



HESTER

“Hester Biosciences Limited Q1 FY-17 Earnings Conference
Call”

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HESTER



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**MODERATOR: DR. ABHISHEK SHARMA – IIFL INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen good day and welcome to the Hester Biosciences Q1 FY17 Earnings Conference Call hosted by IIFL. 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 for an operator by pressing '*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Abhishek Sharma from IIFL. Thank you and over to you.

Abhishek Sharma: Good Day, Everyone. This is Abhishek from IIFL Institutional Equities. I thank the Hester management team for giving us the opportunity to host this call. From Hester we have with us today Mr. Rajiv Gandhi—CEO and Managing Director and Mr. Jigar Shah—Chief Financial Officer. I will now hand over the call to the Hester management team for their remarks. Over to you sir.

Rajiv Gandhi: Good Afternoon, Everybody. This is Rajiv Gandhi from Hester Biosciences and with me is Jigar Shah—our CFO. We are here today to talk about our Q1 results which were declared last week. The first quarter has been reasonably good as far as we are concerned, in line with the business that has been going on in the earlier quarter and the growth at which we intend to take the business further.

The four divisions that we have poultry vaccines, poultry health products, large animal vaccines and large animal health products; Our main focus at this point of time is to distribute the business between all the four divisions as against the current high dependency of around 90% on the poultry vaccine division, the same endeavor continues as what was in the last year specifically in the last quarter. In the quarter Q1 as what we are talking about our growth drivers remain to be the same as what they were earlier, inventory management, credit control and product mix. We have kept the discipline towards our credit control as well as inventory management and the product mix has also helped us to further improve the profitability up to a little level. We have introduced three poultry vaccines in this quarter which would add to our portfolio making the total number of vaccine 49 which we hope to add the revenues in these coming quarters in this financial year.

Another area where we have worked on towards reducing our cost is installation of the solar power generation unit of 100 KW. This is a test installation that we have done. Having success in this at the moment we feel that we seem to be doing good in this. We would increase our solar power generation from 100 to 750 KW in a year's time after having a look at the second quarter the generation of power etc. more specifically as we would be just having the monsoon months in this so it would give us a real idea on the first quarter between the high heat and the monsoon. So basically these are more or less the highlights of the business that we have been doing so far in this quarter.

Domestic sales grew by 21% while exports grew by 14%. Our endeavor is to push the export and try to make sure that by the end of the year we achieve a near 100% growth over the last financial year in exports. Looking at taking the business further from here, we have started our work toward setting up veterinary diagnostics division. The diagnostics division would manufacture diagnostic kits against poultry as well as large animal sheep, goat and cattle. In fact, we have already taken commercial license for five diagnostics; we have though not yet commercially launched those diagnostics. We hope to do it by the end of the second quarter. We are trying to get a good product portfolio ready and then take the launch sometime in the late second quarter.

Our Nepal plant is now completely done and we are just looking at finalizing a date towards inaugurating our plant which should be either some times in the last week of this month or maybe in the first or the second week of September. Everything is set, as already mentioned earlier we had taken trial batches, we have taken few more trial batches. At last after a long time everything seems to be going on track.

We are looking at the African distribution initiative as already mentioned even earlier we are trying to set up our own distribution network. Things are working in that direction. We have established distribution points in few countries. And now we would want to activate these distribution points which would be our own company owned distribution points mainly in the eastern African countries at this point of time.

Looking at new investments; we are looking at setting up a small unit to manufacturer health products as well. As you are aware our current production line is only vaccine. Now we have ventured into the health products division as well, poultry as well as the large animal. Dependency on third party manufacturer seems to be good for the moment. But with the international business picking up we believe that having our own unit for health products would give us a higher strength as well as a higher security wherein everything is under our control, specifically documents for registration. As the registration documents you need to go from the manufacturer at this point we would be dependent on third-party. We would want to do this business ourselves, register the product in our own manufacturing units named as well as our own brand name. And another advantage in having our own health product unit is that the asset to turnover ratio is far better in health product as compared to the vaccines what we have at his point of time. Therefore, overall it would add on to our profitability, on our efficiency as well as more security towards having our own products. I now hand over the line to Jigar, our CFO to highlight the financials. Over to Jigar.

Jigar Shah:

Good afternoon everyone. I am Jigar Shah – CFO of the company. I will discuss about the Unaudited Financial Results of the Q1 FY17. As company's operations are divided into four verticals that is poultry vaccines, poultry health products, large animal vaccine and a large animal health product.

Under the poultry vaccine division, company has booked sales of INR 26.45 crores in Q1 FY17 as against INR 21.38 crores in Q1 FY16. Under the poultry health products division, company has booked sales of INR 0.79 crores in Q1 FY17 while it was INR 1.58 crores in Q1 FY16. Overall 19% growth has been achieved in the poultry division as compared to Q1 FY16. Under the large animal vaccine division, company has booked sales of 0.21 crores in Q1 FY17 as against INR 0.02 crores in Q1 FY16. Under the large animal health products division, sales have been recorded at 2 crores for Q1 FY17 as compared to INR 1.55 crores in Q1 FY16. In large animal division 41% growth has been achieved by the company as compared to Q1 FY16.

Now coming to combined sales a profitability of both the division; company has recorded INR 30.13 crores sales in Q1 FY17 as against 24.52 crores in Q1 FY16, thereby company has achieved a growth of 23% in Q1 FY17 as compared to Q1 FY16. Looking to export and domestic sales, company has recorded total exports sales of INR 2.70 crores in Q1 FY17 which was 2.36 crores in Q1 FY16. Whereas total domestic sales recorded at INR 26.75 crores in Q1 FY17 as against INR 22.17 crores in Q1 FY16 as a result export sales grew at 14% while domestic sales grew at 21% as compared to Q1 FY16. EBITDA is achieved at 35.56% for Q1 FY17 as against 33.34% in Q1 FY16. Company has earned a net profit of INR 5.99 crores at 19.91% sales of Q1 FY17 as against INR 4.66 crores at 19.01% of sales in Q1 FY16. The main factors affecting our improved margins are lower operating cost better inventory management, optimization of product mix and strict credit control and lower finance cost. We are quite confident that the same trend will continue in the rest FY17.

Now coming to the balance sheet analysis for the quarter FY17; inventory level has reduced to 97 days in Q1 FY17 as against 108 days in Q1 FY16 where it was 120 days in FY16. Debtors were decreased to 2.27 months in Q1 FY17 as against 2.69 months in Q1 FY16 where it was 3.13 months outstanding in FY16. Overall working capital cycle was for 70 days in Q1 FY17 which was a 77 days' cycle in Q1 FY16 and for whole FY16 it was 111 days. Fixed asset turnover in Q1 FY17 stood at 1.6 to 6 times as against 1.49 times in Q1 FY 16. The same was for 1.40 times in FY16. We have already invested INR 2.33 crores in Q1 FY17 on CAPEX and projecting to invest INR 29.33 crores in the rest of FY 17.

Coming to the financial ratios with ROCE of the company in Q1 FY17 stands at 30.48% as against 22.70% in Q1 FY16 where it was a 20.40% in FY16. With financial leverage ROE, in Q1 FY17 stands at 22.57% as against 20.57% in Q1 FY16 where it was 19.16% in FY16. Our ROI in Q1 FY17 stands at 15.66% as against 12.85% in Q1 FY16 and it was for a whole year of the FY16 was 12.10%. Earnings per share for Q1 FY17 is Rs. 7.05 while earning per share for Q1 FY16 was INR 5.48 and it was of Rs. 22.60 paisa for the whole FY16. That completes my presentation. I'm handing over to Mr. Gandhi.

Rajiv Gandhi:

We would now go on to take question.

- Moderator:** Thank you sir. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Afzal Mohammed from Karvy Stock. Please proceed.
- Afzal Mohammed:** How many African countries have you registered PPR vaccine?
- Rajiv Gandhi:** PPR vaccine is under registration in all the African countries because we need to take the commercial production. We have taken trial batches, we have got our batches certified by the FAO recognized and OIE recognized laboratory. PANVAC which is a central testing laboratory, all vaccine supplied to any of the country is under, under any tenders need to have a certification from PANVAC which we have already got.
- Afzal Mohammed:** When do we expect to start exporting from the Nepal facility once you receive...
- Rajiv Gandhi:** Once we start the commercial production and once tenders come out that would be the time we would start participating in the tenders and depending upon the result of the tender in us getting the orders we would start the execution. So to answer your question it could be any time from October 2016.
- Afzal Mohammed:** How much CAPEX do you plan to spend on the diagnostics division?
- Rajiv Gandhi:** There is no capital expenditure on the diagnostics division because the setup is the same as what we have for our vaccine.
- Afzal Mohammed:** What products do you have Diavetra in Life-sciences?
- Rajiv Gandhi:** Diavetra is a company that we have already merged with Hester so all activities would be in Hester Biosciences Limited. The product that we are looking at, we are starting with poultry diagnostics and getting into large animal specifically Brucella diagnostics.
- Afzal Mohammed:** Specifically, sero-profiling, sero-monitoring?
- Rajiv Gandhi:** Yes.
- Afzal Mohammed:** Those products?
- Rajiv Gandhi:** Yes.
- Afzal Mohammed:** The new facility for health products you talked about so how much CAPEX do you plan to spend on that?
- Rajiv Gandhi:** Approximately we are looking at spending a little lower 20 crores.

- Afzal Mohammed:** How about PPR tender, and we expect to participate in the PPR tenders?
- Rajiv Gandhi:** In India we are already participating.
- Afzal Mohammed:** In Africa?
- Rajiv Gandhi:** As I mentioned once we start commercial production from October.
- Afzal Mohammed:** And how about non-African countries like in Asia?
- Rajiv Gandhi:** We are already participating in tenders and in fact we have started that process. We have started that process, just waiting for the commercial production to start and then we would.... any supply has to be after commercial production starts which is not going to start till October in Nepal and if the Nepal plant that is going to supply internationally so everything after October.
- Afzal Mohammed:** So all the testing has been done, the vaccine has been accepted the piloting?
- Rajiv Gandhi:** Yes.
- Moderator:** Thank you. The next question is from the line of Abdul Puranwala from Centrum Broking. Please go ahead.
- Abdul Puranwala:** My question was relating to the solar power plant what you have established, so just wanted to know if this would only for the propriety consumption or you're going to set it to third party?
- Rajiv Gandhi:** No it is only for our own consumption. There is nothing that we intend to do. Our business focus remains to be what we are into and this is just to reduce our energy cost.
- Abdul Puranwala:** Can you guide us what will be the potential energy savings in terms of cost?
- Rajiv Gandhi:** We have saved as mentioned on my press note, the installation of this solar power generation project of 100 KW has contributed towards reduction in energy cost up to 0.3 million that is Rs. 3 lakh in the first quarter. So approximately we are looking at between 10 and 15 lakhs it would save from this current installation that we have made. And if things go well in the second quarter we will add up to another six times, we will increase this capacity by six times. It could be approximately 60 to 90 lakhs additional.
- Abdul Puranwala:** As you mentioned in your opening comments that you're going to focus equally on all the four segments that is your poultry health, vaccine, large animal health and large animal vaccine. But what I see from your quarterly numbers, the EBIT margins in the large animal space is not that fine as compared to what is there in the poultry business?

- Rajiv Gandhi:** I agree. At this point of time as what it appears and what it is I agree with you. In the large animal segment, we are yet to achieve those economies of scale in terms of sales because the investment made towards marketing or those costs are still reasonably heavy as compared to sale. If you notice in the last quarter of the profitability was higher because there was tender business. This quarter there was no tender business, so if you balance out we would be good enough and once the trade business increases our profitability would go up because in tender business there are no marketing costs, it's only selling and distribution, so that would add to it.
- Abdul Puranwala:** Can you guide us for the full year margins and revenue growth what you think we could make in this business?
- Rajiv Gandhi:** On the large animal?
- Abdul Puranwala:** The entire growth for FY17.
- Rajiv Gandhi:** We have forecasted to grow at approximately 20% in this financial year. Our bottom line, it is our endeavor to still take it further as what we are, worst case scenario what we have at this point of time.
- Abdul Puranwala:** And the margins would be sustainable?
- Rajiv Gandhi:** I'm talking about the margins, absolutely sustainable, no doubt about it.
- Moderator:** Thank you. The next question is from the line of Satish from Anvil shares & stock. Please go ahead.
- Satish:** What is the scope for diagnostic business, you told you are in usually going to start with the Brucella 1? Can you just throw some light on the market potential?
- Rajiv Gandhi:** Market potential is small at this point of time. It is not big. It's something which is reasonably inconsequential as far as the Indian market is concerned, international is good. But the reason for us to start this is that it complements our range. It does not make us to spend anything more on capital expenditure but increase our product range. So therefore we are getting into it. We already have a desire to get into diagnostics two years ago. In fact, we are late in coming out with our own diagnostics. As the earlier question was asked on what we did with Diavetra, it was a company that we had floated in joint-venture with somebody to manufacture diagnostics specifically that was 2 to 3 years ago. At this point of time but now we are getting into this business. Market again I say is small but it doesn't add to any cost towards creating diagnostics for us.
- Moderator:** Thank you. Our next question is from the line of Manish Jain from Sageone. Please proceed.

- Manish Jain:** In Nepal what will be the final capital cost once it starts commercial production?
- Rajiv Gandhi:** The total cost in Nepal is approximately between 45 and 50 crores.
- Manish Jain:** In the PPR tenders, when do you see a trend where the tendering agencies ask for thermostable PPR vaccines?
- Rajiv Gandhi:** Probably we would be one of the first or the first to get into this PPR Thermostable. Once we have the product we will talk about the product and then there would be probably demand or request for such products. But for the moment we are in any case good with a normal PPR for which normal tenders are coming. There is no other precedent for Thermostable PPR at this point of time.
- Manish Jain:** If you can give progress on the recombinant vaccines?
- Rajiv Gandhi:** Work is ongoing. All that I can say we are reasonably confident on it. It's an R&D development and for me to really comment on it extremely strongly would be inappropriate, would keep you informed in a few months to come when we ourselves are very sure of the outcome. Not that we are not sure of the outcome. But to give a strong statement I need a few months.
- Moderator:** Thank you. The next question is from the line of Arpit Valecha from Solidarity Investments. Please proceed.
- Manish Gupta:** The PPR vaccine tender market, roughly what is the broad range of the market size every year?
- Rajiv Gandhi:** We are going by the FAO and OIE details provided. They are talking of spending approximately US\$7.5 billion in the next 15 years so we take the market at that value.
- Manish Gupta:** Is this the first year or have they brought other tenders out into the market earlier?
- Rajiv Gandhi:** Yes, there have been tenders previously. We have not been able to participate because we don't have the product.
- Manish Gupta:** I understand that. But what was the size of tenders that have come out historically? Do you have any data on that like how many tenders and what value came out in?
- Rajiv Gandhi:** I will not be able to give you exact value but relatively small because the process is beginning. It's not that we have lost out too much that probably answers your question in a better manner.
- Manish Gupta:** How many players are you aware of that are qualified to bid for PPR vaccines?

- Rajiv Gandhi:** Internationally or in India?
- Manish Gupta:** Both.
- Rajiv Gandhi:** In India I think there are probably three or four people. Internationally we see as many, like the ones in India cannot participate internationally because they do not have the Nigerian strains which we would have in Nepal, so international ones are different from the ones in India.
- Manish Gupta:** How many did you say internationally?
- Rajiv Gandhi:** Three to four.
- Manish Gupta:** You mentioned in your starting remarks that you have approximately 30 crores CAPEX program for India this year, did I get that number right?
- Rajiv Gandhi:** Yes.
- Manish Gupta:** How is that going to be funded, how much of that would be funded by internal accruals vis-à-vis debt to our equity?
- Rajiv Gandhi:** We already have a sanctioned limit because we were to make some of these capital expenditure last year if you would have gone through our earlier recorded historical data as well as my talks earlier. But because for six months there was a recessionary condition in the poultry we had just deferred it. Now this year we seem to be back on track. So we are now quite ready to make this expenditure. We already have a bank limit sanctioned for it for a term loan for making these expenditures and that would cover most of it. We also have internal accruals from which we would be able to fund these things. If you are aware in our last annual general meeting, we have taken a permission from the shareholders for increasing the equity by going in for a QIP or preferential holdings. So these are the options open to us and we will take it further. The debt option seems to be the most likely option for us.
- Manish Gupta:** But this is a specific question was out of that 30 crores how much debt would you need to take you think additional?
- Rajiv Gandhi:** We have already got allocated between 20 and 25 is already allocated from the bank side.
- Manish Gupta:** Allocated means we have proved that credit line?
- Rajiv Gandhi:** Yes, they have approved it. It is an unutilized sanctioned limit. Now if you want the specifics, we need some time. By the time we prepare all these things and then I would be able to answer your question in an absolute specific manner towards this.

Manish Gupta: My next question was regarding the Nepal plant; our relations about the commercialization expected shortly. What is the debt repayments scheduled around the Nepal investment?

Rajiv Gandhi: It is between 4 and 5 years.

Manish Gupta: And how much debt is on that subsidiary?

Rajiv Gandhi: 21 crores is the debt.

Manish Gupta: The 20% growth forecast that you have given earlier for financial year '17, does that include PPR or is that excluding PPR?

Rajiv Gandhi: It includes our India growth figures. We have not counted Nepal in this 120.

Moderator: Thank you. The next question is from the line of Ayush Mittal from Mittal & Co. Please proceed.

Ayush Mittal: My question has been partly answered but just wanted a more detail. You have recently announced about doing a QIP, is this for the part funding of the CAPEX plan that you were just talking about?

Rajiv Gandhi: We have taken the permission from the shareholders for doing a QIP. It's just an enabler at this point of time. We are looking at various initiatives. There have been other opportunities also that seem to be there on the horizon, something more specific in Africa besides something that what we have done over here. So having taken permission we will then take it as it comes towards this. But for the specific funding of a large animal health product we would not be going for the QIP, specifically for the large animal health which is already been allocated.

Ayush Mittal: Just a bit about your thought process about the funding plans going forward like if I look at your cash flows I find them pretty healthy. We are doing an operating profit of around 30 crores odd per annum. As we don't have too much of debt as of now on the balance sheet what kind of debt equity ratios are you comfortable? What is your thought on these things as we scale up?

Rajiv Gandhi: In a sense that one would always like to keep the balance sheet as healthy as possible one thing is there. I would like to answer your question in a little different manner. We are looking at opportunities, aggressive opportunities that would probably need finances to acquire those opportunities to take advantage of those opportunities. But most of the opportunities that what we are trying to look at Greenfield opportunities by which there would not be heavy capital expenditure towards acquiring those opportunities or exporting those opportunities. So in a way, yes, it would lead to us taking more time towards it. But we would try to deploy as less

capital as possible towards these new initiatives that we are looking at. It indirectly answers your question, it's not directly but probably that was the best way I could.

Moderator: Thank you. The next question is a follow up question from the line of Afzal Mohammed from Karvy Stock. Please go proceed.

Afzal Mohammed: What is the approximate size of the QIP, I just need a range?

Rajiv Gandhi: We have taken the permission for 75 crores.

Afzal Mohammed: That's the max?

Rajiv Gandhi: Yes.

Afzal Mohammed: That \$7.6 million PPR plan by FAO that spread over.

Rajiv Gandhi: 7.5, it's spread over 15 years.

Afzal Mohammed: On average annual will be about \$500 million?

Rajiv Gandhi: Yes.

Afzal Mohammed: So what part would be PPR vaccines alone in that?

Rajiv Gandhi: No, this is only PPR. This is got nothing to do with anything else. If you look at FAO and OIE documents, if you can do a Google search and get it, this is PPR specific discussion or PPR specific thing.

Afzal Mohammed: But does that include services of the doctors?

Rajiv Gandhi: The total expenditure is around 10 billion; the cost of vaccine alone is 7.5. The other 3.5 is towards these other activities towards reaching and administering the vaccine to the animal.

Afzal Mohammed: And what part would be Africa on this 7.5?

Rajiv Gandhi: 90%, maybe 95.

Moderator: Thank you. The next question is from the line of Pratik Agarwal from ASK Investments. Please proceed.

Pratik Agarwal: I just wanted to understand as to why did we opt to have a facility in Nepal? What is that country is offering that you can't get in various parts of India?

Rajiv Gandhi: This question has been well-answered in the past. I wouldn't mind answering it. The vaccines that we would be producing in Nepal are those that are disallowed in India. So producing them in India is out of question therefore the site in Nepal. Had those vaccines been permitted in India we would have not gone to Nepal.

Moderator: Thank you. The next question is from the line of Rahul Jeewani from IIFK. Please proceed.

Rahul Jeewani: I have a question on the domestic poultry vaccines market. Can you explain to us as in what had led to kind of a degrowth in that market towards the second half of last fiscal? Do you anticipate such challenges arising in future as well?

Rajiv Gandhi: The reason for a depressional condition in the poultry industry in two quarters last year though well-explained earlier in my press note as well as in my earlier talks. But for the benefit, the high pricing was one of the main causes which led to the unviable situation adding towards the less realization for their per KG or per egg. So compounding impact led to tough situation within the poultry industry.

Rahul Jeewani: Do you see such things reoccurring over the next 1 to 2 years?

Rajiv Gandhi: Not doing 1 to 2 years but sometimes these cycles do happen. These things do come once in a few years, maybe 5 years, 8 years or sometimes for all you know it could come again once in 2 years, 3 years. So I would not really be able to give you an exact answer towards this. But to make sure that the dependency is not too high on anyone as already mentioned, we are definitely sure of spreading our business in such a way that such situations do not impact our business.

Rahul Jeewani: On the large animal vaccines business in India, can you just walk us through what is the potential on this business in India? How much your PPR vaccines from the domestic business could do?

Rajiv Gandhi: The product range that we are in that it is the Goat Pox vaccine, the PPR, we would be now getting into the Brucella vaccine, what we see is this total out of these three or four vaccines put together I think it should go to around 50 to 60 crores market.

Rahul Jeewani: On the domestic market?

Rajiv Gandhi: Yes, on the domestic.

Rahul Jeewani: On the CAPEX, the 30 crores number which you shared with us, out of that 30 crores, 20 crores is for this new health facility which you will be setting out, is that correct?

- Rajiv Gandhi:** More or less and the balance is towards enhancing the production activity of our current vaccines.
- Moderator:** Thank you. The next question is a follow up question from the line of Manish Jain from Sageone. Please proceed.
- Manish Jain:** Just wanted to know how many combination vaccines do we have in our portfolio and do you have plans to have more combination vaccines in future?
- Rajiv Gandhi:** Out of the 49 vaccines, approximately 30 to 35 would be combination vaccines, two ways, three way and four way. On the poultry side we are more or less complete in our range. But on the large animal side, yes, there could be a few combinations that we are looking at.
- Manish Jain:** The tax rate in the current quarter seems to be high despite your having several R&D investments. So is this 33% tax rate likely to be sustained for the entire year?
- Jigar Shah:** In this quarter we are not falling into MAT but we will probably fall into a MAT again in the second or third quarter. So probably the rate will not be like this of 33%, it will be like 21% what we are providing every time.
- Moderator:** Thank you. The next question is from the line of Rohan Advant from Multiact. Please proceed.
- Rohan Advant:** Can the existing land in Nepal accommodate more capacity?
- Rajiv Gandhi:** We have extra land in Nepal for future growth, yes, we do have. We could increase the capacity to very easily for PPR to 3x or 4x for sure.
- Rohan Advant:** On the same land?
- Rajiv Gandhi:** Yes, there are two ways of increasing capacity, buying equipment that can produce higher quantities as well as create new complete facility when we run out of that possibility and then add more. So all put together there could be an exponential growth.
- Rohan Advant:** Of the 42 crores that we spent what would be the land as a constitute of the cost of project?
- Rajiv Gandhi:** Around 3 crores would have been the including if you take all expend...development charges and all plus because our land is on a hilly terrain so the basic land cost would have been approximately 2.5 crores and we would have spent another 2 crores in creating the contours, the steps, etc.
- Rohan Advant:** Just a connected question, out of the 42 crores what would be the interest during construction period that we would be capitalizing?

Rajiv Gandhi: 2 crores.

Rohan Advant: Regarding poultry health products, we've seen a decline in this quarter versus a last quarter so anything to read into that?

Rajiv Gandhi: No, honestly nothing to read into that even our exports have shown 14% while by the end of the year we are talking of maintaining a 100% growth rate. Likewise, all these things sometimes are a bit cyclical, sometimes in a sense that there are variations. Partly our supply, demand market all these forces put together I take this as an inconsequential issue. We look at it overall in the one-year period; I think we should be good with it.

Moderator: Thank you. As there are no further questions I now hand the conference over to the management of Hester Biosciences for closing comments. Over to you.

Rajiv Gandhi: Thank you for hearing me out so patiently, first my talk, my presentation then Jigar's financial notes. I hope I have been able to answer the questions to your satisfaction. If there are any specific details that you want which beyond what has been spoken in this conference call and within the limits of my sharing those details, I would be more than happy to do that. You're free to contact us and looking forward to further interactions. Thank you very much.

Moderator: Thank you very much members of management. Ladies and gentleman, on behalf of IIFL that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.