Pidilite

14th November, 2018

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Dalal Street, Fort
Mumbai - 400 001
Stock Code – 500331

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051
Stock Code - PIDILITIND

Dear Sir,

Sub: Transcript of the Earnings Call

We enclose herewith, a transcript of the Earnings Call held with Analyst/Investors on 31st October, 2018.

Kindly take the same on your records.

Thanking You,

Yours faithfully,
For Pidilite Industries Limited

P Ganesh
Chief Financial Officer

Pidilite Industries Limited

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"Pidilite Industries Limited
Q2 FY2019 Earnings Conference Call"

October 31, 2018

ANALYST: **MR. RONIL DALAL – AMBIT CAPITAL PRIVATE LIMITED**

MANAGEMENT: **MR. APURVA N. PAREKH - EXECUTIVE DIRECTOR - PIDILITE INDUSTRIES LIMITED**
MR. P. GANESH – CHIEF FINANCIAL OFFICER - PIDILITE INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Pidilite Industries Q2 FY2019 Earnings Conference Call hosted by Ambit Capital Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ronil Dalal from Ambit Capital. Thank you and over to you Sir!

Ronil Dalal: Thank you Raymond. Good day ladies and gentlemen. On behalf of Ambit Capital, we welcome you all to the earnings call of Pidilite Industries Limited. We have with us Mr. Apurva Parekh, Executive Director and Mr. P. Ganesh, Chief Financial Officer of the company. Now I hand over the call to P. Ganesh for his opening comments post which we can set the floor open to question and answers. Thank you and over to you Sir!

P. Ganesh: Thank you and very good evening everyone. I will begin with financial performance for the quarter and half year ended September 2018 for the standalone business. Net sales at Rs.1509 Crores grew by 11.9% over the same quarter last year with an underlying volume and mix growth of 9.6%. This was driven by 10.7% growth in sales volume and mix of Consumer & Bazaar products and 4.8% growth in sales volume and mix of Industrial Products.

Gross margins during the quarter was impacted by a challenging cost environment and saw 360 basis points contraction versus the corresponding quarter of the previous year. EBITDA before nonoperating income at Rs.349 Crores declined by 6.5% over the same quarter last year on account of higher input cost and higher A&SP spends. Profit after tax during the current quarter at Rs.245 Crores declined by 6.3% over the same quarter last year.

For the half year ended September 2018 on a standalone basis, comparable net sales at Rs.3101 Crores grew by 16.8% adjusting for GST impact over the same period last year. EBITDA before nonoperating income grew by 4.3% given the input cost led contraction in gross margins by 2.1% and a higher A&SP spend. Profit after tax grew by 7% over the same period last year. Moving onto a summary of the consolidated business for the quarter and half year ended September 2018. Net sales at Rs.1748 Crores grew by 15.5% over the same quarter last year. EBITDA before nonoperating income at Rs.370 Crores declined by 1.9% given the input cost led contraction in gross margins by 3.4% and higher A&SP spends over the same quarter last year.

Profit after tax at Rs.231 Crores declined by 8.6% over the same quarter last year. The higher decline in consolidated PAT as compared to EBITDA is mainly on account of elimination of intercompany dividend and effect of tax thereon. For the half year ended September 2018 on a consolidated basis, net sales at Rs.3566 Crores grew by 19.5% adjusting for GST impact over the same period last year. This excludes the sale of Cyclo division of Pidilite USA, which was sold in June 2017. EBITDA before nonoperating income grew by 8% given the input cost led contraction in gross margins by 2.2% and higher A&SP spends. Profit after tax declined by 1.5% over the same period last year. The lower growth in consolidated PAT as compared to EBITDA is primarily on account of elimination of intercompany dividend and profit on transfer of certain intangible assets and effect of tax thereon.

Moving on to our subsidiaries performance, our domestic subsidiaries recorded a good growth of 49% on a like-for-like basis while international subsidiaries grew at 5% during the quarter. Our Bangladesh and Sri Lanka businesses continue to perform well and we remain focused on SAARC, Middle-East and Africa market as our growth drivers in the international business. We have delivered another quarter and half year of double digit volume growth; however, a challenging cost environment as a result of crude oil inflations and the depreciating rupee has resulted in lower gross margins. We have initiated several cost reduction measures as well as taken some price increases to address this. Overall we remain committed to our strategic agenda of delivering consistent profitable volume led growth. We can now open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. We have the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Thanks for the opportunity. My first question is this quarter we have seen significant gross margin erosion both for India business and overseas, so what is the thought process now, have you taken further price hike in Q2, in Q3 and second in Q3 there is further rupee depreciation and overall crude related inputs have turned a bit more adverse, so what is the thought process here. Before festive season, did you not want to take a price hike because you do not want to upset the distribution was that the reason for the strong margin compression?

P. Ganesh: So a couple of points over here Abneesh. We have taken some price increases between Q1 and Q2, but given the overall input cost environment and also something, which is accentuated by the depreciation of the Indian rupee, the price increases which have been taken are not adequate for fully compensating the input cost increase because the input cost increase is something, which is a sharp spike. Having said that we will keep watching and monitoring the situation and if required we may take further price increases.

Apurva N. Parekh: So one important thing to mention that as we have been saying our gross margin were at very high level for the last two years and we have said some correction is possible and hence when

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there is a very sharp increase in material cost, it is likely to have some impact on our margin, so some impact was something that you were expecting, which was happened.

P. Ganesh: And for Q2, the margins remain at 23% as far as EBITDA margin goes and we have in the past also indicated that over a period of time we would be within the band of the EBITDA margin that we are looking at.

Abneesh Roy: Now when I see your Consumer & Bazaar business and industrial products very different set of trends in profitability. When I see paint companies, they have seen Industrial business compression much higher in terms of margins. In your case on the other hand industrial has seen expansion. I saw your interview on the medial channel where you said the mix has improved. Even if mix improves on a Y-o-Y basis in one year, it cannot be spectacular wherein the PBIT grows by 28% in industrial while in consumer it goes down by 5%, so I think there has to be more than just a mix change.

P. Ganesh: Abneesh, I would also like to add over here is that while there is obviously a very good improvement in the profit margins also aided by a better mix it is also on the back of a base, which aided the growth.

Apurva N. Parekh: One thing to add is our industrial portfolio comprises a lot of very different businesses with very different margin profile, so when I said about mix is because we have business like pigment, which are very different, which has very high export component as compared to some businesses like industrial raisin and industrial adhesive, so the margin profile is very different and hence product mix plays a very, very important role and some of the businesses has much higher export potential where this increasing input cost had a hedge by having a better realization on export. So in our case mix does play an important role in specialty chemicals because it consist of several different businesses with very different profile.

Abneesh Roy: In terms of VAM prices what is the average?

P. Ganesh: Again if you look at the current quarter, our average consumption price was about $1325.

Abneesh Roy: In Q3, has it gone up further taking rupee into account?

P. Ganesh: In Dollar terms if you look at the current spot prices they are closer to $1200, but the rupee has depreciated much more versus where it was in Q2, so in rupee terms you do not see a benefit as yet.

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Abneesh Roy: Sir lastly in terms of subsidiary Nina again great performance in terms of sales 72% growth, but in terms of EBITDA again 4% decline, so is it again the same raw material issue or are you becoming more aggressive in terms of the pricing part trying to gain market share?

P. Ganesh: Yes higher input costs and forex impact is also something, which has played a part over here and we also had certain fast-track contracts, which came in at a lower EBITDA. It was a combination of both of these.

Abneesh Roy: What would be the key raw materials here?

Apurva N. Parekh: It would be various kinds of construction chemicals, there is no key it will be very different type of raw materials, some bought from Pidilite and some bought from other suppliers. There is no one key significant raw material like it is for Pidilite.

Abneesh Roy: Sir one last one, ad spends are quite high this quarter also, we have seen some of the consumer companies cut down on ad spends because festive season has shifted and in your case gross margins got compressed so normally we do see when gross margin compresses, companies cut down on ad spends, so if you could take us through why you wanted to spend so much highly in Q2 in the context of this and is it also because competitive intensity in Fevikwik has increased from the other player who is expanding and has a strong brand ambassador?

Apurva N. Parekh: In our case festive season does not play a very big role. We are not like painting and where there it is a very high, there is a greater correlation with festive season, so generally our advertising does not have a very, very significant linkage with festive season. As we have said earlier we do plan to spend more money on advertising and promotion in order to accelerate growth to some of our key brands. As far as spend goes, spend has been higher on our construction chemical type of portfolio and that has nothing to do with the competition from ResiQuick.

P. Ganesh: Also to add over here if you look at H1, the total spend is in the range of about 3.6% of sales and which is more or less is in line with what we have been spending on an annual basis.

Abneesh Roy: Astral has not been able to pickup right in the adhesives?

Apurva N. Parekh: Astral not pickup in adhesives you are referring to ResiQuick then ResiQuick in the recent launch three to four months have gone, so it is too early to comment on their sale or share or anything like that.

Abneesh Roy: That is all from my side. Thank you.

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Moderator: Thank you. The next question is from the line of Avi Mehta from IIFL. Please go ahead.

Avi Mehta: Sir just wanted to understand on the VAM price bit, you said there is a Dollar led moderation, but is there any plant shutdown in China or Japan, which is likely to weigh on prices, how do you see that if you could share your comments on that?

Apurva N. Parekh: I think it is very difficult to forecast our VAM trend because if any manufacturer can have an issue, a demand and supply issue can happen as you have seen VAM prices have fluctuated a lot over the last few years going up to as high as $1600 and correcting to $800 so there are several factors at play. As far as this recent typhoon I do not think that is going to have any significant impact at least not to my knowledge. I do not think there are major suppliers in that belt, which would have a significant impact on the price, but however VAM prices have fluctuated a lot and hence any other factor also could impact it.

Avi Mehta: When you say any other factor what I was trying to get it is do you see the trend actually being more in the benign side or no?

Apurva N. Parekh: We cannot spread it, the trend means recent prices have been lower, but the demand supply scenario and other factors could change at any time, so we would not like to hazard a guess on what is the likely trajectory and as Ganesh said earlier the recent prices have softened a bit. That is all we would like to say.

Avi Mehta: Fair enough. The second thing was on the price increases. You did mention about some price increases taken in the second quarter could you share the quantum and also could you highlight whether that essentially takes care of the input costs seen because you said it is flattish on an INR basis on Q2 and Q3 basis, so does that kind of take care and moves it back to how the situation was in Q1 any comment on that will be useful?

P. Ganesh: We have taken price increases between Q1 and Q2 and it would average about 3% to 4%.

Avi Mehta: Another 3% to 5% is what you have done in the Q1 so another 3% to 4%.

Apurva N. Parekh: What we said in some of the product category we did price increases in Q1, some of the other products we did price increase in Q2 and each of the price increase would be in the region of about 3% to 5%, but he is talking about some product categories in Q1 and some of the other product categories in Q2.

P. Ganesh: It is not the same set of products where there have been increases in Q1 and Q2.

Avi Mehta: The same way you had highlighted in Q1 some categories, now you have just taken another set this time?

Apurva N. Parekh: Secondly again I would like to say that when you say will it fully mitigate the impact of price increases first of all as we have been saying for the last seven to eight quarters that our gross margin was significantly high and we were okay if there is some correction in that and hence our price increases are unlikely to fully pass on the impact of recent increases in raw material. We had said our gross margin had gone to significantly higher level and some correction was possible and we were okay with it.

Avi Mehta: Sir then on the EBITDA margin what you had said is 21% to 26% you are almost at the lower end of that guidance would you believe that?

Apurva N. Parekh: I do not think we have given such a big range of 21% to 26%. Ganesh, we would have said what kind of range?

P. Ganesh: Over a period of time we would look at something like 22% to 23% and at this point in time if you look at Q2 we are actually at 23% EBITDA margin.

Apurva N. Parekh: Again as we have said for EBITDA margin a big factor is also what kind of topline growth we achieve and also other expenses, however gross margin correction was very significant in the last two years.

Avi Mehta: That is all from my side Sir. I will come back in the queue if I have other questions. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Kadam from Credit Suisse. Please go ahead.

Rohit Kadam: Thanks for taking my question. Sir just wanted to get a sense on the demand trends you are seeing on the ground. Obviously for the last four to five quarters you have delivered consistent volume growth are you seeing any signs of further uptake from these levels or you would say that similar demand kind of trend should sustain going forward, also if you could split it into any parts of the portfolio in terms of waterproofing, sealants and adhesives any segments, which you think are firing more, any other pockets that you think there is some weakness and can improve going forward?

P. Ganesh: By and large if you look at the last couple of quarters most of our major categories are doing well in terms of growth so again we have had another quarter of double digit growth and there seems to be a gradual improvement in the overall demand environment and a little more consistency in

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that we would say, but at this point in time we would not really call out a demand recovery or forecast whatever is it going to be in the future. It would be interesting to wait and watch how H2 pans out.

Rohit Kadam: That is helpful Sir. Thank you.

Moderator: Thank you. The next question is from the line of Chirag Shah from CLSA. Please go ahead.

Chirag Shah: Thank you very much for taking my question. We spoke about VAM prices, but can you also highlight how other raw materials like solvent based chemicals and rubber, etc., moving and secondly you mentioned about cost reduction measures that we are initiating in the context of raw material cost being 50% of sales and employee cost being another 12% to 13% of sales what are the cost reduction measures that we are looking at if you can just elaborate on that and my second question is around CIPY Polyurethane Private Limited if you can just throw some light on what is the business plan here?

P. Ganesh: Again to your point in terms of cost reduction initiatives, the way we look at it in terms of margin protection, you have multiple levers. One of course is accelerating sales growth, which would lend to higher EBITDA margins purely through leverage and there are other levers like reduction in cost, which can have a variety of components whether it is on the manufacturing side, whether it is on packaging and so on and so forth. So, the way we are looking is that it is a combination of multiple factors, sales growth, better sales mix through premiumisation, through innovation and new products as well as optimization of cost on multiple fronts, so it is a combination of these factors, which will actually lend to better margins.

Chirag Shah: Non-VAM prices the way they are moving?

P. Ganesh: Some of the other raw materials have also seen uptick over the last few quarters, so it is not restricted just to VAM. We use VAM as a reference point because that is the largest raw material.

Chirag Shah: Understand, but there is pressure on other raw materials as well and that is largely because of the rupee depreciation or there is price inflation in those raw material itself in Dollar terms?

P. Ganesh: It is a combination of rupee depreciation for imported raw materials as well as being commodities, that is inherent.

Apurva N. Parekh: Crude price. All of this are crude based, so crude and Dollar have thebiggest impact on the raw material cost.

Chirag Shah: Quickly Apurva if you can just talk a little bit about CIPY Polyurethane Private Limited and what is the business plan here?

Apurva N. Parekh: CIPY Polyurethane it is a flooring company, which makes high end flooring, which are based on polyurethane, epoxy, those type of chemistries, so they supply products, which are used for flooring kind of application in various projects. The project can be commercial, manufacturing plants, healthcare facility, etc., so it has very good products and technology, which are comparable to multinationals and the objective here is to obviously strengthen their business and to grow in this segment, convert the user to better flooring technologies, expand the geographical presence, increase the product portfolio, increase the customers and basically accelerate the growth in this segment. This is very adjacent to our waterproofing business a little bit like Nina and Percept, but here CIPY manufactures these flooring products, which were not present in our portfolio.

Chirag Shah: I understand these flooring products, my question was around what is the distribution game plan here are we right now restricted to a few markets and is there an opportunity to take it pan India or are we already selling the product across the country?

Apurva N. Parekh: They have presence in many parts of the country, but today the penetration of this product is low, so the bigger objective is to increase the penetration and usage of this product and obviously there are geographical gaps. They have presence in several parts of India, but there is definitely a potential to increase the geographical presence and to increase the customer base.

Chirag Shah: Apurva I am sorry if I can just slip in one more question. If you can just also talk a little bit about the ramp up in the joinery business please?

Apurva N. Parekh: In the ramp up in joinery business, there is nothing new to report except for the fact that we have reported earlier that we did the tie-up with Jowat, which makes hot melt adhesives, which strengthens our portfolio for joinery segment. So as I have said earlier we are market leader in joinery segment, we continue to invest in that segment in terms of new product, tie-up with Jowat is in that direction and we continue to make sure that we increase our sort of coverage of this market and increase our presence and share, but we are clearly the market leader in this segment and with Jowat coming in, it significantly strengthens our product portfolio and we continue to make sure that we have accelerated growth in this product segment.

Chirag Shah: Is there an import substitution opportunity here?

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Apurva N. Parekh: There is some import substitution here yes, if you say some of the overseas companies do have market share, some of the Jowat products were also imported into India, so yes there is an import substitution, which has been happening for the last several years. Earlier if you go back 10 years ago many of these products were imported. Now we have started manufacturing some of the products here and with Jowat tie-up we will manufacture more products in India, so yes there is clearly an import substitution opportunity.

Chirag Shah: Thank you very much and thanks for being patient with my questions.

Moderator: Thank you. The next question is from the line of Kunal Shah from IIFL. Please go ahead.

Kunal Shah: Thank you for taking my question. I have three questions. First is on the working capital, so if you see this quarter versus 2Q last year our inventory levels have increased, which is partly offset by payable days, what is the reason for this shift, overall working capital has remained similar?

P. Ganesh: As far as the working capital position is concerned, there is some increase in inventory as you have rightly pointed out. It is a combination of a couple of factors with raw material cost moving on the higher side, there is some impact of it as well as some amount of inventory increase by way of strategic sourcing and which is why you are seeing that payables has also moved up correspondingly.

Kunal Shah: Just wanted to get a tax rate guidance for the full year because we have seen tax rates at 33% to 34% now, so do you expect that rate to sustain for the full year as well?

P. Ganesh: These rates should sustain for the full year and these are marginally higher than what we have seen last year because a couple of our facilities have now moved out of the tax exemption period.

Kunal Shah: My last question is I think I missed out on this one what was the ad spend for the quarter?

P. Ganesh: Ad spend for the quarter is about 2.5% of sales.

Kunal Shah: Any guidance for the full year number?

P. Ganesh: As far as the full year guidance is concerned, we expect to be in the range of 3.5% to 4%, which has been our normal range and for the half year again we are at around that level.

Kunal Shah: That is all from my side.

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Moderator: Thank you. The next question is from the line of Ronil Dalal from Ambit Capital. Please go ahead.

Ronil Dalal: My question is in the industrial products how do you see growth going ahead?

Apurva N. Parekh: In industrial products, as I mentioned earlier, we have different type of products and each has a different strategy. We have this business of pigment preparation what we call as pigment and pigment preparation there we have a healthy mix of domestic business and international business and there the strategy is more to develop more specialized product and to convert larger customer both inside India and outside of India. In industrial resin, industrial adhesive, we have greater share of domestic business there again the objective is to develop more specialized products and to work with the various companies, convert them, get OEM approvals where required, so it is a very, very different strategy and there is a different strategy for each of our product groups, but overall the focus is to strengthen our product technology and then to really work very closely with customers and sometimes when the specifications are required to gain a greater share. In industrial products, our market share in some of the categories are very good, in some categories they are not so good, so there is a different strategy based on the product segment and product category. There is no one simple answer that I can give you for this, but the greater focus is to continuously strengthen the technologies, so we have the right product as per the changing requirement of customers.

Ronil Dalal: Sir would industrial be growing faster than the consumer products going ahead?

Apurva N. Parekh: No, I would not say that it would grow faster than Industrial. Our Consumer & Bazaar product segment is our core business and hence we expect continued good growth from that. Traditionally, if you see our Consumer & Bazaar product portfolio has grown significantly higher than industrial products. We continue to focus on both, but I would not say that industrial would grow faster than Consumer & bazaar.

Ronil Dalal: Sure. Sir, if you can just comment if anything about the competitive environment and also how much premium would Pidilite products be selling versus competition if you can give some sort of colour on that?

Apurva N. Parekh: Again, as you know, we have a very wide product portfolio, so there is again no simple answer to both competition and product and price premium. If you look at some of our larger categories in Consumer & Bazaar products like adhesives and sealants, we have fairly good market share, very strong presence in retail, waterproofing or adhesives and sealants. In industrial specialty chemicals, there are some product segments, product categories or market segments, where we are market leaders, but our market share will not be as high as they are in Consumer & Bazaar products. As far as price premium goes, in some of the Consumer & Bazaar products like adhesives we have good premium over the second or third player. In industrial specialty chemicals, the price premium would not be there in many of the products and would be much smaller in some of the other product categories, so again, there is no one answer because we operate in so many different products and market segments.

Ronil Dalal: Thank you.

Moderator: Thank you. The next question is from the line of Shruti Dhuman from NVS Brokerage. Please go ahead.

Shruti Dhuman: Good afternoon. Most of the questions are answered just two questions. Regarding the rupee devaluation and the rising oil prices how much is your portfolio hedged, how much percentage?

P. Ganesh: Yes, so on the trade front while we are a net importer, we also have exports, which means we have a natural hedge for a large part of our import exposures. Having said that, all open exposures we do take covers from time to time, which means, by and large we do not have more than $1 million of open exposure at any point in time, so we have a very robust policy of taking covers actively and we are more or less fully hedged.

Shruti Dhuman: According to the presentation, the losses for the Pidilite MEA Chemicals have reduced and sales also grew by 7.7% due to higher capacity utilization, so may I know what is your capacity utilization and by when can we see the profits coming in the future?

P. Ganesh: Again, we had mentioned a couple of quarters ago that the focus in some of these geographies where we have been negative on EBITDA has been in terms of looking at ways and means of improving margins and optimizing costs as well as looking at better use of available capacity, so this is something, which is very much on track and it is in this context that you are seeing some reduction and losses in some of these geographies.

Shruti Dhuman: Can I get in percentage terms?

Apurva N. Parekh: Currently, our capacity utilization of the manufacturing plant in Middle East is still low, so it is low and we are still in process of developing an appropriate strategy for that market, so that is work in progress. I do not have any definitive answer when the subsidiary will breakeven because we are yet to develop an appropriate strategy for that market. Current capacity utilization is fairly low.

Shruti Dhuman: In Q2, you took some price hike, so did you see some demand affected in Consumer & Bazaar and industrial products due to the price hike and what do you think about the Q3 demand?

Apurva N. Parekh: No. We have not seen any impact in the demand because of the increase in price. There has been significant increase in input cost and in past we are generally able to pass on the price increases, so we have not seen any impact on the demand as such.

Shruti Dhuman: Thank you.

Moderator: Thank you. The next question is from the line of Dipan Mehta from Elixir. Please go ahead.

Dipan Mehta: Sir, household consumption patterns in India are changing and some sectors are seeing premiumization, on the other hand affordable housing is doing well and then there is this whole rent versus buy trend, which is taking place and now we have IKEA and Pepperfry doing exceptionally well, so there are many trends taking place, which may impact the company positively and negatively over the medium to long term can you discuss two to three specific trends, which come to your mind, which can impact the company positively or negatively, sir? Can you give us a slightly longer term view as to what the sustainable growth rate of the company could be?

Apurva N. Parekh: We are generally bullish about the potential of our products in India. We believe that there is a good runway for most of our product categories in India. In India, still the penetration and consumption of many of our products is low and hence there is a lot of potential ahead. If you really look at construction or homes in India and in terms of interior decor still there are many, many more consumers who are getting into consumption cycle. As the prosperity improves, many more people spend more money on interior decor and that should generally help the consumption of our products. There could be some positive trends and some negative trends, but overall we believe that there is still a very good runway ahead for continued good growth. There are certain categories like construction chemicals where penetration is still very low and hence there is a much greater potential of increasing the consumption and usage of our products and hence the growth potential is even better in waterproofing or construction or chemical type of products, so generally speaking, our view is that in many of our product category, there is a very good opportunity to improve the penetration and the consumption of our products, so we see good growth scenario. There could be some factors, which could have some negative impact, but overall as a combination of positive and negative factors we believe there is a good runway ahead.

Dipan Mehta: Thank you and all the best Sir.

Moderator: Thank you very much. As there are no further questions, I would like to hand the conference back to the management for closing comments.

P. Ganesh: I would like to thank everyone for coming on the call. Thank you.

Apurva N. Parekh: Thank you.

Moderator: Thank you very much. On behalf of Ambit Capital that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.

(This document has been edited to improve readability)