parvati we are good to open this for questions now.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin Question and Answers Session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and then "2" participants are requested to use their handset while asking a question. Ladies and gentlemen, we'll wait a moment while the question queue assembles.

Once again, if you would like to ask a question, please press "*" and then "1" now. The first question we have is from Nitin A Khandkar from Proprietary Investor.

Nitin A Khandkar: Hello, Makrand and the entire team and congratulations on good set of numbers. Actually, my observation is more on the overall performance during the last few years. So if we look back FY '19 was our best year in terms of both EBITDA margin and return on equity, and the company has been striving to break the tag of a commodity player, with entry into the B2C segment Avana. Now we are substantially about the FY '19 levels in terms of turnover, but if you look at EBITDA margin it is nearly 300 bps below the FY '19 peak. So what is the company's roadmap to improve margins and return on equity, given our strong product profile and management capabilities? I understand that the revenue share of Avana consumer durables and consumer goods is currently low. So where do you expect to see it in about three years' time?

Maithili Appalwar: Okay, so Nitin ji, thank you so much for your question. So just to speak a little bit from the perspective of FY '19, to now, in FY '19, which you spoke about was the highest EBITDA level, I think the EBITA level was anywhere between 13% and 14%, about then and these levels were being achieved with the MEIS scheme, which was providing about a 4% relief in numbers. However, now, we do not have that scheme and so the numbers you're seeing now, which we've gone from about 10.45%, last year to about 11.07%, this year on a

nine monthly level. And we're also looking at that to increase a little bit. So we're going to be achieving about 11.3% without the MEIS scheme, and we're expecting an improvement in this not just from the movement into the B2C segment, but also to other very important factors. So the B2C segment will definitely help with the margins. In addition to that, like I explained with Reclaim30, we are even within the B2B segment, moving into more specialized products, which will help this. And also with the economies of scale that are improving our manufacturing efficiency, we're looking at some margin improvement with that also, which we've seen in the last year, as we've had this revenue jump from about INR 300 crore to around -- I think on a 12-monthly level, it will be anywhere between INR 480 crore and INR 520 crore. So we've seen quite a big revenue jump, which has helped that margin improvements.

Nitin A Khandkar: Thanks Maithili, that's really helpful. So my second question is Yash mentioned getting business in Haryana and MP.

Maithili Appalwar: Right.

Nitin A Khandkar: So what were the strategy to penetrate key agricultural markets of Punjab and UP, which are very big on -- in terms of share of agriculture.

Maithili Appalwar: Yes, I think that's a very, very good point that you've raised. And we have also been looking into this. So with UP specifically, actually, we are going the traditional route that we usually do, which is to start with a pond liner segment. So first, start using our pond -- first start selling pond liners and then move some of the consumer good products also as well. And with UP we've also found a few channel partners that we are trying to test out in the first quarter. So you may know this already if you've seen the company but -- for a while, but basically the first quarter strongest quarter for agriculture. So it usually helps to work with the channel partner through the first quarter to see what kind of performance we're able to deliver. So we are waiting on that first quarter of FY '23 to see whether our appointed channel partners in the UP are able to perform this year and then take a call on that. Punjab will be a slightly different strategy, because you again might know this but Punjab is has quite a bit of water. So pond lining is not taking pick up statewide as it has taken in some of the other states that we are present in. So with Punjab, what we're doing is we're going with a consumer good strategy first, in that some of our other products like Murghas bags etc. are working because there is a high population of dairy farmers there. So those will be the products that we will be looking into popularizing in the Punjab market.

Nitin A Khandkar: Thanks so much Maithili, if I might squeeze in one question about the disclosures. In the interest of transparency you might consider

disclosing segment details of B2B and Avana separately, so would you please share the vertical wise breakup breakdown given on slide number 14.

Maithili Appalwar: Yes, we actually do not do the numbers for that, as you may know, and we do not do that because those are confidential details but we do, do the pie chart and hopefully that will help you understand. Where each of the verticals is. However, we will also help you -- with the newer verticals, we want to make sure that we're providing as much transparency. So investors have a sense of what the growth patterns are. And at the beginning of the year, we had said that we were targeting about 10 crores in revenue for the consumer goods verticals. So we will do a proper transparent update of that at the end of all four quarters. But we're very much on track to achieve that.

Nitin A Khandkar: Thanks Maithili and just one last quick comment. I think the stock could be considered by ESG funds, given our focus on environmental product. So I wish you all the best for this.

Maithili Appalwar: Thank you so much. Have a nice one.

Moderator: Thank you, ladies and gentlemen, just a reminder, if you would like to ask a question, please press "*" and then "1" now. The next question we have is, is from Harshit Saraogi from ValueAdd Research.

Harshit Saraogi: Hello, congratulations for the set of numbers which has been reported. My first question would be the launch of new Reclaim 30. So can put some more light upon like what is the initial response the company has been getting over this launch. And as previously stated that it might spread out to EU and then to US markets. So a little bit of numbers or some forward looking statement on this particular Reclaim 30 which has been launched as a company.

Maithili Appalwar: Yes, absolutely. So in terms of his response, there's been a very, very strong response that we've been getting to our marketing campaign. So basically, we've run a LinkedIn campaign, but more popularly, we've run an emailer campaign, which is very effective with B2B. And that emailer campaign has helped us get meetings with a lot of new customers in the U.K. that we were not selling to earlier with our other bags. It's -- so it's really helping us break into sort of newer customer segments. With regard to a forward looking statement, Harshit Ji it's very difficult for me to put an exact number on this right now. But I think I'm sure you have a good understanding of the fact that the polymer packaging market or the plastic packaging market, as we know, is massive. Right. So you're looking at this across geographies. What our prediction is, is that in the next few years, a lot of the developed world will start moving into plastic packaging that has some component of recycled raw material. Now, whether that's 30% recycled polypropylene, like the UK has

mandated or whether it's 45%, or whether it's 20%, or whether they're saying post-consumer waste, or industrial waste. All this is up for debate depending on what each country decides. But the point of the matter is that all of plastic packaging is half -- going to have to move to becoming more sustainable. And so with that regard, were really trying to be very aggressive with our product range, we are the first company in the world to have all of the reclaimed 30 products be tested and certified by a major German laboratory called LABORDATA. So that's also giving us an edge in terms of taking orders. And what we're going to try to do is make sure that we are similarly aggressive with the other market, like for example, with the UK, this product just launched, but we've been working on it almost for a year and a half, we will also be the only FIBC company in the country, to have the trials done for the raw materials with reliance in our factory. So we're really trying to be the front leader in this for ourselves, as well as for the larger polymer processing fraternity. And our aim will be that with all the other countries, we try to start early like we did with the UK, and that early investment in R&D will hopefully give us the sales return like we're getting with the UK right now.

Harshit Saraogi: Fair enough. One more question I have in the consumer side, this Avana Mulch has been launched successfully. So any sort of like it has been stated that in house, existing capacity has the potential to actually manufacture it and so on. So for any capacity expansion plans in the near future in this particular segment also.

Maithili Appalwar: Yes, actually, absolutely. Harshit Ji So, like I said, we were trying to be -- we are trying to be extremely asset light but the positive thing about mulch machinery is that it's easy to set up in that the capital expenditure is low. And also it's not a very labor intensive process to be manufacturing mulch. Currently, most of the mulch that we have manufactured has been done by contract manufacturers that we have partnered with. However, now we are going to be moving into manufacturing our own, because we know that we have a sizeable revenue coming in from that product. So that sale is more or less set for us. So with that regard, we will be setting up our own manufacturing within the next fiscal.

Harshit Saraogi: Fair enough. Thank you, thanks a lot.

Maithili Appalwar: Okay, thanks.

Moderator: Thank you, ladies and gentlemen, just a reminder, if you would like to ask a question, please press “*” and then “1” now. We’ll pause a moment to see if we have any further questions.

We have a question from Hemant Shah from Edha Wealth. Please go ahead.

- Hemant Shah:** Yes. Hi, Am I Audible?
- Maithili Appalwar:** Yes you are audible.
- Hemant Shah:** Yes. Okay. Thanks for this opportunity. I just have two broad questions. Where do we see this Avana B2C space, what is our internal target have you for the next three or five years, and the strategy to grow this business equivalent to the B2B business?
- Maithili Appalwar:** Sure, so basically, the target within the next three years is to make sure that we are hitting revenue is between INR 250 to INR 300 crores within the B2C segment. So that's kind of on the numbers side. However, with regard to what is now the strategy to get this done, what we're currently doing is investing very heavily in two things. One is in our distribution. So we are extremely, extremely mindful of investing in the number of Retail TouchPoints that we have. We are absolutely, so if you just look at our sales growth, we are not looking to sell through any wholesalers. So let's take the example of a product like mulch film, with mulch film, we are not taking that take 10,000 mulch film and we're selling it to one big wholesaler, because what this does is A. it increases your dependency, it basically becomes a B2B business. And if also you're leaving too much profit on the table for the trader to take in from the middle. Instead, what we're doing is by contacting the smaller retail stores, and with that, instead of that 10,000 mulch being sold to one guy, we're selling 100, 100, 100, to a lot of smaller guys. This is reducing the speed of the sales growth that we have, however, is giving us Retail touch points and we believe that within the second and the third year of this business, this will quicken the pace as compared to going with a wholesaler model. So that's the first big investment we're making is in these smaller distribution touchpoints. The second investment that we're making is in a lot of on ground or below the line marketing, as we call it. So we are investing heavily in dealer boards, in-store marketing. This year and you might have seen some pictures in our last investor presentation, we branded about 500 retail stores. And within the next year, we're looking to brand to 2500 retail stores across our states of operation. So these two investments, we believe in marketing and in the distribution touchpoints to the end consumer will be sort of what helps us create that edge. And we also know, in terms of a larger strategy, that there is no national agro polymer brand currently present in India. So we're trying to kind of take that organized player in the agro polymer space. That's the kind of position that we're looking to occupy in this market.
- Hemant Shah:** Fantastic. I mean very, very nicely said, what would be our marketing team, Maithili.
- Maithili Appalwar:** So our marketing teams -- currently so we divide between a sales team and a marketing team, we have a sales team that is present across all of our states. So we have about 70 people within the Avana

sales team across the durables and the goods vertical. And then with marketing, we run a centralized marketing model, which means that the marketing manager and three executives sit out of the Mumbai office, and they basically will decide, let's say if we're doing a shop branding thing, then they will decide okay, these many shops need to be branded, this is what the graphic will look like. This is who it will go to, this is who the vendor will be and then they will make the delivery to all our on ground executives who finally manage the implementation on the ground.

Hemant Shah: Okay, okay, great. Great. Fantastic. I have one more question on this Reclaim 30 I mean this is the point I have never come across actually. And congratulations for this. This Reclaim 30 trademark also. So do we have the first mover advantage is UK to market and to sell the product?

Maithili Appalwar: Yes, absolutely. I do think we have a first mover advantage in the UK because we are the first people to A. create the bag. Then we were the first people to get the bag tested which has given us a big advantage compared to companies right now who was sitting either with not a clear product or an untested product. So we've of course had the product LABORDATA tested and certified like I mentioned, but we've also done field trials with customers and we're able to now take these field trials to other customers and show them that our product has worked on the field and not just in a lab environment. And we also have like you know the production has already -- the commercial production has already started off the bag, so the customers are getting more confident. In addition, we're also one of the few players to have an in house reprocessing facility. So because of this in house reprocessing facility, we are able to supply a large number of containers just with the RPP produced in house. So this is giving the customer a certainty that the quality of bag will not be sacrificed, because if you are taking the reprocess polypropylene from somewhere else, you don't know what the source is like, the quality can be sacrificed. So that is another advantage we're putting on the table.

Hemant Shah: Fantastic, fantastic. Nice. Will there be any price differential between this recycled bag RPT and the normal bags.

Maithili Appalwar: Yes, this is actually -- this will end up becoming a little bit less expensive. Because were you -- being able to use recycled like polypropylene in it. So it's a little bit less expensive in terms of the raw material that's going into it. However, the margin that we're taking on this is better, because we believe that we are adding more technology into this. And we are also providing a lot of service in terms of like I said, with tax exemption, etc. We're offering to help customers with a lot of paperwork, maintain a lot of records on our end. So if they face an audit, we that -- backend is there from them

from our sales team. So for those services, etc, we are able to command a higher margin on these products.

Hemant Shah: Perfect, perfect. And lastly, if I may ask what would be the debt? Nine monthly debt on December. And what is the targeted debt, in the next two, three years Maithili? If you can just because there will be growth...

Maithili Appalwar: Correct I will just hand over to our CFO, Mr. Appalwar for this question.

Rinku Appalwar: Hello. Yes. Yes. Hello.

Hemant Shah: Yes. I can hear you.

Rinku Appalwar: Yes, Yes, current debt was 0.94 this year, nine monthly and we are trying to the -- term loan we will be completing within the next five years. And working capital will be required as per the sales growth will be taken. And term-loan will be completed within the next five years.

Hemant Shah: Next five years. Any new term loan are we planning to take.

Rinku Appalwar: Not this year, but next year, we'll see a little bit if this mulch, we need to put a new facility.

Hemant Shah: Okay, okay. Fair enough. All right. Thank you so much. I'm done with my question. Thank you so much.

Moderator: Thank you. The next question we have is from Akil Hazari from RoboCapital.

Akhil Hazari: Hi, good evening. I just wanted to know, like, you mentioned the revenue target of INR 480 crore to INR 500 crore this year. So next year in FY '23, what would be the revenue targets?

Maithili Appalwar: I think we you know, looking first to wrap up the fourth quarter. However, within the company, definitely we're looking that for the next couple of years, we should aim at a growth of about 15% each year.

Akhil Hazari: 15% each year.

Maithili Appalwar: Yes.

Akhil Hazari: Okay. Thank you. That's it from my wife. Thank you.

Maithili Appalwar: Yes. Thanks.

Moderator: Thank you, ladies and gentlemen, just a reminder, if you would like to ask a question, please press “*” and then “1” now. Ma’am at the stage, there seems to be – apologies, there's a follow up question from Hemant Shah from Edha Wealth.

Hemant Shah: Hi, sorry. Just one last question. I just missed it. Is it fair to assume Maithili that in Avana B2C business would be much more profitable in terms of EBITDA margin than the normal B2B business?

Maithili Appalwar: Yes, that's fair to assume. But that's over when you're looking at a longer term horizon. Any B2C business is, right?

Hemant Shah: Absolutely.

Maithili Appalwar: Because initially, the marketing spends are a lot higher, because simply just within B2B marketing is, you know, either hiring more salespeople or doing more campaigns on social media, so that doesn't cost as much within B2C, definitely, the short term marketing spend ends up making the EBITA look a little bit lower within the first five ish years, because we are still establishing a brand, trying to make sure people in rural India know which is difficult to -- more difficult to penetrate than urban India certainly. But I think our belief is definitely that over a longer term horizon, if we look at this over a -- around a 7 to 10 year horizon, the B2C segment will have higher EBITDA level margins and that is why we are so bullish on that side of the business. And we are trying to build sort of a brand based company. So you know, making sure that we are taking that premium, so we're in a lot of segments like with mulch and thread, which there's a lot of unorganized players in those segments. But you know, over and above those players were able to command almost a 15% to 20% margin in these segments. So because of this what we're hoping is that we can kind of develop a brand based distribution network, which will yield better margins in the times to come.

Hemant Shah: Okay, okay.

Makrand Appalwar: Hemant, actually, sorry to barge in the call I am Makrand here, Maithili has explained it extremely nicely. I just wanted to add to it, you have to look at these efforts or this particular initiative in a way where company has decided to go on the asset light side. So when asset light you go you also get a benefit, or we're creating all kinds of brand face for many other underrepresented SME sector, which is present which we are in the past, life what life we walk I and Rinku when we start this company, we always feel this challenge or problem that there was a very little recognition as a brand to our company, what is going to happen Avana would be able to actually lend its brand face to many such SME across the state or a country, which will be able to distribute our products, their products, through Avana distribution chain, and through Avana knowledge base, so the whole

idea of creating this engine is not only distributing our product in rural India or agricultural base setup, but it's bi-directional, I would say initiative of a company, where we will be able to create a wonderful platform for our peer or kind of smaller or humble or beginner in the size. And who aspire to grow much larger in time to club. So we will lend them the brand support via Avana. At the same time, Avana we share by getting that low cost manufacturing sites, which is a perimeter around the country. This is by and large, if you want to see Avana plus five or seven years, you should see a company which has a technology knowledge and a distribution. Lot of partners on both the sides. On distributions side we have a distribution partners, and logistics partners and supply chain partners and on the supply side we have different manufacturing partners. So our large efforts will remain in R&D, developing the products and understanding that need of the product or the need of the market. So that's the only though behind Avana initiative.

Hemant Shah: Right. Fair enough. I mean, absolutely impressive. The thought processes is absolutely impressive, sir. Thank you so much. Like all questions have been answered quite well. Thank you so much.

Moderator: Thank you, we have a follow up question from A Khandkar, please go ahead.

Nitin A Khandkar: Maithili and Makrand Saheb, thanks for the very detailed update on you know, the plans for Avana. So, all in all, Avana seems to be an asset like business with better margins with substantially better return ratios. So would it be considered to kind of spin it off into a separate legal entity in about five – six years time when it reaches scale. Thank you.

Maithili Appalwar: So we have not actually closed or opened doors with regard to this, we are listening to a lot of different ways that this can be taken to make sure that we are, creating as much investor value as possible for all of our investors. And of course, being the largest shareholders in the company, this is definitely in our interest to make sure that whatever decision we make, we're making for everybody. However, I also want to highlight that our plan with Emmbi as a whole is also to move into a slightly more asset-light model. So as you know that we are using a lot of contract manufacturing in parts, so some of Emmbi's more labor, heavy processes as well. And now that a couple of our management members will be moving to the US for two years, that's Yash and I so we're moving to the US for our MBA, we will also be exploring the process of distributing Emmbi's product in the US. So that would be something that would help us sort of, reconcile the more asset light side of Avana and hopefully whatever we've learned while building the Avana business, we can bring that to Emmbi, improving the EBITDA levels there as well.

Nitin A Khandkar: Absolutely and all the best to you and Yash.

Makrand Appalwar: Nitin ji, I'm very glad to announce actually here. I was holding on as Maithili has announced that she is moving on to US. She and Yash, both are now admitted to Wharton for their MBA course and two years down the line just see two Wharton MBAs taking better charge Emmbi than what we are doing here. So that's another very happy news. And of course, we have also appointed the team which is going to, like there is a gentleman from Finolex who has joined in order to take the day to day activities for Jal Sanchay. And a gentleman from Syngenta has joined to take care of the day to day operations of the Avana retail activity. Of course, I and Rinku remain here for the operational plus there is an additional team members which has been inducted. So this is going to be slight change after six months. So that is by and large, I think Avana is going to be in the direction.

Nitin A Khandkar: Excellent, great to hear and all the best to all of you and team Emmbi. Thank you so much.

Makrand Appalwar: Thank you.

Moderator: Thank you. As there are no further questions. On behalf of Emmbi Industries Limited and KR Choksey Research, we conclude this conference. Thank you for joining us and you may now disconnect your lines.