



“Cipla Limited Q1 FY11 Earnings Conference Call”

August 13, 2010



**PARTICIPANTS: MR. S. RADHAKRISHNAN, CFO
MR. AJAY LUHARUKA
MR. HEMANT BAKHRU (CLSA)**

Moderator: Ladies and gentlemen, good evening and welcome to the Cipla Limited Q1FY'11 earnings conference call, hosted by CLSA India Limited. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that the conference will last for duration of 30 minutes and it is being recorded. At this time, I would like to hand the conference over to Mr. Hemant Bakhru from CLSA. Thank you and over to you, Sir.

Hemant Bakhru: Thanks. Good evening every one. This is Hemant from CLSA. We have with us Mr. S. Radhakrishnan and Ajay from Cipla Limited. We will be discussing first quarter results and performance in the quarter followed by Q&A session. For now, I will hand over to Ajay for starting comments.

Ajay Luharuka: Thank you Hemant. Good evening to all of you. We hope you have received the first quarter financials and the performance highlights available on our website. We would like to give an overview of the financials, which can be followed by a question and answer session. During the current quarter, income from operations of about Rs. 1500 crores grew by about 8%, operating margins at about Rs. 350 crores increased by 3% and profit after tax of about Rs. 260 crores increased by about 6.5%. Domestic sales for the quarter grew by 3.6%, formulation exports grew by about 15%, whereas exports of APIs and others have been equal. The lower growth in domestic sales is primarily due to sale of i-pill business and lower sales of certain products in the domestic generic business. However, the growth in branded generics for the quarter was about 11%. In percentage terms, the material cost has marginally increased and operating margins have decreased on a year-on-year basis due to changes in product mix. However, on a quarter-on-quarter basis, operating margins have improved from about 19% to more than 23%. The increase in staff cost of about Rs. 42 crores is due to annual increments, increase in manpower in particular at the Indore SEZ, and regrouping of contractual staff at our Goa facilities. The interest cost has decreased due to repayment of short-term working capital loans availed by the company. Depreciation has increased by about Rs. 9 crores due to addition of fixed assets mainly on account of commissioning of the Indore SEZ factory. As of June 30, 2010, the outstanding amount of forward contract is about USD 260 million, which substantially covers the outstanding debtors. The Company continues to follow the practice of hedging all loans and covering net export billing on a month-to-month basis. With this overview, I would like to leave the floor open for questions. Mr. Radhakrishnan and myself are available to answer any questions that you may have. Thank you.

Moderator: Thank you. Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Manoj Garg from Emkay Global. Please go ahead.

Manoj Garg: Good evening and thanks for taking my question. Mr. Radhakrishnan, my first question to you about domestic market, we have been seeing for the last few quarters that the domestic growth is far below the industry average growth of 16% to 17%. Though I understand that you have

mentioned that because of i-pill divestment and may be generic business. While understanding on the generic business in the total domestic pharma business would be 15% to 20%, so can you put some more light on this?

S. Radhakrishnan: Garg, it is like this, when you are talking of 16%, are you talking from the ORG?

Manoj Garg: Yes, I am talking from ORG.

S. Radhakrishnan: It is the primary sales. There is a difference there because ORG Cipla growth would be matching the industry standards from 18% to 20%, and there are always probably some differences between the primary sales and ORG, which are the retail sales. So I do not think it is a right comparison. As far as we are concerned, in this quarter we said the domestic, the ethical business of prescription was about 11% in the primary level and the lower overall growth in the domestic was mainly due to the i-pill sale as well as lower in the generic segment. Yes, generic segment would be about 15% to 20%, i-pill would have been also contributing to this whole lower growth, but overall we would imagine that for the year we will grow this business by somewhere in the region of 11% to 12% overall.

Manoj Garg: But at some point of time, whatever the difference, which is there between secondary sales, and primary sales, will be breached, but we have been seeing consistently that our growth is in the range of around 10% to 11%.

S. Radhakrishnan: No. They are two different issues. The secondary sales and primary sales have never been same. As an industry if you see, the secondary sales as per ORG are comparable for all companies and we are there. So the primary sales, where you have rightly said in the last two to three quarters it is not at the level as it was earlier. Yes, that is right.

Manoj Garg: So you see that may even going forward.

S. Radhakrishnan: I told you the figure, going forward domestic business, we would image, will grow at a rate of 11% to 12%.

Manoj Garg: Okay, that is all from my side.

Moderator: Thank you. The next question is from the line of Kartik Mehta from Daiwa Capital. Please go ahead.

Kartik Mehta: Hi. Just to check on the Indore SEZ, you have mentioned that depreciation, etc. has increased because of the plant near commercialization. Can you throw some light on this in terms of expected timelines when batches of sales will actually start on this?

S. Radhakrishnan: Yes, actually Indore plant has been commissioned, it is basically a SEZ, therefore it is only basically for exports, and we have already started production there for the non-regulatory markets, but given the overall size of the factory the basic focus would be for all markets and regulatory approvals for Indore is where we are working on and focusing. There is going to be a

WHO inspection very shortly, going forward MHRA UK, and may be later on the other regulatory markets including US will happen and all that will happen in the next six months to one year, is what we are targeting by the time, most of the regulatory approvals are available. This will then enable us to use the capacity substantially for the exports. So we would imagine therefore there would be one to one-and-a-half years' time by the time we get all the approvals in place so that the entire factory can be completely functional.

Kartik Mehta: Just to take that thing further then how much of additional sales expectations should we factor for FY'12 or FY'11 and are you talking anything about your FY'11 top line numbers?

S. Radhakrishnan: Yes, Dr. Hamied had mentioned earlier on the television interview that the overall top line growth can be somewhere around 10% and that is what we think would happen for this financial year. Overall, as I told you in terms of Indore, yes, either we could manufacture additional or some of the current products where we are finding capacity constraint in our existing plans will move to Indore, which also gives tax benefits. So that is how it will happen over a period of time.

Kartik Mehta: In terms of top line, you are not talking anything in terms of new sales expected, which may add up to the top line in FY'12 or FY'11?

S. Radhakrishnan: I did not understand your question.

Kartik Mehta: If the regulated markets see more amounts of sales from the new Indore SEZ, which should come online may be in a year's time or now?

S. Radhakrishnan: Yes, Dr. Hamied spoke about South African Seroflo inhalers. Similarly, we have various inhalers approvals pending for the European market, so obviously fresh business is expected. so Indore has come in for these markets, so all will hopefully happen some time in 2012.

Kartik Mehta: Okay and is that fair to assume the same rate of staff cost and absolute terms for the balance three quarters of the year or there is some element of one-off?

S. Radhakrishnan: There could be a little bit of element of one-off, in the sense because in the first quarter a lot of bonuses are paid, so that would be a little bit of element of one-off, but overall it should be plus/minus this range if you ask me.

Moderator: The next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Just coming back to the i-pill question, the i-pill you would still be supplying to Piramal right. You are still supplying to them?

S. Radhakrishnan: What we are doing is actually contract manufacturing for them.

Sonal Gupta: So it would not have completely gone to zero and secondly, i-pill would be just about, taking the last year Rs. 30 to Rs. 35 crores of revenue, it is about 1% of probably your sales?

- S. Radhakrishnan:** It is about 2%.
- Sonal Gupta:** Given the low growth this quarter, you think you can ramp it up to 11% to 12% for the whole year, are there some new launches, which are slated, or you are expanding field force?
- S. Radhakrishnan:** No, generally also these domestic businesses are very seasonal. For example, this is a season where obviously it will be different from the first quarter, and then given our contribution in respiratory, substantially we are there, winter is very important for us, so these factors normally help us in ramping up the sales.
- Sonal Gupta:** Okay, but any plans on the field force side etc.?
- S. Radhakrishnan:** Absolutely, one is the increase in field staff has happened in the last one to two years, and the approach to increase the penetration and focus marketing is absolutely going on, which is why we would expect turn up better results particularly when it is important during season, and particularly in winter the respiratory products of Cipla with the kind of range that we have will really help us to grow.
- Sonal Gupta:** You are right, so what is your field force right now?
- S. Radhakrishnan:** Approximately overall we have about 5100 as compared to 4800 in the March end; so about 300 numbers have been increased in the first quarter.
- Sonal Gupta:** Right. Could you talk something about the biotech agreements that you signed and taking stake in those, some more details and when should we see some sort of material development on those front?
- S. Radhakrishnan:** Sure. This was approved sometime back, the biotech investments for both the plant in Goa and the plant in China. The overall investment that we are planning is about \$25 million in China and about \$40 million in India to start with, but these investments will happen over a period of time. Partly, some amounts have been invested so far, but not very significant. As we go along, these investments will happen in the next one to two years. Basically, we are looking at host of products in the bio-similar segment including many anticancer products, rheumatic arthritis, asthma, etc. as a basket of products. We would imagine for India, it is launched sometime in 2011 or early 2012 for commercial launches in India. We also have a joint venture in China where we would imagine that the advantage of investing there would also accrue to Cipla, where our partner would be marketing these products in China. Then in the later phases, we will probably look at the regulated market and other markets in India, which will happen subsequently as and when we go along, but right now India and China is the focus.
- Sonal Gupta:** Right. Any reason why you have chosen to take just minority stake in both these ventures?
- S. Radhakrishnan:** It is like this, one is a 40% share and the 25% is what is based on the negotiations that happened for whatever technology we got and whatever marketing arrangements we are entering into. So it is something, which is based on negotiations with our partners.

- Moderator:** The next question is from the line of Sushant Dalmia from Angel Broking. Please go ahead.
- Sushant Dalmia:** Sir, first on your export formulation, which has grown by around 15%, is there any breakup you can give, which therapeutic segment or geography has grown for you?
- S. Radhakrishnan:** Roughly the growth has come from antiasthma about 9%, antiretroviral about 19%.
- Sushant Dalmia:** Okay. In terms of the geography wise, any color?
- S. Radhakrishnan:** Geographical, it is more or less like this. Africa is about 40%, Australia and Asia is about 11%, Europe 11%, North and South America about 27%, Middle East 10% that is the geographical breakup.
- Sushant Dalmia:** In terms of your ANDA filings?
- S. Radhakrishnan:** ANDA filings, in the overall US market today, we have about 22 partners with us and about 57 ANDA have been approved, 41 under registration, and 45 to be submitted for registration. Out of these, 35 products have been commercialized so far.
- Sushant Dalmia:** Okay sir, just last question from my side. In terms of your other expenses, it has come down; is it Forex gains or what?
- S. Radhakrishnan:** There is no Forex gains, in fact there is a loss of about Rs. 14 crores, which is basically because of Euro being open. Otherwise, generally the overall expenditure in terms of selling expenditure or manufacturing expenditure have slightly decreased, also may be there were some one-off expenditures last quarter in terms of i-pill advertisement, I am not sure, that could also have caused the reduction.
- Moderate:** The next question is from the line of Bhavita Nagrani from MP Advisors. Please go ahead.
- Bhavita Nagrani:** Good evening everybody. I would like to understand what is the reason for flat sales in the API?
- S. Radhakrishnan:** The flat API growth is essentially driven by two to three things. One is the regulatory approval that needs to happen, unless the regulatory approval happens you cannot sort of export, so a lot of such approvals are on the anvil particularly from our Kurkumbh and Patalganga EOU. That is one reason. Otherwise, generally the API market itself is something which is more commoditized nowadays and therefore it is not as lucrative as it was before, and that is another reason why in terms of the competition and the profitability it could lead to little bit of a flat levels in growth.
- Bhavita Nagrani:** Okay, but for the upcoming quarters you will certainly see some improvement right?
- S. Radhakrishnan:** Yes, we are hoping for that.
- Bhavita Nagrani:** Okay, and for the staff cost, can we expect the current cost in the similar range of about

- S. Radhakrishnan:** I have answered this question to another person just earlier. You can get it on the site; it will be useful because others are waiting in the queue.
- Bhavita Nagrani:** Okay fine. What is the current net debt position?
- S. Radhakrishnan:** We do not have any debt for the moment. We are still zero debt.
- Bhavita Nagrani:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Jesal Shah from JM Financial. Please go ahead.
- Jesal Shah:** Just quickly, what is the debtor position?
- S. Radhakrishnan:** Debtors roughly, in terms of number of days you want or what do you want?
- Jesal Shah:** No, just the absolute numbers.
- S. Radhakrishnan:** Absolute numbers as of June 30, 2010, overall debt is about Rs. 1700 crores.
- Jesal Shah:** Okay, and the technology income for the year, any change in that number from the earlier numbers given that we have done Rs. 16 crores in the first quarter?
- S. Radhakrishnan:** Generally, we are hoping that it would be around Rs. 100 crores for the year on a conservative basis. It could be a little higher if some of the milestones happen earlier, but that is our estimate as of now.
- Jesal Shah:** Okay, and thirdly, in European markets it seems that the percentage of contribution from Europe is a little less in the overall mix. So are you seeing any kind of pricing pressures and what is your view in terms of whether this would likely continue in the following period?
- S. Radhakrishnan:** Yes, European market is slightly lower because in UK there have been a few issues, which has led to low sales. We hope to resolve this in the coming quarter.
- Jesal Shah:** Would you like to elaborate on what these issues are?
- S. Radhakrishnan:** Yes, at the moment I do not like to elaborate, but general reason is because UK is doing lower.
- Jesal Shah:** Okay. What about the launches of inhalers in UK?
- S. Radhakrishnan:** Yes, salbutamol is happening, salmeterol may happen shortly. Already we have budesonide in terms of approval, and then of course rest of it we do not have immediate timeline, but by 2012, in a couple of years, we could have some more combination drugs.
- Jesal Shah:** So you are saying that salbutamol and budesonide you have got the approval.

- S. Radhakrishnan:** Yes, and salmeterol we are expecting to get quite as early as we can.
- Jesal Shah:** So, have you got any market share in the approvals, which you have already got?
- S. Radhakrishnan:** There is a market share, but the single ingredient products are not as big as the combination ones or salmeterol, so what is really relevant is that once we get these other products, along with the one which are now existing, because these are older products and salmeterol, etc. will be newer products, which will have better market share, but also having said that we just got South Africa CFC free inhaler approvals last week, which is also a big opportunity for us.
- Jesal Shah:** What about Germany, because there was one case which was going on and there was some favorable outcome on that?
- S. Radhakrishnan:** It is like this, there are several impediments to launch. One is the patent litigations, the regulatory issues, and the clinicals and all that, so each one is a hurdle to cross, that is why the whole timelines are kind of something, which we cannot really predict.
- Jesal Shah:** Right. Lastly, in the annual report, we had seen that there has been a decline in the absolute volumes of inhalers and aerosols sold last year.
- S. Radhakrishnan:** Yes, last year you remember we had a problem with the raw material, in one of the quarters, which affected the total volume.
- Jesal Shah:** Right. I just wanted to check if in this current quarter if there were any supply constraints?
- S. Radhakrishnan:** Yes, current quarter it has shown us significant growth and the issue was resolved later.
- Jesal Shah:** Okay, so you are no longer facing any shortages.
- S. Radhakrishnan:** No. I believe we do not have shortages. Some of the inhalers we have converted from non-CFC to CFC, which has resolved the problem. Also the gas availability is now better.
- Jesal Shah:** So the shortages were in CFC right?
- S. Radhakrishnan:** It was with CFC you are right.
- Moderator:** The next question is from the line of Abhay Shanbhag from Deutsche Bank. Please go ahead.
- Abhay Shanbhag:** Sir in terms of raw material to sales, the product mix, with local sales the branded formulation is doing much better. The raw material to sales should have been going down right?
- S. Radhakrishnan:** Marginally, between the two quarters, last year and this year, there is just a marginal difference of 1%, because again ARV business was better for exports, this year it has a little higher cost, all these would balance

- Abhay Shanbhag:** Okay. The other thing is, in the last year especially in the second half you have indicated that you are going to downsize the ARV because of the lower margins, most with rupee appreciating, now again your ARVs have done well, so it is the product mix shifting or you got a couple of tenders or what is the change there sir?
- S. Radhakrishnan:** Obviously, when we said we would downsize, it is not really downsizing. If you look at it, we are conscious about what we are earning from there as compared to the past, so that whole effort continues, and obviously we are looking at better pricing and later generation drugs have better margin will also help us in terms of ARV business.
- Abhay Shanbhag:** Okay. The last one is, in terms of the taxation, now you are almost at MAT, so we would expect the MAT rates to go forward is there going to be any change?
- S. Radhakrishnan:** MAT rates to go forward.
- Moderator:** The next question is from the line of Ritesh Shah from IDFC Securities. Please go ahead.
- Ritesh Shah:** I have just two questions, one is in the last annual report you had declared that you had about Rs. 77 crores of bad debt write off provisions. So there were pretty sharp step-ups. Are those kind of issues still behind us or we are going to have still more of write offs?
- S. Radhakrishnan:** I do not know about the amount, but yes, it was some significant write-off, I am not having the correct amount, I do not know, but going forward if you look at the figures also the overall outstanding in terms of number of days has improved substantially going forward, and we have been more conservative in our approach in terms of credit. So slowly but surely these issues are going to be tackled differently, and we would not imagine such like write-offs going forward.
- Ritesh Shah:** If we will push that point for the last year because our receivables came up pretty sharply, was your credit control partly a reason for the growth?
- S. Radhakrishnan:** Yes, that's what I am trying to tell you. As I told you, we were a little bit more aggressively earlier in terms of credit to parties, but now we have moved conservative and we have a little bit better control in terms of what credit we can give, and sometimes even we hold shipments in case of a bit delay in payment, so that has led to a little bit growth being lower than, may be what it had been in the earlier.
- Ritesh Shah:** On the South Africa opportunity in inhalers, how big is the opportunity we are talking about over here?
- S. Radhakrishnan:** It is substantial, because South Africa is a big market, but I will not be able to quantify the numbers at this stage, it is too early and may be a little sensitive to share the information, but it is a big opportunity particularly for Seroflo.
- Moderator:** The next question is from the line of Bino Pathiparampil from IIFL. Please go ahead.

- Bino Pathiparampil:** First of all, where is this forex loss of about Rs. 14 crores, which line has that been recognized?
- S. Radhakrishnan:** Basically, it has been other expenses.
- Bino Pathiparampil:** Other expenses, okay. Second, the technology income for the year, earlier the commentary was roughly that we would match last year's technology fees, which was about Rs. 160 crores, so now you say Rs. 100 Cores?
- S. Radhakrishnan:** Yes, I am giving you the lower end of the range, but yes, I would still estimate to Rs. 100 to Rs. 150 crores.
- Bino Pathiparampil:** Okay. The export formulation 14% to 15% growth that we saw in the Q1, has it mainly come from ARV contracts?
- S. Radhakrishnan:** It has come from both, not only ARV, also antiasthma and antibiotics. So it is not just one segment.
- Moderator:** The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala:** Good evening everyone. In the context of US, you said that you have 57 ANDAs approved, and 35 commercialized. For the balance, why have we not commercialized?
- S. Radhakrishnan:** No, it is not that we have not commercialized, we are obviously looking at the options and talking to partners, because we are not directly present in the US, we are doing it through partners, so it depends on what is the risk preference of partner versus what we have, and matching that. So that is the process, which is ongoing.
- Sameer Baisiwala:** I understand that, but the question is either you or the partner, why ANDA is not being commercialized, is the market too competitive, it is not moneymaking opportunity?
- S. Radhakrishnan:** Yes obviously, some of the products may not be competitive, may not be worthwhile for our partners to launch and that is why it is not commercialized.
- Sameer Baisiwala:** Okay. The second question, I was under the impression that you had already launched salbutamol HFA inhaler earlier this year.
- S. Radhakrishnan:** Yes, we had a launch. That is correct.
- Sameer Baisiwala:** So, in the first quarter this year, we must have recognized those revenues already.
- S. Radhakrishnan:** Yes, there was revenue, correct?
- Sameer Baisiwala:** Okay. Just moving on the Indore SEZ, what is the total CapEx that we have spent?
- S. Radhakrishnan:** Roughly about Rs. 900 crores on the total CapEx in Indore.

- Sameer Baisiwala:** Okay. What portion of this has been commissioned to have seen the depreciation going up?
- S. Radhakrishnan:** We have capitalized the entire amount, because in terms of the plant, we have taken batches in all dosage forms substantially.
- Sameer Baisiwala:** Okay. Any sense that you can give us about what could be the peak sales coming from Indore SEZ, it may take two or three years, but that is fine, but what could be the total peak sales potential over here?
- S. Radhakrishnan:** It is very substantial, because the capacities are very big, in terms of all the dosage forms including FFS. For example, FFS eyedrops is 45 million units then ophthalmic preparation is about 90 million, inhalers are substantial of 30 million. Tablets are about 1300 million. The capacities are substantial, so the potential is large.
- Sameer Baisiwala:** Anything in rupee crores terms, Rs. 2000 crores or anything?
- S. Radhakrishnan:** Yes, any plant, in the next five years, at least have a plan to recover in five to six years the cost of the plant.
- Sameer Baisiwala:** Okay. There is so much that we hear about this softer issues. Any thoughts on the future leadership at Cipla? What we are hearing is that Mr. Lulla is having some health problems and the nephew of one director has been inducted. So how should we think about this in the longer term?
- S. Radhakrishnan:** Yes, Mr. Lulla is on leave at the moment, and we all hope that depending on his health condition he will resume, but having said that today the company for the last couple of months or at least is being managed by core team of professionals who are looking and integrating on various areas and that is a trend that is going on. The whole process will evolve over a period of time if there is a need, but at the moment we are not very dependent on any one individual. It is a team effort and that is how we are currently managing.
- Moderator:** The next question is from the line of Prashant Nair from Citi. Please go ahead.
- Prashant Nair:** My question relates to the various litigations that you are in with MNC pharma companies in India. Now has this led to any material increase in litigation cost at your end or is it something, which can be reasonably absorbed?
- S. Radhakrishnan:** Yes, it is not something, which cannot be reasonably absorbed, but more from a country perspective we are proceeding this litigation, given Dr. Hamied's personal views on this are something which Cipla has probably done more, not only from Cipla's perspective but from an India perspective. But I do not think we experience something, which is not substantially higher, which cannot be absorbed?
- Prashant Nair:** Can you give an update on what the situation is with respect to the Nexavar litigation and any others that you are?

- S. Radhakrishnan:** Come again.
- Prashant Nair:** What is the current status of the Nexavar litigation and is the way forward here?
- S. Radhakrishnan:** At the moment, I really do not have that information, but may be if you can e-mail to me separately I will send, I do not have it right now.
- Moderator:** The next question is a followup from the line of Sonal Gupta from UBS Securities. Please go ahead.
- Sonal Gupta:** One of my questions has already been answered. I just wanted to understand what timeframe are we looking for on the API capacity that we are setting up for cancer?
- S. Radhakrishnan:** The cancer products we are talking basically were the biotech products, which in the next couple of years we are thinking of launching in India and may be from our Chinese joint venture partner in China, but that is more from a biotech perspective, not the API of Onco.
- Sonal Gupta:** Yes. So that is what I wanted to understand. The Bangalore facility when you will launch?
- S. Radhakrishnan:** The Bangalore one, we would hope to launch sometime in the next six months to one year.
- Sonal Gupta:** Six months to one year. Will you be in a position to launch the formulation of that?
- S. Radhakrishnan:** No Bangalore is basically for API.
- Sonal Gupta:** So that will basically be for the API. Thank you.
- Moderator:** Thank you. The next question is a followup from the line of Bino Pathiparampil from IIFL. Please go ahead.
- Bino Pathiparampil:** It would be great if you give a breakup of this other income of about Rs. 17 crores?
- S. Radhakrishnan:** The breakup for other income of Rs. 17 crores, one second. Any other question Bino by the time we look at it?
- Bino Pathiparampil:** No that is it.
- S. Radhakrishnan:** Basically I do not have the breakup, but the nature of it is basically interest, divided, scrap scale, miscellaneous, these are overall Rs. 17 crores, but I am not having the breakup of each category.
- Bino Pathiparampil:** Okay, no forex in that right?
- S. Radhakrishnan:** No forex.



Cipla Limited
August 13, 2010

Moderator: Thank you. Ladies and gentlemen that is the last question. I would now like to hand the floor back to Mr. Hemant Bakhru for closing comments. Please go ahead sir.

Hemant Bakhru: Thanks Radha and Ajay for the call.

Moderator: Thank you gentlemen of the management. Thank you Mr. Bakhru. Ladies and gentlemen on behalf of CLSA India Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

(Disclaimer: This document has been edited to improve readability)