"Sharda Cropchem Q2 FY2019 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2019 results call of Sharda Cropchem Limited, hosted by Emkay Global Financial Services. We have with us today Mr. Ramprakash Bubna, Chairman and Managing Director and Mr. Conrad Fernandes, Chief Financial Officer. As a reminder all participant lines will be in 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 this conference is being recorded. I now hand the conference over to Mr. Himanshu Binani of Emkay Global. Thank you and over to you Sir!

Himanshu Binani: Good evening everyone. I would like to welcome the management and thank them for giving us the opportunity to host this call. I would like to hand over the call to the management for their opening remarks. Thank you and over to you Sir!

Ramprakash V. Bubna: Thank you Himanshu. Good day ladies and gentlemen. A very warm welcome to everyone present here for the earning call of Sharda Corpchem Limited for the Q2 and H1 of FY2018-2019. Sharda Corpchem is represented by me, Ramprakash Bubna, Chairman and Managing Director and Mr. Conrad Fernandes, Chief Financial Officer.

Talking briefly about our Q2 results, revenues increased by 11.4% year-on-year from Rs.278.2 Crores to Rs.309.7 Crores. The growth was driven by growth of 28.1% in NAFTA region and 101.8% in the Rest of the World, partially offset by degrowth of 7.5% in Europe and 17% in Latin American countries.

Gross profit declined by 2.8% year-to-year from Rs.98.8 Crores to Rs.96 Crores. Gross margins declined from 35.5% to 31% due to increase in the raw material costs. EBITDA excluding foreign exchange impact and CWIP write off declined by 9.1% year-on-year from Rs.50.1 Crores to Rs.45.5 Crores.

EBITDA margin declined from 18% to 14.7%. Profit after tax decreased by 33.6% from Rs.24.4 Crores to Rs.16.2 Crores. Total debt has been significantly reduced from Rs.169.7 Crores in March 2018 to Rs.40.1 Crores backed by healthy free cash flow generation during H1 FY2019. Total number of registrations as on September 30, 2018 was 2,289 as compared to 2,157 as of March 31, 2018. The company has another 930 registrations in pipeline across various geographies.

With this brief overview I would now like to handover the call to our CFO Mr. Conrad Fernandes for discussing our financial performances. Mr. Conrad Fernandes.

Conrad Fernandes: Thank you Mr. Bubna and a very good evening to all. During the quarter agrochemical revenues grew 5.1%. Region wise revenue share for the quarter was as follows: Europe 40.9%, NAFTA

38.7%, LATAM 12.3% and Rest of the World 8.1%. The top 10 molecules accounted for 50.6% of the agro revenues.

Depreciation and amortization expenses for the quarter was Rs.19.7 Crores as against Rs.17.6 Crores for the corresponding period of the previous year. We amortize our intangible assets over a five-year period.

Other expenses for the quarter were higher mainly on account of write-off of intangible assets under development. Net working capital days as on September 30, 2018 is higher at 102 days as against 69 days mainly due to lower trade payables.

The company generated free cash flows of Rs.90 Crores. Together with bank balances this was utilized to repay borrowings and make the balance sheet stronger.

With that we now invite questions from the participants. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Chetan Thakkar from ASK Investment Managers Please go ahead.

Chetan Thakkar: Sir just wanted to know the volume detail region wise that you generally give for this quarter and the corresponding for previous quarter?

Ramprakash V. Bubna: Volume was 19,20,837 kilograms in Europe, NAFTA was 14,36,511, LATAM was 4,19,680 and the Rest of the World was 4,95,239 for the Q2 2018 and the corresponding volumes for the previous year was Europe 21,10,112, NAFTA 13,36,655, LATAM 7,04,865 and the Rest of the World 4,63,423. The total was 46,15,055, so there is degrowth of volume from 46,00,000 to 42.72 almost 7.4%.

Chetan Thakkar: Sir if we look at the region wise revenue, just wanted to get a sense on Europe which we believe was impacted because of drought like conditions in Northern Europe, so just wanted to get your sense on the inventory levels in the system and how do you see the main season going forward in Q4?

Ramprakash V. Bubna: We are being encouraged by enquires and orders that we are receiving for Q4, so we feel that Q4 should be quite encouraging.

Chetan Thakkar: That would translate into we maintaining our revenue growth guidance for the full year?

Ramprakash V. Bubna: Yes Sir.

Chetan Thakkar: Sir just one last question on the write offs that we have taken on CWIP, so we have conducted the full review of the block that is there, and this was found to be only amount of write off that was needed?

Ramprakash V. Bubna: This is an interim review Chetan.

Chetan Thakkar: Sir broadly fair to assume that now for the remainder of the year, we will not see any write off here and we have taken the write off?

Ramprakash V. Bubna: No, we cannot say so. It could be.

Chetan Thakkar: Sir this write-off what is the primary reason for it?

Ramprakash V. Bubna: I will not be able to comment very precisely because this was done by our auditors and our accounts team, but we can get back to you later on.

Chetan Thakkar: Sure, Sir and the gross margin guidance also remain intact?

Ramprakash V. Bubna: Gross margins have come down during this quarter compared to the same quarter last year. We feel that the gross margins could be under a bit of a pressure.

Chetan Thakkar: The broader range that you would share of 31% to 34% does that also come under question for the full year?

Ramprakash V. Bubna: No, we should be able to maintain 31% to 34%.

Moderator: Thank you. We have the next first question from the line of Vishnu Kumar from Spark Capital. Please go ahead.

Vishnu Kumar: Would it be possible to give the breakup of the volume, price and currency for this quarter?

Ramprakash V. Bubna: Price is +11.3%, currency is +7.5%, and volume is -7.4%. Total growth is 11.4%.

Vishnu Kumar: Sir secondly for the forward-looking season in Europe you mentioned your order enquires are kind of good, what kind of growth you are expecting in terms of bounce back in Europe, any indicative to growth rate that you can roughly speak about?

Ramprakash V. Bubna: No Sir, it is difficult to point out precisely. I have said that we should be able to maintain the revenue growth in the range of 15% to 20%.

Vishnu Kumar: This is the overall company also will be able to maintain?

Ramprakash V. Bubna: This is for overall company.

Vishnu Kumar: Sir for the Euro USD if you could just give some broad guidance as to how much have you hedged and at what rates?

Ramprakash V. Bubna: We are constantly hedging as the movement in the Euro USD goes on. Right now, we are getting advice that Euro will move up against the Dollar, so the hedging is almost at a very low level.

Vishnu Kumar: Last year same time, I think it was around 1.2 for Q4, so 1.2 to 1.25? Now it is about 1.13, so you not have any hedging at this part curl point of time?

Ramprakash V. Bubna: No right now we have very little hedging. We have been waiting for the Euro to go up.

Vishnu Kumar: Got it and Sir if you could just comment on the US growth broadly any breakthrough you have done, any big molecules or volumes anything you can share on the US markets will be very helpful?

Ramprakash V. Bubna: We have received some registrations last year and we are pursuing those products and they are helping us to achieve this growth.

Vishnu Kumar: This market again we should be growing slightly faster than the company average, which you spoke about?

Ramprakash V. Bubna: Yes.

Vishnu Kumar: Sir very healthy cash flow generations you have reflected and reduced the debt broadly can you just comment on the capex requirements and working capital stretch that you referred if at all there is anything on these two?

Ramprakash V. Bubna: Capex requirements we are projecting between Rs.100 Crores and Rs.150 Crores against about Rs.210 Crores last year.

Vishnu Kumar: How must you have spent Sir?

Ramprakash V. Bubna: Around Rs.63 Crores to Rs.64 Crores is already spent in the first two quarters.

Vishnu Kumar: Got the point Sir. Sir on the working capital you mentioned that trade payables have come off and the number of days are higher if you just broadly explain how the current China situation is and on this trade payables?

Ramprakash V. Bubna: China situation and trade payables are two separate things. Our trade payables have come down considerably because we had built up a higher level of inventory in the last year and we have paid for most of the inventories and now we are selling those inventories and achieving the volume. China situation is a little complicated. For some products they are in shortage and other products are available freely. Some of the products, which are available freely were in shortage last year and vice versa. The products, which are in shortage, were available last year, so it is a zigzag situation and I think it will continue like this.

Vishnu Kumar: Apart from availability are you still see prices move up or price at least increase is more or less stabilized?

Ramprakash V. Bubna: In some products, which are scarcity the prices are going up.

Vishnu Kumar: Even now?

Ramprakash V. Bubna: Yes.

Vishnu Kumar: What percentage of our portfolio if you can broadly say that we are facing this is it like a 20% to 30% or it is up to 50% of our portfolio we are facing?

Ramprakash V. Bubna: It is about 20% to 30%

Vishnu Kumar: Sir the price impact has been quite good at 11% so obviously there is stress in margins currently, but do you see that in the next two to three quarters prices will start hitting higher and we will be able to scale back some of it? In the end innovator level are you seeing at least some increases that innovators are doing?

Ramprakash V. Bubna: Sir this is very unfortunate. Innovators are not increasing. I was travelling to some country last week and I am told by my customers that companies like Syngenta and BASF they are trying to reducing the prices, which is very discouraging. I met one of the country managers of BASF and I asked him why are you not increasing the prices of the products, which are in shortage. China prices are going up. He says I cannot discuss this issue at this platform, but they are not increasing the prices. I cannot understand why. I am sure they are also taking a big hit, but then that is their strategy and our strategy is purely a followup on their strategies.

Vishnu Kumar: Agree Sir, but do you think it is because the season because what we understand from other companies also that US and Europe the season was not very favorable as in the first 1Q and 2Q, which is the main planting season? Do you think that behavior could be probably to clear excess inventories? Is that the reason why they are probably clearing inventories is that the case?

Ramprakash V. Bubna: No Sir. In some of these products they are commanding very good share of the market maybe 70% to 75% of the market and if they increase the prices they will be benefited. Their global strategy could be very strange to us.

Vishnu Kumar: I was asking in the sense that if the season was not good, the inventory buildup was quite high there, so are you seeing that the season how has been your experience for the last six months, whether the season was good and whether the inventories in US and Europe are now getting cleared or you think the inventory is getting built up there?

Ramprakash V. Bubna: It is very difficult to comment on their situation of inventories and other things. It is very difficult to find those things. I am only saying that what is happening in the market. Lot of people like say Adama are suffering because these companies are not increasing the price and the manager of Adama said he is going to take it up at a corporate level while their partners are not taking advantage of the shortage of the products.

Vishnu Kumar: Got it so currently if I understand it right , we are at the stress situation. If the innovators start to increase then we will benefit, but we do not know exactly when that will happen?

Ramprakash V. Bubna: Yes precisely. This is what I wanted to say.

Vishnu Kumar: Sir any broad indication of the working capital requirement for the second half that we expect given that we have to stock up a lot more material? Is it likely to inch up or we are comfortably placed in the working capital side?

Ramprakash V. Bubna: I feel we are comfortably placed on the working capital cycle.

Moderator: Thank you. We have the next first question from the line of Bharat Gupta from Edelweiss Securities. Please go ahead.

Rohan Gupta: Sir first question from the previous question only you said that you had accumulated higher inventory and then have now paid to your creditors that is why your payables have come down, but Sir even simultaneously even inventories has also come down, so from Rs.530 Crores from March, it has come down to Rs.360 Crores in September, so there is a significant reduction in inventories as well as in payables also, so this is the one thing still not able to understand that are we reducing our payable days or creditors or they are not giving us higher credit, which earlier we used to enjoy or we are trying to buy more on cash or on a short-term credit term?

Ramprakash V. Bubna: None of these. We are not trying to buy. We are trying to dispose of our inventories first.

Rohan Gupta: Rs.530 Crores inventory became Rs.360 Crores that is roughly Rs.200 Crores reduction, even in trade payables the reduction is close to Rs.400 Crores, so that is what you are saying that is what is leading to reduction in payables?

Ramprakash V. Bubna: Right.

Rohan Gupta: Sir you are saying this quarter roughly 10% is price increase in the product and when we have old inventory at the previous levels so are, we benefiting significantly on the inventory, which we have been holding and now the price has gone up so are we seeing a significant inventory led gain?

Ramprakash V. Bubna: No, it is the product mix led gain. If you have seen the volumes have come down and revenues have gone up. This is because of the product mix compared to the same period last year.

Rohan Gupta: Sir inventories, which were holding that must be at a lower cost than what we are seeing right now right now? The prices have been continuously moving up number one? This is also reflected in the price increase, so you must have gained somewhere at the lower inventory cost or our inventory cost was not low at all?

Ramprakash V. Bubna: Sir I have remarked a few minutes back that there are some products, which were commanding a very high price in the previous fiscal year. Their prices have come down and there are some products, which were not so much in shortage and the prices were increasing, but not so significantly their prices have started going up. The inventories that we were holding were comparatively at higher prices than if you would have sourced them today.

Rohan Gupta: Actually, rather than we benefiting from the inventory gain, we actually have lost and even we were holding it so there is an interest cost also implied to that, so actually we have not gained anything and that is what?

Ramprakash V. Bubna: I will not say we have had a loss. We had lesser margins.

Rohan Gupta: We also had an opportunity loss if we were holding an inventory for six months?

Ramprakash V. Bubna: Yes.

Rohan Gupta: Interest cost would have been built in there?

Ramprakash V. Bubna: Correct.

Rohan Gupta: How is the scenario now as you have almost started liquidating the inventory and how is the scenario now? Now how you see that over the next six months are we still having any high costs inventory or going forward in the next six months, the margins will look better?

Ramprakash V. Bubna: Sir I would say that the margins remain in the range of 31% to 35%. It is very difficult to comment whether it will look better or not because the situation is quite complex, but we do not have the inventories at a very high price as you said. It was above average, which we are disposing off.

Rohan Gupta: Sir second question on the China thing you still maintain the same thing that the supplies are still not easing out, so the pressure in terms of availability of raw material still remains there on some of the products is it so?

Ramprakash V. Bubna: On some of the products. It is very difficult to generalize this, but it is a situation for all the products. For some products, there is a stoppage of production or production has come down and they are in scarcity, but there are a lot of other products, which are available freely and the prices are also not going up.

Rohan Gupta: Sir can you quantify in terms of percentage that what would have been the production loss because of the unavailability of some raw materials?

Ramprakash V. Bubna: Very little. We have not had any production loss because of non-available of the raw material.

Rohan Gupta: There is no loss of sales?

Ramprakash V. Bubna: Yes. There is no significant loss of sale. There could be some between 5% to 10%. It is difficult to again quantify.

Rohan Gupta: Third last and I will come back in the queue that volume decline, which is roughly 7% to 8% for the quarter, so it is related to what any particular reason for that

Ramprakash V. Bubna: As I have said it is a product mix.

Rohan Gupta: Your focus has been more on that driving the products where margins for better?

Ramprakash V. Bubna: Higher value products where the margin will be better.

Moderator: Thank you. We have the next first question from the line of Vishnu Kumar from Spark Capital. Please go ahead.

Vishnu Kumar: For the previous caller you mentioned that the raw materials that you were carrying was slightly higher priced that what it is currently now, is that the current understanding?

Ramprakash V. Bubna: Sir for some products, not overall. Not all the products were held in inventory, prices were higher for some of them.

Vishnu Kumar: Sir if we have to do 20% growth for the second half our inventory requirements currently seems not that big, so is it going to be like quick cash and carry kind of a model because last year same time around also we had a similar inventory and obviously for second half we need to grow our inventory a lot more, so how do we manage that expectation?

Ramprakash V. Bubna: Sir we have started buying for the Q3 and Q4.

Vishnu Kumar: It is not yet reflecting in the inventory, but now it will start from now on you were saying?

Ramprakash V. Bubna: Yes.

Vishnu Kumar: Got the point Sir and Sir you have repaid almost about Rs.130 Crores of debt plus you mentioned Sir about Rs.60 Crores of capex was undertaken? Close to Rs.200 Crores of cash flow if I have to look at it, but if you could roughly say how we have been able to finance this cash flows because from March to now the working capital seems to be more or less similar and cash generation comes at least based on a simple math it seems to about Rs.120 Crores?

Ramprakash V. Bubna: On encashing the receivables, receivables figures have come down from what it was in March 2018.

Vishnu Kumar: That is one number you are saying?

Ramprakash V. Bubna: Yes.

Vishnu Kumar: Again, our payables have also come down, so that kind of compensates to that?

Ramprakash V. Bubna: Yes. The inventories have down. The receivables have come down and payables have also come down.

Vishnu Kumar: My working numbers that we had Rs.775 Crores of working capital between these three numbers and that number stays the same even as of 1H 2019 as of September end?

Ramprakash V. Bubna: It is lower by Rs.55 Crores.

Vishnu Kumar: Rs.55 Crores it is lower Sir?

Ramprakash V. Bubna: Yes.

Vishnu Kumar: That has helped for the rest. Sorry I did not get that Sir.

Ramprakash V. Bubna: You should look at the non-current items.

Vishnu Kumar: The noncurrent also we have some fund release?

Ramprakash V. Bubna: Yes.

Moderator: Thank you Sir. We have the next first question from the line of Resham Jain from DSP Mutual Fund. Please go ahead.

Resham Jain: Sir I have two questions. One is on the strategy going ahead between the NAFTA and the Europe business, so what is your view on the next few quarters in terms of growth visibility between the two geographies, so that is my first question? I will ask the second one after that?

Ramprakash V. Bubna: Our view is positive. Seeing enquires that we are receiving from our distributors they look positive, but weather is something, which can let you down. You predict something and something different happens, so it is very difficult to comment with surety on that thing.

Resham Jain: Sir I am asking between NAFTA region and European geography Europe's growth if we look at last two years has been much slower than the NAFTA because our concentration we are focusing more on the volume and the revenue growth in the NAFTA geography and that has also pulled down the margins because Europe is a high margin and NAFTA is a low margin so going ahead are you seeing any change between these two geographies in terms of growth?

Ramprakash V. Bubna: No Sir. NAFTA region will continue to have average margins. Europe will continue to have higher margins, but the volumes may come down because of unfriendly weather.

Resham Jain: In which geography?

Ramprakash V. Bubna: European Union.

Resham Jain: Basically, you are saying that NAFTA will continue to grow at a higher rate than Europe going ahead also?

Ramprakash V. Bubna: Yes.

Resham Jain: Sir the second thing, which I just wanted to understand from you is that we have this rupee depreciation in the last three months, which is significant. In that light whatever inventory we must be carrying in those countries how are we positioned in terms of I am sure whether we are hedged on those inventories or not in terms of receivables I am not sure, so indirectly your inventory in rupee terms there is a gain so how are we looking at that aspect going ahead?

Ramprakash V. Bubna: Sir you have answered your question. It is true that the inventories that we were holding were lower value. Today in terms of rupee the realizations are better, so to that extent we are getting benefitted.

Resham Jain: The guidance you mentioned that your gross margin will be between 31% to 35%, which is lower than what you used to guide earlier 36% to 37%, so if rupee depreciation will benefit then the gross margins should actually be much better is it not?

Ramprakash V. Bubna: See Mr. Resham it is very difficult to precisely comment on all these things. I am giving you a general statement that our inventories though they are procured in foreign exchange, but because of the lower rate of rupee Dollar, the valuation was at a lesser value. Today the same inventories in terms of rupee are higher values. This is the general statement I can make, but how much will it impact on the gross margins it is very difficult to comment.

Resham Jain: But you do not see any significant benefit because of rupee depreciation flowing through in your gross margins in the next few quarters?

Ramprakash V. Bubna: There are two aspects of it. My sourcing and purchases are also in foreign exchange so to that extent, I do not get benefited if the rupee depreciates, but in terms of the inventories that we are holding there would be some benefit to the company because the inventories are lower valued in terms of rupees.

Resham Jain: I was thinking from translation point of view when you will translate into rupee indirectly the gains will be reflected in terms of gross margins, so maybe I will take it offline and understand from you.

Moderator: Thank you. We have the next first question from the line of Sunil Agrawal who an individual Investor is. Please go ahead.

Sunil Agrawal: I have a question around the finance cost. If I see the numbers, we have incurred a finance cost of Rs.7.7 Crores in H1 of FY2019 compared Rs.4.85 Crores in the entire FY2018 and if I were to compare this with the overall borrowing the noncurrent borrowings arte almost negligible? The other finance liabilities have hardly gone up and on the current liability front the borrowings have in fact significantly reduced, so I would like to understand where this incremental finance cost has come in from?

Ramprakash V. Bubna: Last year because of these inventories and liberal expenditure on capex, we were required to borrow, so the company had got unsecured loans from the promoters and this finance cost is only the interest on this unsecured loan, which did not exist in the first half of last year and what you see when you have compared the full year's cost compared to the half years cost this year and we have repaid a significant amount of the unsecured loan in the first half and it has been paid 100% in this month in the month of October, so at the end of October, the company is totally free of any debt, so the financing cost will be very much negligible henceforth.

Sunil Agrawal: That was in fact my followup question, so going forward we anticipate a significantly lower finance cost?

Ramprakash V. Bubna: Yes.

Sunil Agrawal: Just another quick one if I may. I see that your other income is around Rs.18 Crores in Q2 what is this on account of?

Ramprakash V. Bubna: It is mainly on account of exchange gain.

Sunil Agrawal: Which could be a one off?

Ramprakash V. Bubna: Yes.

Sunil Agrawal: This net of tax what will be excluded we are almost looking at a negative PAT rate?

Ramprakash V. Bubna: Negative PAT rate.

Sunil Agrawal: In the sense that if I were to consider the other income net of tax the tax percentage, the number at the PAT level would be significantly down right?

Ramprakash V. Bubna: Yes.

Moderator: Thank you. We have the next first question from the line of Chetan Thakkar from ASK Investment Managers. Please go ahead.

Chetan Thakkar: Sir just a followup. In your experience and so many years have you seen such kind of irrational pricing behavior by MNCs in Europe or probably this is the first time they have resorted to such behavior?

Ramprakash V. Bubna: This is the first time that I am noticing.

Chetan Thakkar: Because otherwise if they have market share and raw material prices have gone up so then ideally, they should have moved?

Ramprakash V. Bubna: Some of them are undergoing these acquisition and mergers and I feel that there could be also little bureaucracy there. The decision takers are not so much in touch in with what the ground level situation is. There could be many such factors.

Moderator: Thank you. We have the next first question from the line of Bharat Gupta from Edelweiss Securities. Please go ahead.

Rohan Gupta: Sir just one followup Rohan here. Sir you mentioned Rs.105 Crores roughly for capex this year how much will be in the re-registration cost and how much will be the new registration?

Ramprakash V. Bubna: This is difficult to serrate Rohan because as we have been saying that registration expenses and the progress of registrations are absolutely unpredictable. We depend upon bureaucracies.

Rohan Gupta: For FY2019 when we are talking about and we are already seven months down, so we will be having some sort of clarity that how much will go in the new registration because for the last couple of years the re-registration cost especially in Europe has been going up significantly?

Ramprakash V. Bubna: It is still continuing to be the same, maybe there will be a significant amount of cost in the re-registration and lesser in the fresh registration.

Rohan Gupta: Sir then including current year and from the last couple of years our new registrations cost has come down and then definitely lower new registrations are happening so you that are we affecting our pipeline of the new products in the new geographies over the next two to three years? Will it have some impact there?

Ramprakash V. Bubna: Sir our pipeline continues to be more or less the same. We still have more than 900 registrations in the pipeline, which has been the figure for almost two to three years.

Moderator: Thank you. We have the next question from the line of Vishnu Kumar from Spark Capital. Please go ahead.

Vishnu Kumar: Sir just one question on the hedging part. You did mention that this Euro USD currently you have got advice that Euro might inch up against USD do you every consider doing USD INR for whatever cash flows that you bring to India and any thoughts whether you were considering to hedge that?

Ramprakash V. Bubna: We hedge the rupee Dollar foreign exchange and forward bookings also step by step, so what we had booked about six months back or five months back even after the premium that we received looks lower than the current rupee Dollar rate, so we have absorbed most of those notional losses and today our hedging and average forward contract rate is almost equal to the current rupee Dollar rate, so I have answered your question that yes we do look at this and we do hedge rupee Dollar forward exchange rate in addition to the Euro Dollar.

Vishnu Kumar: Got it Sir. Annually how much would you bring to the country back Sir eventually on a full year basis?

Ramprakash V. Bubna: I think at least Rs.200 Crores to Rs.300 Crores.

Vishnu Kumar: About Rs.200 Crores to Rs.300 Crores. That will be the net number that we will bring into?

Ramprakash V. Bubna: Yes, that should be the net number.

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

Ramprakash V. Bubna: I am thankful to you for organizing this conference. Also, I am thankful to all the participants who have put very intelligent questions. I hope I have been able to satisfy them and thanks to everyone.

Moderator: Thank you Sir. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.