"Marksans Pharma Limited Q4FY22 & FY22 Earnings Conference Call"

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MANAGEMENT: **MR. MARK SALDANHA – FOUNDER, MANAGING DIRECTOR &CEO, MARKSANS PHARMA LIMITED**
MR. JITENDRA SHARMA - CHIEF FINANCIAL OFFICER, MARKSANS PHARMA LIMITED

MODERATOR: **MR. ROHAN JOHN – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Marksans Pharma Limited Q4&FY22 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohan John from ICICI Securities Limited. Thank you and over to you, sir.

Rohan John: Thanks Faizan. Good evening everyone and welcome to Marksans Pharma Limited fourth quarter and FY22 Earnings Conference Call. We have the senior management, Mr. Mark Saldanha - Founder, Chairman & Managing Director and Mr. Jitendra Sharma - Chief Financial Officer participating in this call. I thank the management for giving ICICI Securities an opportunity to host this call. Over to you, Jitendra sir.

Jitendra Sharma: Thank you Rohan and very good evening to everyone and thank you for joining us for Q4 FY22 Earnings Call of Marksans Pharma. On the call today, we will discuss our operational and financial highlights for the quarter and year ended March 31st, 2022.

On this call, our discussion will include certain forward-looking statements. These estimates reflect management's current expectations of the future performance of the company. Please note that these estimates involve several risks and uncertainties, we do not undertake any obligation to publicly update any forward-looking statement whether as a result of new confirmation, future events, or otherwise.Moving on, we have Mr. Mark Saldanha – Founder, Chairman and Managing Director from our Management Team.

To start the call, I will request Mark sir for his comments.

Mark Saldanha: Thank you Jitendra. Good evening everyone. Hope you and your families are safe and doing well. It is my pleasure to welcome you to the Q4 FY22 Earning Call. Let me try and keep the remark short, so we have more time to take your questions. FY22 was a challenging year for the industry. We witnessed continuous impact fromgeopolitical crisis, supply chains, and inflationary headwinds across our key markets, COVID resurgence in China, input cost pressure and increased freight cost didn'tmake it any easier. The pricing pressure in US continued in the high single digits during the year impacting our generic US business. These developments impacted our gross and EBITDA margins, however, despite these challenges we had a decent revenue growth in the year led by North America and Australian market. We have also started passing the pricing increases to certain of our customers. The development of our Goa factory which included the addition of our new manufacturing line is on schedule and expected to start by the end of this calendar year. We expanded our portfolio in this quarter by launching 3 new products in the US and 12 in UK. We are also strengthening our R&D capabilities and have a strong product pipeline in the near term. We plan to launchseveral new products in the next 2 years.

I would like to reaffirm that the forward integrated business module which has a significant global presence is quite unique. Our business module has evolved over the period of time from 100% CRAMs driven to 100% own IP driven forward integrated business. We have emerged as prime manufacturers and marketers in US, UK and Australia. We have established a strong presence in these countries with our frontand distribution capabilities. This is obviously supported by low cost manufacturing base which we leverage out of India. We are also prime manufactures of soft gels products from India. We are expanding our manufacturing capabilities and taking new steps to backward integrate into API manufacturing of our core molecules for captive consumption and our aim is to become fully integrated company with our own API formulation manufacturing and our own forward integrated marketing into the biggest markets in the world. With this, I would like to turn it over to Jitendra, our CFO who will give you an update on the financial before we can take your Q&A. Thank you.

Jitendra Sharma: Thank you sir. Let me start with the financial highlights for Q4 followed by FY22. Operating revenue was at Rs. 418 crores, increase of 26.6% compared with Rs. 330 crores last year. Gross profit was at Rs. 206 crores in Q4 FY22 increasing by 1.5% year-on-year. Gross margin stood at 49.4% in Q4 FY22. EBITDA was Rs. 63.6 crores, EBITDA decline was due to continued input cost headwinds and elevated freight and packaging material costs. Our depreciation increased on Ind AS 116 lease accounting. We have taken few large warehouses in US and UK on lease and have created a lease liability and write-off use ofassets providing for additional depreciation of Rs. 12 crores in Q4 FY22 with the total depreciation charge of Rs. 21 crores in the Q4. Our profit before tax was at Rs. 52.6 crores, the profit after tax was Rs. 29.7 crores for the quarter. There The consolidated tax provision included a deferred tax provision of Rs. 7.8 crores on account of capital leases, property and equipment.

Summarizing our FY22 results, our revenue was at Rs. 1,490 crores representing a growth of 8.3% as compared to FY21. From a geography perspective, US, North America was the highest contributor at Rs. 635 crores witnessing 8.5% growth from the year FY21. EU and UK formulation market recorded 4.7% growth at Rs. 609 crores. Australia, New Zealand formulation market recorded 22.9% growth at Rs. 179.8 crores whereas the Rest of the World recorded 7.3% increase in the sales to Rs. 66.9 crores in FY22. The gross profit was at Rs. 774 crores in FY22 compared to Rs. 781 crores last year. EBITDA was at Rs. 258.9 crores as compared to Rs. 339 crores in FY21. EBITDA margin was at 17.4% in FY22 as against 24.7% in FY21. PAT stood at Rs. 186.8 crores in FY22. The EPS for the year stood at Rs. 4.51. We continue to invest in capacity expansion with our CAPEX being at Rs. 46.3 crores in FY22.

Our R&D spend in the year was Rs. 30.2 crores that is around 2% of the sales and we expect R&D spend to increase to 4% to 5% of sales over the next few years. We launched 12 new products in UK region and 3 new products in US. Our pipeline for next few years remains healthy with more than 76 products out of which 34 products are in UK, 32 in US and 10 are in Australia and New Zealand. In the UK, out of the 34 products in pipeline, 8 of them are planned to file in FY23. In addition to these products, 16 products are already filed and awaiting approval in UK markets.

Talking about the US region, out of the 32 products in pipeline, 27 are in OTC and 5 are in RX. We continue to remain debt free and our cash and cash equivalent in the books was at Rs. 349.3 crores. We have seen continued increase in input cost pressure during the last year. Given the current uncertain macro-outlook, we remain a bit cautious, however, we are positive about the business prospects over the medium to long term. With that, I would like to now open the floor to question and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vijay Nahar, Individual Investor. Please go ahead.

Vijay Nahar: Congratulations for the figures in spite of a lot of challenges, but what I would like to know is what were the challenges which had affected the cost and which of the cost increase have been passed on to the consumers, such as logistics, the raw material price increase and the effect of the China lockdown?

Mark Saldanha: This is Mark Saldanha, so the challenges like we have explained are multifold, one is obviously the China lockdown which has cash cutting impact on all input cost of raw materials, excipients or chemicals that go into manufacturing of products. With the war in Ukraine and all these embargos happening on Russia, obviously the oil prices are not getting any cheaper, so this basically had an impact on freight cost which has gone up tremendously and obviously any items which are derived more from oil derivatives have also increased, a lot of our packaging cost has increased, so overall input on to our product has gone up. We are working into basically passing on whatever cost we can with the price increase to our customers, but that said and done, while last year was more for pandemic status quo, this year the world is just coming out of the pandemic, so there has been a correction in distribution channels in certain markets in our key markets and this basically when there is a change in the distribution channel and inventory depletion is happening, pricing pressure is also there because there is more of supply and less of demand. Definitely there is pricing pressure that one has to take into account, but that said in 2022 has been a challenging year for different reasons than 2021, but all said and done, we have kept our market share, we are growing in terms of sales and in terms of our revenue. There has been pricing pressure on the bottomline, but we are still holding strong in certain other areas.

Moderator: Thank you. The next question is from the line of Rajeev Rupani, Individual Investor. Please go ahead.

Rajeev Rupani: My question was on the warrant issue, so OrbiMed and to you, Mr. Mark, so the amount to be raised was Rs. 93 crores and it was on 20th July 2021, so almost a year has passed, so when do you propose to pay the full amount and convert the warrants into shares?

JitendraSharma: At the time of warrant issuance, the 25% money we have received upfront, now warrant is convertible anytime in next 18 months time. So, in terms of the fund requirements like we have completed one acquisition in Dubai, we are looking at few more opportunities and we do have a CAPEX plan also.So, exactly in terms of the timeline we are looking at somewhere in this year, the conversion will happen and the balance money will come in.

Rajeev Rupani: So, even if the share price is below the conversion rate, the warrants will be converted into share, am I correct, my reading is correct?

Jitendra Sharma: Yes, that is correct.

Rajeev Rupani: My next question is, you had guided for Rs. 2,000 crores revenue target in the next few years, so how much time, is it 1 year, 2 year, 3 year, 4 years, 5 years,by when do you reach the target?

Mark Saldanha: We had always projected that within the next 3 years we will touch, we are on part of touching Rs. 2,000 crores and we are pretty much on target.

Rajeev Rupani: And next question is, earlier you had guided for EBITDA margins of 23% to 25% and in Q4 our EBITDA margin was 15%, so going forward, in the next year, due to the challenges, will our EBITDA margin be 15-17% only?

Jitendra Sharma: See, for the current year, looking at the existing scenario, definitely the margins are under pressure, the input costs have not started coming down as yet, though they have stabilized a bit, but still they are on a higher side. Similarly, on freight costs also, we are not seeing any immediate reduction. So, we believe that this year the EBITDA margin pressure will continue and we are expecting the EBITDA in the range of 17% to 20%, the FY22 overall EBITDA was 17.4% and we expect the EBITDA to remain between 17%and 20% in this year.

Rajeev Rupani: And my next question is you planned to incur a CAPEX of Rs. 200 crores and CAPEX already incurred is Rs. 46 crores and you talked about the backward integration and manufacturing our own APIs, so the current CAPEX of Rs. 46 crores, is it for APIs and the balance amount will be for your own APIs and then by when do you propose to do this?

Jitendra Sharma: See, the Rs. 46 crores CAPEX was mainly into formulation manufacturing facilities across the company, so we have 3 plants, one is India, one in UK and in US. The API CAPEX basically is planned and the Rs. 200 crores CAPEX plan basically will have both formulation as well as API capabilities and it will basically like we are in the process of identifying various targets so far as the formulation manufacturing capacities are concerned, so we are looking at acquisitions and this money will go mainly towards that.

Rajeev Rupani: And last question, we will be debt free going forward for the next 2, 3, 4 years?

Jitendra Sharma: We are not averse to debt, we are debt free as of now. I think with the kind of overall cash generation and cash in the books there is no need for immediate debt. We don’t plan to raise debt in the short term, but in longer term we may have some debt in the book, but again like we basically don't plan to go say beyond one EBITDA at any given point of time, but there are no short-term plans for raising that.

Moderator: Thank you. The next question is from the line of Piyush Ostwal from Piyush Ostwal and Associates. Please go ahead.

Piyush Ostwal: Congratulations on the wonderful performance, I just wanted some clarification on the trade receivable, the trade receivables are constantly increasing, any specific reasons for that?

Jitendra Sharma: The receivables have increased during the year, basically which is in line with increase in the sales and we have also in certain geographies, few customers, we have increased the credit period due to the current market situation out there, but the overall average receivable levels are around 90 days which are in line with the overall industry standards and we are regularly monitoring the levels. We don't see this to further increase.

Moderator: Thank you. The next question is from the line of Manoj Mathew Jacob, Individual Investor. Please go ahead.

Manoj Mathew Jacob: Congratulations to the team. My first question is, recently in paper, it appeared that Marksans had acquired some land in Madhya Pradesh for setting up a factory, is that true? And second, what about the API because after the 2020 results,I remember Mark saying that we will be setting up the API within 2 years at the max or within 18 months, so if you look from 2020 March it is now almost 2 years?

Mark Saldanha: Just to answer your first question of Madhya Pradesh, yes, we have applied for allocation of land out there in Madhya Pradesh, that is true, that is again a Greenfield project that we are exploring. With regards to API, we have started working on R&D and our own DMFs in terms of multiple products, nearly 6 or 7 of them are actually working. Our aim was to do inorganic strategy in API, but identifying companies and just working on valuations of those targeted companies was taking a bit longer. 2020, obviously API companies had crazy evaluations, so consummating or finding out the right partner was a bit difficult. Now that reality has seeped into 2021 and 22, we are still exploring that, nothing concrete has come onto that, but at the same time we are working on organic strategies and R&Ds and we have completed on quite a few products and we are hopeful that hopefully by the end of 2022, we may have few DMFs filed with our own API.

Manoj Mathew Jacob: With your own API, so it will be organic?

Mark Saldanha: Right now, it is organic, but inorganic if anything comes through, then everyone will be the first to know.

Manoj Mathew Jacob: And the last question, may I ask you, you have taken additional lease capacity in US and UK that means you plan to stock more over there?

Jitendra Sharma: Yes, these are the warehouses which we are using to keep our stocks.

Manoj Mathew Jacob: No, apart from existing warehouses, you plan to stock more by taking new warehouses, am I right?

Mark Saldanha: Yes, that is because of our increased demand and the inventory cycle servicing customers and again the waves in terms of COVID that comes, goes, so we are just trying to preempt and ensure we have enough of stock with the logistic, our timelines have gone crazy earlier, shipments from India to US was 21 days, today it is about 60 days, so this has prompted us to have better inventory out there to avoid any stock out positions.

Moderator: Thank you. The next question is from the line of Shaker Rao, Individual Investor. Please go ahead.

Shaker Rao: I have two questions, one is, the Access Healthcare that you are in the process of acquiring, if you can slightly elaborate on what is the plan with that organization? The second one is APIs you are planning for core molecules; how many you consider as core molecules based on the current business?

Mark Saldanha: So, the acquisition in Dubai, basically it is a virtual company marketing formulations basically in UAE, we are looking at Dubai as a port of entry into Middle East, so we have few geographies that we will be expanding from this base and moving on. Again, this is a very niche trajectory, but we do see a lot of value addition coming there into such arenas wherever they are niche. Dubai basically for us is a platform for distribution in the Middle East.

Moderator: Thank you. The next question is from the line of Manoj Mathew Jacob, an Individual Investor. Please go ahead.

Manoj Mathew Jacob: Mark, I remember one more thing you had said that in 2023 or 2024, Marksans will have a unique product which may be second in India to international markets?

Mark Saldanha: Could you repeat that unique product or product?

Manoj Mathew Jacob: Yes, the unique product for either US or UK market which will be the second company in India to offer that?

Mark Saldanha: I don't recap that statement per se, but.

Jitendra Sharma: It might be the Loratadine soft gels, we have couple of products wherein like we are.

Mark Saldanha: We have couple of products where we are first to file uniquely positioned in terms of being the only generic item in the US, but these are pretty niche molecules, but it gives us a space and identity to be created. We are working on one more molecule which again hopefully in 2024 should see the light, but again we are basically into a generic phase, we don't do our own

NDA, so we are into a generic space, but we try to basically identify molecules where we could have that early launch and early time scales from that angle, but again we are not into drug discovery or basic research to come up with anything which is patented as on today.

Moderator: Thank you. The next question is from the line of Yogesh from Arihant Capital Markets. Please go ahead.

Yogesh: My first question is on depreciation if I would have missed it in the earlier call, so it is like, depreciation and amortization has increased by about more than 100% at Rs. 21 crores for the quarter, so just wanted to understand that and would this be the run rate going forward quarterly?

Jitendra Sharma: This is Jitendra here. No, as I mentioned in my opening remark, actually we have adopted Ind AS 116 while consolidating the US and UK balance sheets into the Indian parent company balance sheet, so we have taken warehouses in these geographies wherein we have provided for lease liability and corresponding write-off used assets. So, in Q4, we basically provided for the depreciation for the whole year on these assets. So, basically there is an increase of Rs. 12 crores in depreciation figure. Now, in the current year, it will basically come as a quarterly charge of Rs. 3 crore every year, so definitely the depreciation will increase, but not to this extent.

Yogesh: The finance cost is about Rs. 5 crores for Q4 versus Rs. 1 crore in Q3 and it was driven like Rs. 3 crores in last year for Q4 FY21, so the increase in the finance cost what would be driving that?

Jitendra Sharma: The finance cost basically includes, we have a working capital facility, though we don't use it, but then we keep paying like say the processing charges, we open lot of LC, so LC opening charges, we pay to the banks. Since we are not utilizing the limits, we have to pay some commitment charges to the banks also, so basically the finance cost includes all these bank charges and we also have preference shares of Rs. 5 crores where we pay dividend. That dividend amount gets into the finance charges.

Yogesh: And one on the inventory days, so for FY22 there has been a jump in inventory days of more about 95 days or something, it was around 80 days a year, so any factors driving that jump in the inventory days for FY22? Not the inventory, debtor day?

Jitendra Sharma: Yes, debtor day has gone up as I told earlier basically it is mainly on account of increase in sales and also on account of increase in credit period to few customers in US and UK, but we don't expect it to go further and I think it will remain around 90 days in coming quarters.

Yogesh: And what would be the percentage price erosion in Q4 for the US business approximately?

Jitendra Sharma: The overall price erosion for the year, we can say is in single high digit number.

Yogesh: And one on, it is like you mentioned about the conflict in Ukraine-Russia driving the commodity and other prices, but will that effect mainly come in Q1 because the crude oil actually started going up in late March and it persisted, so will the major impact come in Q1 FY23 on raw material?

Jitendra Sharma: No, impact is already there, there is no further increase as such. The input cost and freight costs are increased throughout the last year, throughout FY22, the cost was on a higher side only and I think in the current year, we are seeing the similar prices. We are not seeing any further increase, but then the prices which have gone up have not started coming down as yet, so we see the existing prices to stabilize and they will remain on a higher side, but we don't expect further increase in these prices.

Yogesh: So, the gross profit margin would be in the 50% range, it was like 53% in Q3 and now come down around 49.5%, so would be in that range for the first half of 23 in and around 50%?

Jitendra Sharma: We are expecting the gross margin in FY23 in the range of between 50%and 52%.

Yogesh: And lastly, one on the effective tax rate, so there has been a jump like from 20% to 43%, so what would be that component, the increase in effective tax rate?

Jitendra Sharma: The effective tax rate on consolidated accounts was around 24.5% in FY22 and there was an increase because of provision of deferred taxation on account of capital leases and that amount was around Rs. 7.8 crores, so in the current year, we see the effective tax rate to remain in the range of 22 to 24%.

Yogesh: And lastly one more on the cost of raw material front, so we understand that Paracetamol related products are your major cost, so there were news that there were some Chinese manufacturers who have restarted Paracetamol related product, so will that affect the prices or will it lower the prices for this raw material?

Mark Saldanha: We are hoping for the best, but even for it to have any corrections at least for the first 6 months we don't foresee any difference and as a formulator we need to keep inventory, so we already have a lot of raw material in transit or in stock with us which will lastus for another 5 to 6 months. So, effectively we don't see the prices correcting within the next 6 months, but we are hoping for the best.

Yogesh: And lastly on the product launches, so as we know that there has been this pricing pressure in the US, so one of the strategy would be to launch products, so if I take around high single digit of 8-9% price erosion in FY23, so what would be the target product launches in US which can offset with this price erosion so that US market can grow in FY23 for our company?

Mark Saldanha: There are multiple things that look at the challenges to overcome price erosion, but US approval first has to come with obviously FDA approval a product. That becomes the first benchmark to get your product into the US market and once it is approved, then we can talk about the launch and again then after that getting market share into a market which is consolidating due to the distribution channel depleting, so challenges are there, but we are optimistic, we have over period of time gained that market identity and reliability in terms of prime manufacturer and marketer and products in the US, so we work pretty much on a daily basis on a monthly basis to penetrate the market and to get market share and hopefully once the products gets approved by FDA, we do aggressively try to get market share of that particular molecule that gets approved.So, as and when newer products come in, we definitely see a growth in terms of revenue happening, the bottomline pressure is a different issue, the bottomline pressure is always going to be very strong input cost, but definitely the sales pressure, I mean in the sales point of view, we too see a growth happening year-on-year and moving forward.

Jitendra Sharma: Yogesh, we are expecting 3 to 4 new launches in US in this year.

Moderator: Thank you. The next question is from the line of Venkatesh Sethuraman from WindHorse Capital. Please go ahead.

Venkatesh Sethuraman: I have two questions, one, given how strong OrbiMed as an investor is in the healthcare space, as having them as an investor in Marksans helped you in anyway in understanding the markets or looking at opportunities or both organic as well as inorganic and what sort of expertise they have provided to help you? That is one question, the second is, without getting into specifics, without divulging anything non-public, would you be able to give us an idea of what the KPIs wherewhen they came in as an investor where you have gone off track and what sort of corrective actions you are taking to set back on track?

Mark Saldanha: I couldn't get your second question, could you repeat your second question?

Venkatesh Sethuraman: The second question is, when you are soliciting investment from Orbimed you would have made CAPEX to them and you would have given them some kind of an understanding of where the business is going and on the basis of which we would have made the investment decision, now where have you gone right, where have you gone wrong or where are you off track to what you promise them and if you are off track, then what corrective actions you are taking and if you are on the right track then what are the things that are going right for you and as I mentioned I am not looking for anything that is not public?

Mark Saldanha: With regards to OrbiMed, we have very good meetings with them periodically, monthly, quarterly and I do believe they are understanding of this space of pharmaceutical is great. They had a tremendous value in terms of identifying targets and very fruitful discussions on their expertise and experience that they made as investors in this industry. They are working closely with us in identifying potential targets, but it takes time in terms of going through the entire process, so I do see a lot of value addition both tangible and intangible being done by OrbiMed, so they are a fantastic investor from that point of view. Just to answer your question, we are pretty much on track on whatever we have committed publicly. I have always mentioned Rs. 2,000 crores target and we are pretty much hitting that objectives and that if I could put any difference is obviously the bottomline expectation and that is something like a force majeure where you have COVID, you have war happening, you have certain things which are beyond your control and this is more for global phenomenon than company specific phenomenon and in terms of out of box thinking, corrective actions whatever we can do within our purview we are working on it, but whatever we have publicly mentioned in terms of both organic and inorganic strategies, we are pursuing it and we are seeing some tractions, some advancement out there, but all this take some time to actually come into play, but we are quite happy with the progress and I am sure they should be happy, I can't speak for them, but they have a visibility, quarter to quarter, they have a board member on the company, so they are quite interactive and they are quite involved into what we do, so I am sure they are happy with what they see.

Moderator: Thank you. The next question is from the line of Rajeev Rupani, an Individual Investor. Please go ahead.

Rajeev Rupani: The company that we acquired in Dubai, so what was the acquisition cost, one and how much will it add to our topline, let us say, in the next 3 to 4 years?

Jitendra Sharma: We have acquired this company for a cash consideration of13 million AED, in terms of rupee it will come to somewhere around Rs. 27-Rs. 28 crores. The existing revenue of the company is around 14 million dirhams, so we have acquired them at almost one-time sales. In terms of where it can go in next 3 to 4 years, of course we are very excited with the prospects of this company, this business coming into Marksans fold, we do see lot of potential of growth here and we are very confident that we will take this company to double the revenue overall say next 2 years' time once we take over the charge of the company.

Rajeev Rupani: And again, question on the warrants, so why don't you Mark and OrbiMed convert the warrantsinto sales now because only 6 months are left irrespective you do acquisition or not or if the acquisition is delayed by some time?

Mark Saldanha: Again, this warrants obviously we have gestation period of 18 months from the date of when it was supplied. As on today, the company does not need their funds presently. We already are sitting on war chest which we are using for acquisitions and we do believe within the period of that 18 months because obviously we don't want to request for funds too early, it may not be fair even to OrbiMed, but as and when it is closer to the due date, the funds would be put, the subscription would be completed and in case there is an acquisition that happens and we need to ensure that we have to get the funds earlier, then we would obviously make a request, the company will make a request to convert it earlier and it will probably happen at that time based on the company's need for cash to call for the funds.

Rajeev Rupani: And my last question, don't you think that dividend declared is too poor?

Mark Saldanha: In today's challenging scenario, we are slowly walking on improvement, this is a trend that we would like to eventually keep increasing, we are quite optimistic in the future, but today's scenario, I think it is based on various other calculations that are taken into consideration that we arrived at that dividend.

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

Mark Saldanha: Thank you everyone for taking your time off and getting onto our call. The management is always committed as always and I hope we have met with your expectation and please be safe and be well. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

(This document has been edited for readability purpose)

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