



“GOCL Corporation Limited  
Q4 FY2019 Earning Conference Call”

June 12, 2019



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**Moderator:** Ladies and gentlemen, good day and welcome to the Gulf Oil Corporation Limited Q4 FY2019 Earnings Conference Call hosted by Axis Capital. 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. Manikantha Garre from Axis Capital. Thank you and over to you Mr. Garre!

**Manikantha Garre:** Thank you Bharat. Good evening everyone, on behalf of Axis Capital, I welcome all participants to the conference call. Today we have with us Mr. S. Pramanik - Managing Director, Mr. Ravi Jain - CFO, Mr. A.M. Kazmi – COO and Mr. A. Satyanarayana - Company Secretary and Mr. A D Sao – COO of IDL Explosives. We will start with brief overview of the company’s performance for Q4 FY2019 and then we can switch to the Q&A session. Thank you and over to you Sir!

**S. Pramanik:** On behalf of GOCL Corporation Limited, I welcome all of you to this investor’s concall. We have had a good year in 2018-2019 and we would share with you the details of the results, which are already published. I will take you quickly through those figures and then the highlights and thereafter we would like to keep it open for some question and answers, where you may require clarifications.

To start with, on a standalone basis the Energetics Division revenue, has been up by 6% in the current year. Realty Division income was up by 68% and the overall income up by 6% in the current year. Profit after tax has increased by 22% to RS. 2786 lakhs as against Rs. 2290 lakhs in the previous year.

This year, we have proposed a dividend of 100% as against 80%, which we had declared in the previous year.

On a consolidated basis, net revenue is up by 10% at Rs. 532 Crores against Rs. 483 Crores in the previous year. The total income that is including other income was Rs. 593 crores against Rs. 565 crores in the previous year.

The profit before tax has improved by 13%. It was Rs. 53.9 crores as against Rs. 47.76 crores. Profit after tax has gone up by 19% because we had certain deferred tax adjustments. The PAT was Rs. 40.55 crores as against Rs. 34.10 crores.

In this full year, IDL which is our major material subsidiary, the net revenue has gone up by 11%. It is Rs. 457 crores as against Rs. 413 crores in the previous year. The PBT is up by 42% from Rs. 21.52 Crores to Rs. 30.47 Crores and the PAT has moved up by 35% from Rs. 13.88 Crores to Rs.18.79 Crores.



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These are the major financials, which I am sure you would have noticed from our publications and the news item that we released. The Press Release is also available on our website.

Another area, which has done well, is Exports. There we have been able to do Rs. 42.74 crores as against Rs. 35.26 crores in the previous year, which is a growth of about 21% and we have been able to add many new customers in newer countries. We plan to leverage the business spread in the current year and increase this turnover of exports.

The other business, which we have been doing on a smaller scale, is the metal cladding business. It is a very specialized business where we are up by 55%. We hope to do better in the current year. Special products, which is basically oriented towards defense and space is up by 40%. Again, we hope to do much better in the current year because of certain development in new products that we have been able to achieve.

The other major point, which we have made in the press release, was on the investment that we have in Gulf Houghton Lubricants Limited, which as you know is going to be merged with Quaker Chemical Co. Inc. in US. The fair value of our investment is up by 23% over last year. The fair valuation given to us is Rs. 541 crores as against Rs. 440 crores in the previous year.

I would now like to just add a few highlights of our production and activities in the plants. In the Energetics Division at Hyderabad, the electronic detonator volumes increased substantially as well as the non-electric detonators. These products mainly have contributed to these results which we have declared.

In our subsidiary IDL, we have been able to cross 1 lakh tonnes of bulk explosives for the first time, whilst cartridge explosives are marginally up at about 36700 tonnes. This year, we are expecting good orders from metal cladding activities. The current order book that we have for the Energetics and the Explosives businesses is approximately about Rs. 430 Crores.

Another major activity, which we have been trying to get increased throughput a long time has happened now. We have received further licenses from the Government for enhancing our capacity at bulk units, which we have 7 bulk units across the country. During the year our Licenced capacity increased by 1,27,500 tonnes to 336000 tonnes. This is a major increase, and we are planning to utilize as much of these capacities as possible in the Year 2019-20. So in the tenders and for Coal India, and non-Coal India areas we will be quoting based on the higher capacities.

I would like to highlight, that during this year in both the Hyderabad factory, the Rourkela factory and the bulk plants, which we have across the Country, we have been able to do a lot of R&D efforts on our production processes. These efforts have led to lot of process changes, innovations as well as new products. All the effects will also be seen in the coming year. Many of them are being operationalized and should be in a position to deliver the intended results in the current year.



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Coming to Realty Division, the lease rentals for the one of the floor in Building No. 3 of 73,465 sqft. which has been occupied since October 2018 by Axa Business Services Pvt. Ltd. The rentals have started w.e.f. December 2018. As a result, there has been an increase in the revenues from the Realty Division by 68% to Rs. 155 lakhs. The PBT from the Division was Rs. 113 lakhs for the year.

Our Project in Bangalore is strategically located along the Bellary Road, which is a national highway. The site has a good frontage along the national highway we were expecting social infrastructure to develop by 2016 – 17, and, therefore, had targeted the first building to be completed around that time. Building No. 3 with built up area 10.46 lakhs sqft. and leasable area of 7.6 lakhs sqft. was readied accordingly. However, the weakness of social infrastructure has been affecting the tempo of leasing which we had expected.

This being an SEZ project, tenants have to get approval from the SEZ authorities and this is a time consuming factor. Currently, we have several tenants wanting to occupy space but the formalities are yet to be completed. One of the tenants has completed the formalities and has applied for SEZ approval which is expected to be received in another one month. This lease would be for an area of 30,452 sqft.

The construction of Building No. 2 has been completed and is undergoing approvals required from the Departments concerned with electricity, fire, lift, STP, etc. In short, it is in the advanced stages of getting the Occupation Certificate. However, marketing efforts have already been initiated.

Since the SEZ area is targeted at IT based customers, 66/11KV sub station for meeting the energy requirements of the project is under construction and would be fully completed in another 5 to 6 months.

In the meantime, contract for setting up of Cafeteria, a Tea / Coffee corner and ATM within the campus has been finalised. The ATM and the Tea / Coffee Corner are already operational. The Cafeteria would be operational in another month. The pace of development in the area is also increasing and we are hopeful of a faster pace of leasing.

We are advised by property consultants that the Yelahanka area is turning out to be a fast growing micro market in the city with the upcoming developments from the Embassy and Bhartiya City groups supporting other construction nearby.

The North Bangalore corridor which was till now under developed due to the concentration of activities along Whitefield and Outer Ring Road commercial eco systems are now more or less saturated, vacancy rates now range between 4% to 15% whereas it is around 67% in North Bangalore block. Therefore, attention is slowly shifting to North Bangalore. Our project should be getting a much better strike rate than before.

Regarding Hyderabad, the delay in approvals of our plans which have been submitted last year is mainly on account of the State Assembly being dissolved in September 2018 and the elections being held in December 2018. IN the meantime, we have answered several queries from the GHMC there has been a lull in approvals, pending appointment of a full time Minister In charge.



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We are continuing our marketing activities for the commercial and residential areas planned.

Overall looking forward in FY2020, we are planning to grow aggressively utilizing our new licensed capacities and R&D efforts. In the Realty segment we are stepping up our marketing efforts in Bengaluru and actively following up the delayed approvals for Hyderabad.

With that I hope I have given an overview of all the operations in GOCL and it's wholly owned subsidiary IDL Explosives. So I would now like to hand it over back to Manikantha for initiating the next phase of the discussions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Rajeev Rupani, a shareholder. Please go ahead.

**Rajeev Rupani:** Pramanik Sir. Regards to you and the entire team. Thank you for holding the concall for the investors and participants. Thank you very much. Sir I first I needed update on the Houghton, Quaker, Sir if I am correct, we had 10% stake in Houghton and post merger with Quaker we also have 2% stake in the combined entity and we have also to receive some cash component of about \$15 to \$17 million. So could you just update and last year you have told us there were some legal expenses so maybe \$1 million, \$2 million would be less could you update to me when do you receive that cash component?

**S. Pramanik:** The issue is still not in a final stage for us to give you any specifics. But I will hand it over to our CFO to give you a briefing on whatever we have received from our subsidiary in UK because they are the people who are really following up and they are keeping us apprised and also getting us the valuation reports which I just referred to a little earlier. Over to Ravi!

**Ravi Jain:** Good afternoon everyone. Good afternoon to Rupani. As regards with the Houghton and Quaker merger, understand they are making progress with both US and European Regulatory Authorities and expected to receive approval from European Commission once certain conditions are met as because of some divestment has to be made and which they are in progress of and regarding the discussion, they are in discussion with US Federal Trade Commission. The process is taking longer than anticipated. The reason of delay is mostly because shutdown in US government earlier. So now the things are in the higher pace and we expect to close down in next couple of months both the permissions and then things will move and merger will happen. As regards the cash compensations we are still not sure how much will come back after all these expense adjustment and all, yes we will have a holding of 2.4% of the Quaker. So once the deal is over we will come to know how much is the net cash we will have. If you see our result you may observe that we have reported other comprehensive income of Rs.105 Crores in the financial year 2018-2019 which is basically due to increase in the fair valuation of Houghton Holdings from 440 Crores to 541 Crores due to surge in the stock prices of Quaker at NASDAQ. The price of Quaker on March 31, 2019 was \$209 compared to \$150 on March 31, 2018. We have got also the



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advantage of forex fluctuation in our favor. So that is the update we have at this minute for the Quaker-Houghton merger and the cash compensation.

**Rajeev Rupani:** Sir very quickly in the concall, which was held on June 6, 2018 about a year back, you had told us only US and Europe are less and expected to close by September-October 2018 and then the next concall which was held on November 30, 2018 you said we expect to close the deal by January 2019. So we are kind of concerned why every press release which you are giving the new date has been given to us for the merger to happen?

**Ravi Jain:** See the merger is not in our hand it has to get approval from European Commission as well as from the US Authorities. They have certain conditions which we are reviewing. I understand from Quaker who is handling those merger issues that they are submitting their plans for their divestments based on advice of the authorities. In-between you have seen that US Government was shut down for a couple of months all these issues have contributed to things getting delayed. So once we had the permission from the European Commission as well as from the US Authority that is basically handled by the Quaker side.

**Rajeev Rupani:** So can we expect it to close in the next three, four months and by the AGM?

**Ravi Jain:** That is what we are expecting.

**S. Pramanik:** In fact, if I may add this as was said it is the finalization phase totally out of our hands. It is purely a Quaker exercise which is going on. And until they obtain the clearances, we cannot get any further details from them. However, they are regularly giving out press releases which are available on the net.

**Rajeev Rupani:** One last final question on this. Sir now the stake which we have how do you plan to unlock the value for shareholders. I mean what is the plan do we plan to continue holding it for like one, two years or three years please let your shareholders now?

**S. Pramanik:** We are also observing the performance of Quaker and in the merged entity when the merger happens. Depending on that we will be taking a decision. Our Board will look into that and then take a decision but we will be guided by HGHL feedback on it, because they are directly in touch with Quaker. After the merger there will be several changes operations so based on that we will be taking a decision. So you will have to wait for some more time.

**Rajeev Rupani:** Now my next question was on the Hyderabad 100 acre land parcel, Sir it has been quite some time since we have submitted the master plan to GHMC. I mean it has been about two years. So why is the approval taking so long because in the previous concalls you have mentioned like in AGM of 2019 you informed us it will take four, five months, then in December 8, 2017 concall you said we should be able to break ground by March 2018. Now so it is taking too long, so why is it taking so long?



**S. Pramanik:** I do agree there is a delay. In fact, we are deciding to get ourselves into this chasing with the authorities rather than leaving everything to the developers, who is actually handling this. But the main reason I must tell you is that we modified the plans, as I said in an AGM, and in the earlier discussions, that based on the change in the demand patterns we were adjusting our layouts. So the plan before GHMC was submitted last year before the Assembly was dissolved. This led to a lull period because the assembly got dissolved and there was a caretaker Government. The elections came only in December. After December unfortunately there has been no minister in-charge on a specific basis and therefore all the activities in this department and GHMC were affected. However, GHMC had raised a several queries during the follow up, we had submitted all the reports / details regarding those queries. We have also submitted detailed drawings required by them. The final approvals are awaited.

**Rajeev Rupani:** So as guided previously like you have said it takes about four, five months?

**S. Pramanik:** See I am totally with what I answered you at that time, but that was the information available at that point of time. The unfortunate part as I said is that these events have happened between the last concall and this concall there was a caretaker government followed by a new assembly election, new government has been formed and new ministers have been designated. This has really upset a lot of schedules with the bureaucrats.

**Rajeev Rupani:** One follow-up question on the Hyderabad development. Sir I have been reading various reports about the land prices going up in Hyderabad quite dramatically and I have also read one newspaper article dated May 4, 2018 whereby it states that Telengana Housing Board gets rights for 20 acre land parcel in Kukatpally after long legal battle, 20 acre land worth about 700 Crores in Kukatpally. And I have also raised this point in the AGM that the JV was done in 2012 and till date the development has not started so does the GOCL deserve a higher area there and you said the board will look into it, so can you update us?

**S. Pramanik:** The Board is looking into it, but more than that I would like to also point out that yes because the land prices have shown a slight upward trend, the property prices have also moved up. So these would reflect in the revenue that we will from our share. These are facts, which are before the Board and we are also taking support from the consultants to understand the new development and demand shifts taking place. In short the Board is seized of that matter.

**Rajeev Rupani:** I hope that GOCL get a slightly higher share than what it was originally allotted?

**S. Pramanik:** Well, we have to wait for the decisions in the Board to apprise you further.

**Rajeev Rupani:** Last update I need on the Bengaluru 40 acres. Sir as things stand today so by now earlier you have told us the balance land you plan to do build to suit so as things stand today what is by when tentatively approximately will the 30 acre project be complete, what happens to the 10 acre non-IT what is the plan, please let us know?



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**S. Pramanik:**

As I said in this discussion a little while ago, we are advised that the saturation point has come as far as Whitefield and Outer Ring Road developments which had taken place and were attracting all the clients to that area because of the superior infrastructure. I gave you some figures that there is about 4% vacancy in Whitefield block and about 15% in Outer Ring Road block. There is a shift towards the north now A) because of its proximity to the airport and B) because of the metro rail coming in to that North block. These are all going to take a few more years but in the meantime the infrastructure around Yelahanka had started growing, although slowly on account of these two developments. Moreover, large developments are now taking place very near our property by Embassy and Bharatiya City. These are going to bring in a lot more attention into this area. So their infrastructure is expected to grow much faster. So looking at all these issues, we feel that the absorption rate will increase much faster. Already as I said there are some Organisations showing interest in taking SEZ approvals for leasing our place. So it is moving. Okay, we would have liked to see a much faster pace, but the development in that area and social infrastructure is lagging. To push the occupancy rate a bit faster we are putting an ATM in the campus. It is already functioning. We have started a tea, coffee area, work on a cafeteria has also been initiated. The cafeteria should be functional in another 45 days or so. These are things which we are doing to attract clientele and offset some of the deficiencies in the outside infrastructure which has not grown at the pace that we had expected.

**Rajeev Rupani:**

Pramanik Sir, I understand that. I have been to the site and I know here the delay is not due to anyone's purpose but it is understood because there is not much demand. What I would like to I will repeat my question see in 2012 we were told it will be complete by 2017. Now it is 2019, so in coming three, four, five years can be expect generally the project to be complete that is what I want to understand?

**S. Pramanik:**

You had also asked a question about this build to suit. On build to suit also lot of due diligence is being done because these are international parties and they have different standards on which they work. So we have satisfied them on all the legal work as well as land details. All that has been done, but finally, I think it boils down to the fact that the local infrastructure not being there, they are worried about attracting their employees to work from this area. Hence, the delay. Some of the consultants tell us is that till the election results are announced no foreign organisation will really want to take a decision. That is the other reason why things have got delayed. I hope it will move now that we have a stable government at the Centre.

**Rajeev Rupani:**

Thank you.

**Moderator:**

Thank you. The next question is from the line of Amish Dedhia an individual investor. Please go ahead.

**Amish Dedhia:**

Good evening my name is Amish Dedhia. I am shareholder for a while now with GOCL. I have two quick questions, just the first guy has probably asked, we had signed the joint venture regarding this Kukatpally, Hyderabad in July 2012 and now it is 2019 it has been a while now. I would like to know why there has been so much of a delay. Just for your information I have got a flat at the Rainbow Vistas opposite at 3000 square foot, now it is 6000. So do not you think the





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company has stood to lose quite a bit in terms of time?

**S. Pramanik:** Ours is a mixed development. It is not pure residential. So what you say about residential prices is actually happening not only in our area, it has happened in the whole of this block right up to Gachibowli and beyond. But the point is that this development has to be done in a 60:40 ratio. That is commercial and IT block ( 60% ) and residential ( 40% ). So we are getting advice that at the moment the IT people and the commercial people are just realizing the value of this site and this is one of the main reasons why there has been a delay. We cannot develop only residential which we know that it would be absorbed easily. But you must remember that it has to be done simultaneously in the ratio of 60:40. That is the impediment in this project.

**Amish Dedhia:** Thank you.

**Moderator:** Thank you. The next question is from the line of Govindlal Gilada an individual investor. Please go ahead.

**Govindlal Gilada:** Good afternoon Pramanik Ji and all other team members. First I am happy that on some business front and some profit improvements and Houghton value has gone up, but I will tell that happiness is very low and sadness is more, so I hope you understood what I am telling know.

**S. Pramanik:** Yes, we are also chasing development in Realty Division and we some time feel that inspite of all the effort we have put it get to a point where at the end of the year we have to explain why it did not move in the direction we have planned. Please go ahead.

**Govindlal Gilada:** No, no, I am asking, what I told happiness is less and sadness is more, did you understand that, as I had spoken in Hindi.

**S. Pramanik:** Yes, that is okay. I understand.

**Govindlal Gilada:** There are no issues. Already 20, 25 minutes you have taken and explained to Mr. Rupani so my job is done easily now. So net-net Pramanik Ji I am shareholder since 2006, 2007 and almost 10, 12, 13 years right, Rupani has with facts and figures he has talked since 2012 permissions all this and that whatever it is. So Bengaluru we are almost we are planning to develop I think 50 lakh square foot and we are supposed to complete by 2017 what we have announced but I am very sorry to say that in spite of all your constraint compulsions you have mentioned only 1 lakh square foot we are able to lease till now so I do not know at this speed another 49 lakh square foot when we would be able to lease. So you have got best of the consultants all that you should have these things before committing in 2012 you have committed 2017 will complete all the projects at least okay, some 10%, 20%, 30% what 1 lakh means 2% of the project we have completed after two years what we have committed timeline is 2017, Hyderabad also after entering all net-net what I want to tell you might have got your compulsions, constraints all that, but as a shareholder I am disappointed the way the things are moving and we are not seeing light at the end of tunnel when all these things now move at Bengaluru another 10, 15 lakh square foot when we will be able to lease, no clarity right. Now you are also not able to tell confidently, Hyderabad when we will get permissions, when will construction will start, no clarity, six months



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it will start at least we will have some consolation that it is going to start. So no front, no clarity so how long we should be having patience that is the first thing. Second thing agreed in spite of all these things company management I am in 30 years in stock market management role is that so actual market care should they bring to the intrinsic worth of the company, right now market captures some 1400 Crores and land prices all that in last one year they must have moved up 30%, 40% because I know I am planning to buy land for my living. I want to construction some bungalow all that I am saying how they have moved up and all that 120, 130 now they are talking about 170, 180 lakhs per head so 40% they have moved up but intrinsic worth of company is going up, assets all that, Houghton value has gone up business is doing good, Bengaluru value is going up, rental yields are going up, Hyderabad land value is going up, residential prices are going up, rental commercial are going up but what about share price. It is not at all moving. Why it is so. It is your job, management job that intrinsic worth of the company is going up but shareholders are not feeling that happiness. Second thing there is no depth, no volume. Today 1300 shares in NSE, 500 shares in BSE, there is no interest. I track so many companies so lack of value in debt I have not seen in any companies with 1400 Crores market cap, no participation from market, no interest in our stock, it is management job to create interest in the company. There should be a buyer. There should be a seller. There are no buyers, no sellers. Suppose I got better opportunity to invest in some other stocks, there is no exit for me. There is lot of impact cost for somebody to buy also to sell also. That liquidity how should come it is your job, you should go meet people explain your intrinsic work there but I am seeing that you conduct concall, you are not meeting anybody as a group policy I do not know. Hinduja people all other Ashok Leyland they meet, Gulf Lubricant you name it everybody in their meeting, going in conferences, meeting to investors, one-to-one meeting they are doing but you people are not at all interested to know market, big people participant whatever it is, HNI investors what is your intrinsic worth of the company you are not able to convince anybody. There you are failing miserably okay agreed, permissions all that not maybe in your hand but you should able to convince people at least when things will move, what is your intrinsic worth of the company, totally I am disappointed on that part. In last AGM Hinduja was not there. I request convey from our side this AGM make sure that Hindujas are there in AGM. I want to talk to them, I have to decide. I cannot keep my idle investment. We are not a permanent shareholder in the company. There are lots of opportunities in the stock market. At least I want to understand what is the philosophy of company, how they want to create value for shareholders or not, or they are not bothered, they want to go I want one answer from Hindujas now they want to do business like that only then okay we will take our decision, we are keeping hope year-after-year, month-after-month, quarter-after-quarter then something will happen, something will move nothing is happening.

**S. Pramanik:** Yes we are there and we are noting your points.

**Govindlal Gilada:** Yes, noting will not do. I am literally disappointed I am telling you. There is lot of intrinsic worth in the company that is why I am holding shares hoping that someday this intrinsic worth will be reflecting stock price but you people and management no proactive efforts on this path. First you people are not at all interested to meet fund managers community and HNI investors because you people are not happy to meet because you do not know when things will move, you do not have anything to talk, that is the problem. You tell me 1400 Crores market cap defines this company



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500 Crores you are telling market cap valuation of Houghton then what is the 80 acres how much even the 20, 30 Crores we take it is 2000 Crores worth of land leave aside all assets under...

**S. Pramanik:** We take your point.

**Govindlal Gilada:** I will conclude this one, then another any development on that Mutt land Sir?

**S. Pramanik:** It is as it is. There is no development and we have been following up for a hearing in the Supreme Court. I understand they said that they will give us some date in August so our legal counsels are waiting.

**Govindlal Gilada:** What about Houghton pledge Sir, by this year end I think hope to remove all pledge all that how the things are moving on that Houghton pledge loan all that?

**S. Pramanik:** Houghton is moving, but as Mr. Ravi Jain mentioned a little earlier it was moving at quite a good pace in US but then in the last minute because of the federal government shutdown there has been a few changes in the people who are handling so it going slow. We hope that there should be some resolution coming up but I cannot give you any concrete dates at the moment.

**Govindlal Gilada:** Whatever we have Bengaluru we have entered into lease what is the rent we are getting Sir?

**S. Pramanik:** The latest figure is about Rs.45.

**Govindlal Gilada:** Rs.45 per square foot per month.

**S. Pramanik:** Yes that is right.

**Govindlal Gilada:** You tell me Sir, what I have told anything can you console me, tell me?

**S. Pramanik:** Yes, the lease rentals has slightly moved up. Until the infrastructure comes up in the Yelahanka block we are not seeing that level of interest, which we had expected earlier. Unfortunately the pace of outside development is something which we may have misjudged.

**Govindlal Gilada:** Sorry for disturbing Pramanik Sir, these things all you have repeatedly told to Rupani and all the other people. What I am telling and what I want to understand is that management and you people will take pain to bring intrinsic worth of the company in share price what efforts you will be putting?

**S. Pramanik:** That is another area which we can only do it through our performance and that is what we are aiming at and we are regularly improving that but we cannot advise you on market trends. I am sorry but that is something which we cannot do but I will discuss your comments with the Board and seek their advice.

**Govindlal Gilada:** You are not feeling sorry about, the kind of volume happen in our stock sir, 1200 share?

**S. Pramanik:** This has been the normal trend in volumes what we have seen. Sometimes the volumes also go



up.

**Govindlal Gilada:** No, in our company average volumes are that 1200, 1300, 2000, 5000 best of the days, in general all other companies 1400 Crores with minimum 51 lakh share volume happens.

**S. Pramanik:** Anyway I am sorry, I cannot comment further.

**Govindlal Gilada:** Sir I understand it is not your job. The thing is that the interest has to be created in market so that there.

**S. Pramanik:** Your point is taken. I will have to discuss this.

**Govindlal Gilada:** No, can you tell me Sir all Hinduja companies they met investor community while Gulf Oil only is not meeting any what is particular reason why you people are not meeting?

**S. Pramanik:** Only the fund managers send requests.

**Govindlal Gilada:** All the other companies of Hinduja Group they meet, why you people are not interested in meeting can you tell me, what is the reason for not meeting?

**Moderator:** Mr. Gilada I would request you to please come down to the queue because there are other callers as well.

**Govindlal Gilada:** Thank you.

**Moderator:** Thank you. We move to the next question, which is from the line of Rajeev Rupani a shareholder. Please go ahead.

**Rajeev Rupani:** Pramanik Sir can we have update on the Bhiwandi land what is the value today, 80 acre land parcel?

**S. Pramanik:** Well, I do not have a value as of now but year end value is as in the Balance Sheet. It has been our old factory and there is no specific activity there.

**Rajeev Rupani:** What are the plans for development I mean when do?

**S. Pramanik:** There is no plan as of now. At the moment we are trying to get developments going in Hyderabad and in Bengaluru before we take up any other project.

**Rajeev Rupani:** Recently I was reading some press release about transfer of technology from DRDO to our company GOCL so could you throw some light on that?

**S. Pramanik:** We did get a TOT transfer. There were ten people selected by ISRO that is their VSSC for making lithium ion batteries for spacecrafts and satellites. We studied that and found that there were some technical problems about using this technology for electric vehicles, which is where we were trying to use this Technology. So because of that we declined taking over the TOT.



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Incidentally, there was no buyback of products offered by VSSC of the TOT products.

- Rajeev Rupani:** And what the plans for the defense business any update?
- S. Pramanik:** Yes, Defense business we are doing quite okay. We have been supplying to BDL, to ISRO. In fact there are some new items which we have developed but they are all under testing so unless the tests get over we have nothing to announce at the moment. The test procedures are very very stringent and take time.
- Rajeev Rupani:** Sir I was talking about if we have a plan or vision over the longer-term for the defense business because if you see our promoter he has the best links around the world and the Make in India opportunity has been opened up to do defense business so are we planning to get in a big way for to develop products to Make in India in the defense business?
- S. Pramanik:** We have looked at plans but you must understand that defense is quite cyclical as the stocks build up then the orders may not be of volumes and is tender based. For instance we were interested in certain RFQ items floated in 2016 and till date those have not been decided at all so this type of business has a very long gestation period besides testing and qualification.
- Rajeev Rupani:** Regarding our explosive business you just informed us SEBI has issued additional approvals of about 336000 tonnes so currently we are doing about 250 Crores in turnover so going forward in the next three, four years can we expect this to move higher to about 600 Crores, 700 Crores, 800 Crores possible three to five years?
- S. Pramanik:** That we are working on and we have set certain targets this year. The problem we see in this line of business is basically dependent on the tendering / reverse auction process in a PSU. However, we are growing well and as I said we have got new licenses granted by the Department in especially the explosive side which is handled by IDL Explosives and there we are planning to increase capacities very dramatically in the next two years.
- Rajeev Rupani:** One last point Sir. I am totally in agreement with what Mr. Gilada said. I am also a shareholder since of last 10, 12 years and I just hope what has happened has happened but going forward I mean the company and the management delivers on what it has promised and the development happens as quick as possible to put a shortly. Thank you.
- S. Pramanik:** I must also say that as far as the regular business of the company is concerned we are delivering. The only issue is with regard to realty which we are looking into since we are not able to keep the deadlines which we have talked about. We are getting actively into this area but otherwise on the Explosives and Energetics side we are meeting whatever we have been committing in the various forums.
- Rajeev Rupani:** Thank you.
- Moderator:** Sure. We take one last question, which is from the line of Govindlal Gilada an individual investor. Please go ahead.



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- Govindlal Gilada:** Pramanik Sir, my request is that this AGM you make sure that Hindujas come, last AGM also they were not there. Second thing Houghton and all, if you get cash, I request to do some buyback or something on that front so these are my two requests Sir?
- S. Pramanik:** Yes, I will put it up to the Chairman and the Board.
- Govindlal Gilada:** I will see that how is this intrinsic worth of the company is reflected in share price and so the real estate all that I am seeing that you have got all other responsibilities why not appoint a full-fledged one CEO or somebody on real estate front. They have appointed so somebody has to be there to follow-up full time. This is not a job that you can do unless you have a full.
- S. Pramanik:** This was a development agreement which we had given and all costs, all marketing, all logistics was to be handled by the developer so therefore we have been following what the developer is advising us. But as I said a little earlier, we are now taking a look at how much we can really get into in from our end.
- Govindlal Gilada:** Anyhow we will be meeting now on September in AGM?
- S. Pramanik:** Yes that is right.
- Govindlal Gilada:** I hope that Hindujas will be there.
- S. Pramanik:** I will inform the Chairman.
- Govindlal Gilada:** Yes, please Sir. Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I would like to hand the conference over to Mr. Manikantha Garre for closing comments.
- Manikantha Garre:** Thanks a lot GOCL Corporation management for devoting time for this call. Thanks a lot to all our participants for participating in the call. Thank you so much.
- S. Pramanik:** Thank you.
- Moderator:** Thank you. On behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.