"Star Ferro and Cement Limited Q3 FY-16 Conference Call"

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MODERATOR: **MR. VAIBHAV AGARWAL- PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Star Ferro and Cement Limited Q3 FY16 Conference Call hosted by PhillipCapital (India) Private Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vaibhav Agarwal of PhillipCapital. Thank you and over to you sir.

Vaibhav Agarwal: Thank you. On behalf of PhillipCapital, we welcome you to the Q3 FY16 call of Star Ferro and Cement Limited. On the call we have with us Mr. Sanjay Kumar Gupta – CEO and Mr. Dilip Kumar Agarwal – Chief Financial Officer of the company. At this point of time I handover the floor to the management of Star Cement for opening remarks followed by interactive Q&A. Thank you and over to you Sir.

Management: Good afternoon friends. I am Sanjay Kumar Gupta – CEO of Star Ferro and Cement Limited. I'm having with me Mr. Dilip Kumar Agarwal-the CFO of the company. We would like to welcome you all to this interactive session. We will start this interactive session with small presentation of Q3 numbers. The Q3 overview will be given by Mr. Dilip Kumar Agarwal. After that we will open the session for your questions so that we can answer them. Mr. Agarwal will brief you about the numbers which we have reported for Quarter 3. Over to Mr. Agarwal.

Management: Good afternoon friends. I am Dilip Kumar Agarwal, CFO, Star Ferro and Cement Limited. Before we start interactive session, I would like to clarify that this is not an invitation to invest. We will be more discussing historic numbers, having said that I will take you through the performance of Q3 FY 16. In terms of volume of sales we have sold 6.53 lakh of cement during this quarter as compared to 5.15 lakh in the same quarter previous year that is growth of 26.7%. Clinker sale has taken place around 21,000 tons this quarter as compared to 46,000 last year same quarter, so that is in terms of volume for this quarter. So far as YTD numbers are concerned, we have sold 17.4 lakh ton of cement a nine months period this financial year as compared to 14.35 lakh ton of cement same period last year. This has resulted in the growth of around 21%. In terms of clinker we have sold 84,000 of clinker as compared to 1,12,000 last year. This is in terms of volume.

In terms of revenues, our top line has grown by 27%. This quarter we have achieved the total revenue of 428 crores as compared to 337 crores same period last year and in terms of YTD it is 1147 crores as compared to last year it is 922 crores. So on YTD basis there is a growth of around 25%. On EBITDA front; this quarter our EBITDA has been around 93 crores as compared to last year of 119 crores and if you see YTD then it is 272 crores as against 282 crores last year so this is on EBITDA front. Now I would request our CEO Mr. Sanjay Kumar Gupta to take you through business outlook of the company and what we have done in last quarter.

Management: Thank you Mr. Agarwal. We have seen these numbers, so volume wise we have done better volumes. We have got around 27% increase in volume. But in terms of profitability, yes definitely the profits are down for this quarter. The profits are lower by approximately 26% as compared to the corresponding quarter last year. The EBITDA per ton is also lower. This is primarily on account of two reasons, one is definitely about the prices in entire Eastern region has come down. But our expectation during the end of second quarter was that the third quarter prices, they will firm up a little but it has happened to the contrary. They have not gone up actually; they have gone down by around Rs.15 a bag. So if you look at it, the net sales, net of discounts that is almost down by around Rs.300 a ton. So that is one thing which is having impact on EBITDA. Secondly what we have done is there are some one-off items which are there in this balance sheet. We have done a campaign of largest Durga Idol in the world and in Eastern side of it mostly, primarily in Bengal, Bihar and Northeastern states that has got an impact of around 10 crores in this quarter. That's an additional initiative which we have done in this quarter. So that has also been charged off into this. The benefits of these is branding initiatives will definitely flow to the company in coming quarters. Overall we have going forward definitely in the month of April we have seen prices have actually little stabilized. We have seen an uptick of around Rs. 5 a bag in entire Eastern…we expect that prices to come up a little more actually in Quarter 4. That is what the overall thinking is. But we still feel that we will be able to achieve 20% growth, top-line side we will definitely be able to achieve around 20% of growth in FY16 and the profitability will be also better for the entire the year. But in terms of EBITDA per ton, last year we achieved EBITDA per ton of 1850, probably we will miss that number. I will request if anybody has any other questions then we can answer their questions.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Rajesh Ravi of Centrum. Please go ahead.

Rajesh Ravi: Sir you said this Rs.15 per bag decline, this is on the sequential basis that you are saying in net of discount?

Management: I am saying this is quarter-on-quarter, you can see the corresponding quarter last year.

Rajesh Ravi: Means December last year versus this year December or September versus December?

Management: No I am saying December last year versus this December.

Rajesh Ravi: How has that been on a September versus December?

Management: If you look at September versus December somehow it will be of the similar levels barring about--I'm not saying about a rupee or two here or there--but I think they are all similar levels. Overall we have seen a price decline of around Rs.15 a bag.

Rajesh Ravi: This Durga Puja related expense which flows…no we had already taken last part of this in the September quarter… there is some of overflow which has happened in this December quarter, this 10 crores?

Management: Large part of expenses have been booked so far as this Durga Puja campaign is concerned during the last quarter and very minimal part was there in quarter prior to this quarter.

Management: What happens is that most of the expenditure will definitely…the Puja has happened in the month of October so it has come in this quarter only.

Rajesh Ravi: So 10 crores is incremental which came in Q3, right?

Management: Hmm.

Rajesh Ravi: And what was the number in Q2 that we have done towards this just to find a normalized rate?

Management: That will be I think quite insignificant as compared to….maybe about 1 crores or 2 crores in last quarter but majority of which has come in this quarter.

Rajesh Ravi: What are the further costs savings that you envisage given that demand and all obviously will be market driven but on your company basis what are the cost initiatives that you are seeing that will help the numbers?

Management: As of now whatever the operational efficiency which we all are trying to achieve we have in this quarter, our capacity utilization was somewhere around 70% so definitely once we go on ramping up the capacity and keep on utilizing it, so there is a consort's effort towards that. We have been able to increase the volumes. We have been able to utilize the capacity that will definitely give us a scale of operations and it will drive down the cost. In terms of power cost, we have seen some reduction in power cost per unit consumption, there is a reduction in that. We are also seeing that in overall the coal cost which was increasing actually for the company that tapered off in this quarter, it has not gone up. Till September the coal cost, it is almost tapering off and it is maintained at that level, it is not increased from there. So it may see a sign because what happens is up to September the coal extraction doesn't take place, after September as soon as the October starts and rainy season goes away the extraction takes place. So we expect some reduction in coal prices also coming down.

Rajesh Ravi: So that will be beneficial?

Management: That's what we are looking forward.

Rajesh Ravi: Also you must be getting benefits of diesel price reduction that has happened over the last 5-6 months?

Management: The diesel price reduction definitely has helped in terms of logistic cost but ultimately since incremental demand is also there in Quarter 3 and Quarter 4, so if you look at it in the total freight cost diesel doesn't account for more than 25% to 30% of the cost of freight. So the reduction is not that great but whatever reduction was there, now there has been price increases across even I will say the freights have gone up a little so that has offset the entire diesel impact so it is not having much of positive impact on the company numbers.

Moderator: Our next question is from the line of Praful Kumar of Birla Sun Life. Please go ahead.

Praful Kumar: Now given the fact that your non-North-east volume so East volumes are growing as you said on media 50% so incrementally your profitability will be under bit of pressure given the fact that you will make higher margins in North East itself at which you are already at 25%-26% market share player?

Management: Outside volumes for us for this quarter was around 36% as compared to 64% in North East and on YTD basis they are on the similar lines, almost around 37%-36%. Yes, going forward definitely because the rest of East is a much bigger pie in terms of overall things that will be there. But in terms of EBITDA it will definitely be there, there will be a moderation coming from this because of the fact that EBITDA will definitely moderate. But what we expect is that, we are still not been to utilize the full capacity. We are at least at 70% as of now so we still have a lot of gap even ramping up the capacity. There will be a positive impact on EBITDA with the capacity increases going on. What we feel is that whatever negative impact on EBITDA we will see from the expansion to outside North East and that will largely get offset with that. We are not seeing decline in the EBITDA margin on account of expanding outside North is but yes, the EBITDA will get impacted because of the price scenarios in entire Eastern region.

Praful Kumar: Can you talk about more initiatives in the Northeastern space that you can see today happening that will help demand?

Management: In this quarter our North East volumes have grown by almost 16%.

Praful Kumar: You are taking market share, correct?

Management: Yes we have taken market share and we have gone up to around 26% now. That is a consort effort from our side that we would like to strengthen more of our present focus, ultimately our overall thinking is that the Northeast has to grow little faster. But this is not materialized actually in this quarter…. this quarter it has grown decently, the quarter growth was almost 10% but YTD up to September it was absolutely flat. We have seen around 10% growth in Quarter 3 which we expect that to continue or maybe a little better than 10% in Quarter 4. We also expect the projects which are there; we will see those momentum coming in, although we are not seeing that kind of momentum as of now either in the road or infra or hydel power side. But we still expect that there will be some momentum coming into that side so if you have a better market share in the area where momentum is expected to come in, I think that will help us in overall getting into a better margin situation.

Praful Kumar: Secondly in terms of these due from the government which you had to receive since a while now, has it come, 400 crores odd that you were talking about earlier?

Management: We have not received anything as of yet but definitely we are in advance stage of discussions with the government. The fund release is expected in the month of March that's what the latest which we have. But we have not received anything in this quarter.

Praful Kumar: What's your sense in terms of sustainable EBITDA per ton for the business today and if you have any growth lines maybe in next 3-4 years to add any Greenfield or do any space for Brownfield you have?

Management: What we have done is that this year also we have undertaken a small capacity on hire so maybe outside Bengal we are consolidating by taking units on hire then trying to establish a better market for us. We do have a plan coming out of the Greenfield projects in Bengal, we had a plan for coming out in Greenfield project in Siliguri, we had a plan for coming out in Durgapur also. But again we are just waiting and watching for about a quarter, expected to start things in this quarter so we haven't done it. We are still waiting for some more signals coming from the market that whether the market is…. we don't want to be much ahead of what demands starts….

Praful Kumar: How is the economics for the capacities you hire, work in terms of what ROCEs or what is the economics of these capacities that you hire? What are the terms in terms of lease or time period if you can just….

Management: These are normally lease things; we have a lease of around three years and then extendible leases after three years so these are three years leases which we are operating. In terms of returns, these are all basically grinding charges so we get our own clinker and then grind it there and then sell it. So this is basically a conversion kind of a thing.

Praful Kumar: How much capacity we have today on hire?

Management: We have 0.7 million ton on hire.

Moderator: Our next question is from the line of Devang Bhatt from ICICI Direct. Please go ahead.

Devang Bhatt: What was the volume, it was 6.53 and 21,000 clinker, right?

Management: Yes.

Devang Bhatt: And previous year?

Management: 5.15 was the cement, clinker around 47,000 tons.

Devang Bhatt: There was a significant jump in your RM cost, what was the reason for the same?

Management: If you see the RM cost--this quarter vis-à-vis same quarter previous year--it is almost flat. If you see the production volume, we have two sources of production, one is from our hired grinding units and another is our own production. So if you see cement and clinker production taking together, this quarter and same period last year then production is also almost flat if you do not consider this hired grinding unit production. That way there is no significant increase or decrease in RM cost.

Devang Bhatt: I'm just reading the numbers you have reported that is 55 crores and Q3 is 87 crores.

Management: Q3 numbers of raw material cost is 46.5 crores, cost of materials consumed and same quarter previous year it was 47 crores.

Devang Bhatt: If I consider changes in raw material that would be around 22.7 crores.

Management: No, this 47 crores is raw material. The changes what you are looking at 8 crores is not changes in raw material; it is changes in finished goods and WIP. You are telling 55 crores that is 47 crores is raw material and 7 crores you are adding changes in inventories of finished goods, WIP and stock in trade that is not raw material.

Devang Bhatt: If I take the entire part there is a significant jump that I am not able to get.

Management: Just to reiterate the point once again that from material consumption if you see under expenses Part 2A, cost of material consumed, it is 46.55 crores. In this material consumed all the stocks variations of raw material have already been taken care of.

Devang Bhatt: It is just for the traded so you have incurred more expense because of the traded in grinding?

Management: Yes. Second part is purchase of traded goods so you cannot add on these two things to arrive out at the cost of RM consumed.

Devang Bhatt: So the grinding unit that is the traded part?

Management: Right.

Devang Bhatt: What would be your EBITDA per ton in the East?

Management: East would be as of now around Rs.2000. I think I was quoting contribution numbers not EBITDA numbers. I will come back to you on this, let me get this.

Moderator: We will take the next question from the line of Amol Kotak of Principal Mutual Fund. Please go ahead.

Amol Kotak: I just wanted to know your expansion plans; you are planning some grinding unit in Siliguri?

Management: We do have a plan for Siliguri unit. We are also considering one more location at Durgapur. There are certain land issues which are there in Siliguri which we are trying to sort out with state government, land transfer issues. Although we have that site ready in terms of environment clearance and everything is ready almost. The land acquisition is complete so until and unless we get that clearance done from the state government we cannot go ahead with the project there. But definitely as soon as we get this clearance we will go ahead with that project.

Amol Kotak: When do you expect that to resolve?

Management: It's hard to put a timeline to it but definitely we are trying very hard to get this clearance.

Amol Kotak: How much money have we spent till date?

Management: We may have spent around 25 crores on this, the land and all other periphery and infrastructure, land and filling and boundary wall and all that type.

Amol Kotak: This is a million you envisage?

Management: Yes this is the million ton envisaged.

Amol Kotak: And Durgapur, have you found out the plans?

Management: We have started scouting for the place but we will definitely be looking at Durgapur closely for trading another grinding unit.

Amol Kotak: What are your CAPEX plans for this year and next two years?

Management: FY16 is almost over, FY17 and maybe middle part of FY18, the first half of FY18. Definitely Siliguri will be in the same so that will be the only CAPEX where we expect to spend around 150 crores.

Amol Kotak: What is the gross debt position?

Management: Gross debt as of now, the long-term is around 590 crores and so far as short-term is concerned it is (+300).

Amol Kotak: What is the money which is expected to receive in March if at all it goes through?

Management: We have an outstanding of around 600 crores as of now from the government. We expect some part of it to be cutting in maybe 200 crores. If the first tranche comes in approximately 200 crores will be receivables from them. But definitely putting a timeline to that the way the things are and the way the entire regulatory things work out and then disbursement of subsidy and the government thinking on it and disbursing money before the budget, all that things which cannot be predicted with preciseness but we're definitely trying to see that we get some money within March.

Amol Kotak: This 600 crores have been outstanding since what time?

Management: This has progressively added. This is not a static number. The way number of days passes this gets added on but once we start getting payment then process becomes smooth and then outstanding so far as these receivables are concerned gets tapered down progressively.

Amol Kotak: This includes YTD number also?

Management: Yes this is YTD number.

Amol Kotak: Inclusive of few years before this year?

Management: Yes.

Amol Kotak: I just wanted to know what is the demand situation in Northeast.

Management: Northeast demand this quarter has grown by around 10%, up to September it was almost flat. So we are seeing some uptake in demand in this quarter. We expect that to gather momentum in next quarter so that's a normal phenomenon for at least Northeast is concerned so the demand has been okay for this quarter.

Amol Kotak: Which areas are you seeing this uptick largely?

Management: We are also seeing the trade segment is performing pretty well. The general demand for the trade side of it is doing good. There are lot of construction activities which is happening around lot of highways wherever projects have been allotted and then two-lane is becoming a four-lane kind of a thing, so where all the houses and other things which were there, a stretch is coming from all the way from Dibrugarh. It's coming all the way up to place called it's around Jorhat so it's around 200 km stretch and both side of it there is lot of demolition has taken place because of the extension of the highway. That trade demand is also coming up quite rapidly, the work has already started. Overall rural and urban demand is better.

Moderator: The next question is from the line of Pratik Poddar of ICICI Prudential. Please go ahead.

Pratik Poddar: Your capacity in FY16-17 and 18, if you can spell that out that would be helpful.

Management: As of now we have 3.7 million, 3 million ton is our own plant and 0.7 million is hired unit that's what we can do as of now. There is little debottlenecking which is we are trying to do in our own plant so that will still at about 0.3 million tons. We will become around 4 million tons with this existing thing. FY18 we expect the 1 million ton of Siliguri will get added so that will be FY18. So 17 the capacity is going to be somewhere around 4 million ton and FY18 we expect it to be around 5 million ton.

Pratik Poddar: What is your current utilization?

Management: Present capacity utilization, this quarter it was around 70% and YTD number is somewhere around 65%-66%.

Pratik Poddar: Of 3.7 million ton?

Management: It is calculated on 3.7 million ton.

Pratik Poddar: Going into next year essentially this capacity utilization would move up based on whatever demand predictions are there.

Management: Correct, we have planned to grow at around 20% so this year even if we do 70% kind of a thing then I have a capacity to grow up to that level. From there even if I target to 20% top-line growth we have a capacity to grow next year. What we are expecting in FY18 the Siliguri plant will come in about a million ton so that will again provide us a fuel for growth for next two years. Then after that there are things which we are looking at in terms of setting up on the grinding unit in Durgapur that is also at the drawing board stage as of now but we are actively considering that.

Pratik Poddar: For all practical purposes your net debt today is 200 crores, 800 crores of gross, 600 crores of subsidy receivables so net debt roughly 200 crores?

Management: Correct.

Pratik Poddar: Basically you will be debt free by F16 end is that the correct understanding?

Management: I will not say F16 end because these subsidies are outstanding for approximately around two years now so now it's high time that they will come in. Normally there is a lag of around 12 to 18 months in getting these subsidies, this time it has been a little longer for us. But these all subsidies are almost due for coming in. We are just waiting for a disbursement to happen from the government. If it is not possible in FY16, maybe in the first half of FY17 large part of that should have been there. It may be stretched up to first half of FY17.

Pratik Poddar: What is prompting the government not to disburse it? I'm just trying to understand because two years is a big time.

Management: Ultimately there is a new government on the block, they have to still understand what kind of subsidies these are, what are the government commitments to these subsidies. There are policy things which are there already which are going to come for which are due for renewals. Any new government, they take that kind of a time in terms of understanding the requirement of the subsidies so until and unless they understand it. Although this is a committed Government liability, there is no doubt about that. These are all committed liabilities of the Government of India so they have to disburse this. But looking at it there has been flatness on the side of the government in disbursing these subsidies. There are elections due in Assam that's what our hope the fact that maybe government would like to disburse something before they go into the polls.

Moderator: We will take the next question from the line of Navin Jain of JM Financial. Please go ahead.

Navin Jain: My first question is on the same thing receivables. If my information is right it was about 400 crores at the end of FY15 so it has increased to 600 crores that means 200 crores is the incentive amount booked in this year so far, nine months?

Management: No, not like that. I think FY number would have been around 500 crores odd.

Navin Jain: FY15 end.

Management: Right, what has happened, this accounts for two things. We have a capital investment subsidy which will be approximately 200 crores almost and the rest is transport subsidy. But FY15 number was around 500 crores.

Navin Jain: This year 100 crores is mostly on account of transport subsidy?

Management: Yes absolutely correct.

Navin Jain: There is no active dispute on any of this amount?

Management: Absolutely not. Let me assure you what has happened, all these subsidies are duly passed by. There is a process of approving these subsidies. Let me also clarify you one thing that it is not the first time that we are receiving these subsidies. The subsidiary CMCL had already received subsidies for five years on transport from 2005 when we started the commercial operation up to 2010. So for those plants we don't have a single penny outstanding from the Government of India, everything has been received. Only this has got our new capacity which we started during 2013 so we expect this to come in and these are all cleared by state level committees and passed by the pre-audit and just waiting for disbursements.

Navin Jain: When I look at our numbers that we have reported, the purchase of traded goods is going up. So is it because we are sourcing clinker from outside for the hired grinding unit?

Management: No, we are not sourcing any clinker from outside. I don't know barring about a rake or one but all the clinkers, I will say 95% of the clinker is only given from our own clinker unit. But since we have increased the capacity in hired unit also, earlier we had 0.4, now we have become 0.7. Bengal market we are trying to feed that from there also. Since Northeast is also growing, so over a period of time it will distant for us to feed this market from Northeast. Traded good has increased because the volume from them has increased because these units have only joined in mid of—one unit we have taken only in the month of October.

Navin Jain: I'm just trying to understand the accounting side of it so basically from this hired unit you purchase the cement and then sell it so that is why this purchase of traded goods…

Management: What we do we sell clinker to the hired grinding units, they convert with the rest of the raw materials required like fly ash gypsum or maybe slag, they add from their own sources so we are selling and then we are buying back in terms of finished goods. That is how this financial modeling is there in terms of so far as traded goods are concerned. All the cost of clinker what we have sold to them is already factored in the cost of raw materials consumed reflected in our reported things.

Navin Jain: What portion of this nine months volume--1.7 4 million ton of cement volume-- what portion of that is coming from the hired unit?

Management: I will give you the number, if there is any next question please take the question.

Moderator: The next question is from the line of Praful Kumar of Birla Sun Life. Please go ahead.

Praful Kumar: Any thoughts in terms of simplifying the holding structure that you have at the parent level?

Management: Yes we do plan to simplify this holding structure. We look to merge the operating company into the listed entity that is what the **(Inaudible) 38.12**, that process is on. So we will see that by FY17 we should be able to resolve this.

Moderator: Due to time constraint ladies and gentlemen we will be taking over last two questions. The next question is from Rakesh Vyas of HDFC Mutual fund. Please go ahead.

Rakesh Vyas: Can you just give me the volume breakup, what was the total volume between Northeast and non-Northeast market?

Management: So far as cement is concerned, the total volume was 6.53 lakh ton same period last year it was 5.15 lakh ton. So far as Northeast is concerned out of 6.53 this quarter, 4.17 was Northeast and balance is outside Northeast, West Bengal, Bihar and Jharkhand. Same period last year we had sold 3.59 lakh tons in North East and around 1.56 lakh tons outside.

Rakesh Vyas: In terms of the realization not is probably we have seen the dip in the realization, is that a correct assumption?

Management: In terms of realization both the markets have seen the dip in the realization. The prices have gone down in both the markets, entire East the prices have gone down.

Rakesh Vyas: But despite the fact that Northeast in this quarter you grew by 10% so I believe the demand per se was reasonably strong. I'm just trying to understand what is leading because there is difficulty in bringing volume from the other market to Northeast so is there a pricing war that is going on between players to gain market share if you can just highlight that?

Management: I will not say that there is a pricing war. Yes, definitely there is a thrust from Star, the second guy, the Dalmia is too in terms of getting market share so that's definitely there. We have grown at around 16% in this quarter in Northeast. We did 3,59,000 tons quarter in the last year, this year we did 4,70,000 so its 16% growth although the market has grown at around only 10% in this quarter. If you look at my capacity in terms of market, we are now at around 26% of the market so definitely we have gained a market share in that. But there is no price war per se. I think the prices have started stabilizing in the month of January. We have seen uptick of around Rs.5-7 in January and we hope that these prices will stabilize. We also feel the demand is going strong in Quarter 3 and Quarter 1 of FY17.

Rakesh Vyas: Can you just highlight as to are there any large cost saving or cost efficiency measures that are pending and which could bear some fruit for us in terms of cost in next few quarters?

Management: As of now what we expect is that the coal cost has not comparably gone down in our region as it has gone down in other region. So we are looking at that in this season time because normally Northeast what happens is the most of the coal thing happens in only season which runs from October to March. We are expecting the reduction in coal cost there. You will see that other players were having close proximity to outside coal, either imported coal it's a landlocked area for us. Problem is that we are unable to import that. The import parity is not there. But we expect that since this has already started and extraction of coal has already started from October so we expect the prices to come down going forward.

Rakesh Vyas: Can you just give me the lead distance of cement is?

Management: I need to come back to you on that number.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the floor back to Mr. Vaibhav Agarwal for closing comment.

Vaibhav Agarwal: Thank you on behalf of PhillipCapital, I will like to thank the management of Star Ferro and Cement for the call and also many thanks to the participants for joining the call. You may now conclude the call. Thank you very much.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.