



“Tube Investments of India Limited Q3 FY 2017 Earnings Conference Call”

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MODERATOR: **MR. KASHYAP PUJARA – AXIS CAPITAL LIMITED**



Moderator: Ladies and Gentlemen, Good Day and Welcome to the Tube Investments of India Q3 FY 2017 Earnings Conference Call hosted by Axis Capital 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 telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kashyap Pujara from Axis Capital Limited. Thank you and over to you, sir!

Kashyap Pujara: Good morning to everyone and it is a great pleasure to have with us the management of Tube Investments for the Q3 Conference Call. From the management side, we are represented by Mr. Ramkumar -- who is the Managing Director; and Mr. Mahendra Kumar -- who is the CFO.

Without taking too much time, I now, handover the floor to Mr. Ramkumar. Over to you, sir!

L. Ramkumar: Yes, thank you, Kashyap. Good morning to all of you and thank you for taking time out to join us in this conference for the Q3 performance review.

The performance during Q3 has been little mixed because we were having a good momentum in various businesses till October. Since November we have seen slow down and that has affected the performance in the quarter.

Overall, you see, turnover went up by 7% in this quarter compared to the same quarter previous year, cumulatively we are at 5% growth. The company's profitability was definitely affected.

Our margin, profit before financial loss and exceptional items came down to 5.35% to what was much year-to-date and also the previous quarter Q2 slightly lower than the Q3 of the previous year the same quarter and we ended up with PBT of Rs. 37 crores.

As you know we had good savings in financial charges because of repayment of loans which is possible because of the inflow we got from sale of the stake in insurance.

Talking about the individual businesses, Bicycle business got affected quite badly because the trade volume shrank for the entire industry, not only for us and there has been drop compared to the similar quarter of last year by 20% in trade. Though overall we grew by 2% thanks to some government and institutional orders which we executed during this quarter.

Going forward, we have seen slightly pick-up in terms of trade and as you know March, April is the season for Bicycles and we are hoping the pick-up will be good and hence, it could be better than what it was in Q3.



The important thing to note is, we have a fair quantity of government orders. We had received orders from government of Tamil Nadu, government of Karnataka, government of Madhya Pradesh, government of West Bengal, government of A. P., and we have something like 6 lakhs plus number of Cycles to be executed in this quarter, Q4.

With this, I think the top-line and bottom-line will get showed up as we move forward.

Coming to the Engineering division, again, we are having a good momentum with the Auto growth in two-wheeler and four-wheeler up to October. The Passenger Car growth has continued by and large during November, December with some blips.

Overall, we have seen in this division, we have seen a growth of 14% in top-line and a significant improvement in bottom-line aided by exports.

As we had mentioned in the last conference call the exports growth has been significant. We are growing at the rate of 80% to 90% over the last year in this, largely due to the new contracts we were able to secure in the ASEAN market for some of our Precision Steel Tubes.

We have also announced the Board's approval for setting up a new plant for making Precision Steel Tubes in Rajpura, right next to the plant which we stated for making Bicycle this is necessitated because our capacities are almost fully used up and North is still a very large market for us with the growth which we are seeing in the overall industry.

We need to meet to beef up our capacities and hence the need for Greenfield plant, we are investing something like Rs. 80 crores here. The ground breaking will be taken up shortly and within nine months to ten months, we can have the plant may be by end of this year 2016, 2017 January I mean 2018 January probably we will start the plant may be up and running.

Coming to the metal form, the products related to Passenger Car segment we are not affected much like the Door Frames. However, the products related to the two-wheeler like the Chains are affected because of the cut back in schedules by the two-wheeler businesses as well as there has been a dip in the aftermarket of Chains, because there was cash crunch and people are taking time to get adjusted to the new way of working in terms of digital payments, and etc.

So, overall the growth in this segment was 3% over the same quarter last year, though we are running at 10.2% year-to-date but the profits definitely came down by something like 6% in absolute terms compared to the previous year.

So, going forward, in terms of the metal form the business again, we had a growth in the Door Frame segment. We had slight drop of something like 5% to 6% in terms of quantities in the Chains segment.



So, by and large, I think this is the situation. I actually move forward to the Q4, we believe the Q4 would be expected to be better than the Q3 partly we have this government orders in Bicycles, we have exports which are not affected by demonetization impact. Probably the Q4 is normally very good for the Automotive segment because the sales of Automotive products two-wheeler, four-wheeler, is normally very high in Q4. So, this would definitely make us look for a better turnover and profits going forward in Q4.

Coming to the subsidiaries, Shanthi Gears continue to improve its performance quarter-on-quarter. We ended up with something like Rs. 50 crores turnover for the quarter compared to Rs. 47 crores last year. Our profit before-tax was Rs. 6.5 crores as against Rs. 5.5 crores in the same quarter last year.

The order book position in Shanthi Gears has been pretty good. We booked orders of Rs. 55 crores worth which means we have a backlog of Rs. 113 crores as of the end of December compared to Rs. 74 crores at end of December 2015. The order booking rates has been pretty good. We have done a good booking of Rs. 158 crores.

Our associated subsidiary companies have done well. In the case of Cholamandalam Insurance which is our subsidiary, the net written premium went up to Rs. 645 Crores and profit before-tax went up to Rs. 67 crores. And in the case of Cholamandalam Finance, you might have seen the results have been published. Here, the net profit for the three months ending 31.12.2016 was at Rs. 163 crores as against Rs. 146 crores.

In terms of TIs overall financial position, our debt-equity continues to be very healthy and we have repaid substantial portion of our long-term loans based on the in-flows which we received last year and we have debt-equity as of now around 0.4 which is I think very-very healthy.

So, overall, these are the various facts relating to our current business and how it looks going forward.

We will be very happy to take any questions that you have. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. We take the first question from the line of Kashyap Pujara. Please go ahead.

Kashyap Pujara: Mr. Ramkumar, could you just throw some light on the de-merger. I mean what is the expectation, by when we should see the de-merger going through?

L. Ramkumar: Mahendra, would you like to answer?

Mahendra Kumar: Yes. So, we have got the preliminary approvals from the Stock Exchange and now we have filed application with the NCLT. We are hopeful of getting their approval may be by May and after that again, we have approached the Stock Exchanges for the final approval.



- Kashyap Pujara:** Sure, okay. And what would be the absolute level of debt at the moment?
- Mahendra Kumar:** Rs. 821 crores.
- L. Ramkumar:** Including working capital Rs. 821 crores.
- Kashyap Pujara:** Okay. And could you just give us the volume data as to what are the volumes in this quarter in terms of Bicycles and the total volumes in the engineering segment?
- L. Ramkumar:** See, Q3 total Bicycles we did 8.81 lakhs then close to 54,000 tonnes we did in all Strips and Tubes together.
- Kashyap Pujara:** Okay. And this would not include the large dia so...
- L. Ramkumar:** It does not include large dia 4,400.
- Kashyap Pujara:** 4,400. And how are we seeing the profitability there, I mean in the sense that we were seeing consistent improvement on Q-o-Q basis in large dia where are we now on the curve?
- L. Ramkumar:** Actually the volumes continue to improve quarter-on-quarter. We did around 4,400 tonnes last quarter, 4,300 tonnes previous quarter we did. We started the year with 3,600 tonnes. Overall the capacity utilization is going up. There is still pressure on the profits because we are not fully able to recover all the steel price increases which has happened partly because internationally steel prices have still not gone up a part of it is exports. Partly because in India people from other industry like Seamless Steel are dropping price so, for a while there is a pressure on margins but as far as the quality product acceptance, enhancing customer base I think it is going very well.
- Kashyap Pujara:** And so, if I we result to look at it from a FY 2018 perspective next year what can be the utilizations of this large dia plant and would it show up in the profitability?
- L. Ramkumar:** See, I would say this year also there has been a significant reduction in the loss which we made last year maybe we will not be able to wipe out the loss fully. Next year, I think our capacity utilization should come closer to 75% to 80%.
- Kashyap Pujara:** And at that point we should start making good margins on this more than 10% margins here?
- L. Ramkumar:** Partly they depends on the pricing. If the pricing were to cover the cost increases which is what happens in the rest of our businesses, we are not asking for higher price Steel price increase then I think our margins will be very good. If we are able to recover partly then the margins



will be decent that is all. Still we are currently EBITDA profits, cash profits we are making; it is only at the PBT level we are talking about the loss.

Kashyap Pujara: Okay. So, would you be able to articulate like what is the PBT loss total from this project because if that could be the swing which can happen next year?

L. Ramkumar: I would reserve answer to this question. By end of the year we will give you the exact answer.

Kashyap Pujara: Sure. And sir, what will be the total CAPEX that we would be expecting in the next year given that we will be expanding our tube business as well?

L. Ramkumar: I think we are looking at something in the range of may be Rs. 200 odd crores. We are just finalizing our plans, it should be Rs. 200 crores around.

Moderator: Thank you. We take the next question from the line of Pranshu Mittal from GICA. Please go ahead.

Pranshu Mittal: My question pertains to your Bicycle segment. What exactly is the reason that we are seeing such a subdued performance just not specifically in this quarter also if we look at full nine months' basis, what I understand may be correct just correct me if I am wrong, we make the better the Specialty kind of Cycle which is better than the regular Cycles which is there. So, even on the annualized basis we have been making like 5%, 7%. How do you see because being a branded player having the Specialty Cycle having some of the components manufactured in-house, why do the profitability of this segment is so poor generally? And also in this quarter is it more to do with the overheads and because of the lower volume or did you see problems of the discounting or let us say the gross margin drops also of this particular segment?

L. Ramkumar: Yes, thank you it is a good question. As I mentioned in the beginning, we have had big drop in the volume during the quarter in the trade segment. What you are talking about the branded etc., comes in what we sell to dealers and trade. So we did something like, we had a drop of 20% compared to the Q3 of last year this is largely due to demonetization because we have even seen the border load before that and after that. And we know also the overall industry has been affected because a lot of people they are doing these transactions in cash, slowly changing. However, we have seen good business in our own retail stores where we mostly use credit cards but that is not bulk of it, it is only 30% of our sales. But we managed some volumes because of the institutional sale of the government orders which are profitable but not highly profitable, right to make up the loss of volume in the trade segment.

Pranshu Mittal: Sir, what is the split generally between these two segments?

L. Ramkumar: If you take the last quarter, we did around 2.8 lakhs of government orders, so balance of 6 lakhs is trade.



- Pranshu Mittal:** But there is no profitability, you mean...
- L. Ramkumar:** No, there is profit but it is very highly volume driven. We are operating below the breakeven when we do these kind of volumes that is what makes it very difficult for us to recover the entire overheads. Second important thing is especially this year, we have new plant which we set-up with investment of something like Rs. 110 crores, Rs. 115 crores and that plant is getting ramped-up. So, when you ramp-up a plant when you only have overheads, you do not get the full volume. We also have another plant which we are running simultaneously the plant in Noida. So, only when we consolidated and we have only one plant then we get the full efficiencies. So, this year has been a very unfortunate case of trade volumes coming down, additional overheads and investment in one more plant and not having commensurate increase in volume, this is one of the reasons
- Pranshu Mittal:** So, what is the utilization level of put together of both the plants, currently?
- L. Ramkumar:** See, currently the new plant, the capacity is something 2.5 lakhs and we will be doing something like 60,000, 70,000 because we started with 10,000, 15,000 so every month we are going up.
- Pranshu Mittal:** Then sir, why we are putting the new plant already, the Rs. 80 crores plant in Punjab where we....
- L. Ramkumar:** Sorry.
- Pranshu Mittal:** We are also planning a new plant in Rajpura, right?
- L. Ramkumar:** Correct.
- Pranshu Mittal:** So, then when still we are yet to go and what is the generally a lag period of putting a plant and coming for the commercial production?
- L. Ramkumar:** See, the plant we are talking about in Rajpura now is for Precision Tubes which comes under the Engineering division, okay. We did not mean for Bicycles. So, you can take it as I said in the beginning that maybe we can commission it in January 2018, it takes 10 months to 11 months from ground breaking.
- Pranshu Mittal:** Okay. Just one more thing that is let us say for this year, but in general let us say three years, four years, five years of your performance. The margins have never gone above 7% or 6%. What is the thing of this Specialty Cycle having such a wonderful brands, they does not gel with the numbers as such. So, how do you see that? And I believe Chains are from your own manufacturing may be at a transferring pricing, there are tubes which is own manufacturing then still is it like some disconnect is there to understand, if you can just throw some elaborate light on this.



L. Ramkumar:

No, I can throw some light whether it is not elaborate or not you can decide. I would say that this is not a very high EBITDA margin business, right, this is something which we should look at from an ROCE perspective. But as we are talking our ROCE is very low because of the investment. So, if you talk historically over the last three years, four years, when we have even hit four years back 80%, 90% ROCE. Two things have happened in the business which again, we are looking at how to control. One is whenever we do these government orders, the government orders not only have a lower margin but also, they have a lot of working capital at a point of time. We collect in the market at 23 days and our credit period is much more from suppliers. So we can have a very tight working capital and hardly any investment we make in CAPEX in this business excepting what we did recently. This is business model even though you get a 6% to 7% PBIT or whatever margin, you can still sail through with that. So, overall outlook if you ask me though we have might have hit the bottom most, as far as this year is concerned, we should settle at 40% to 45% ROCE over a period of time in a year or two. That is the outlook if you ask me.

Pranshu Mittal:

Sir, these government orders are generally the lower end of the Cycle?

L. Ramkumar:

See, government orders are basically the standard Bicycles what we call, the green and black cycle because the government use it to the poorer sections. Many a times the government mostly they give it to free to either students or to tribal people where it is a way of promoting and encouraging them. So, that has become a very large number. We also are not able to ignore it because otherwise, in a way the government orders have also affected the market. For example, the huge number is given by the government then trade cannot sell those Bicycles and this is the break and butter for the trade. So, that change is also taking place in terms of the trade reorganization.

Moderator:

Thank you. We take the next question from the line of Nikhil W, who is an Individual Investor. Please go ahead.

Nikhil W.:

I have two questions for you. First, is about this joint venture TI Absolute Concepts, can you please throw some light on this?

L. Ramkumar:

Yes, see in the Bicycle segment there are different segments as you know. We just talked about the government sector or the Standard Bicycles which is all looked at by the people who do not have high income they use it for commuting. Today we are also dealing with Bicycles of the other end of the spectrum which is the Gears and people use it, I know in many of the cities if you see in the morning if you were to catch a flight or something, very early morning you see a lot of people cycling these days. We see similar things in developed countries like Europe and America and all that. So, these Bicycles are also growing. As these Bicycles are growing, we are seeing there needs to be different outlets. We have got our own outlets we use to call them BSA Hercules shops now we call them Track & Trail, where believe a good ambience and experience people who can explain to the customers about cycling can help them choose the

correct Bicycle, give them after sales service. But when we see, when we sell cycles for example, we represent companies like Cannondale and Bianchi overseas where the value of Bicycle starts at Rs. 50,000 goes up to Rs. 2 lakhs also sometimes. When we sell these high-end Bicycles, the customers who come in are very different, their expectation is different, and their knowledge of Bicycles is very different. So, we have always looked at different formats for different kinds of customers. With the highest end of customer, we need an ambience which is very different from a normal Bicycle shop. So, we have seen this theme based restaurants elsewhere in Europe very successful. So, Ciclo is the name of the restaurant, we have it running very successfully in Chennai. We just opened it in Hyderabad. We will shortly open in Gurugram, Gurgaon and then we will open in a couple of more places soon, we will keep announcing it. You can go to the website Ciclo Cafe and also check this, it is rated amongst one of the best of the theme based restaurants in the world not only in India. So, what happens here is they get some good food and Bicycles are also there and if you go into the restaurant you will see everything made in relation to a cycle. Your table legs will be a fork, the chandelier will be like a chain and rim and all those kind of things, you can see it also on the website. So, here what we are saying is incidentally what we do these places we also organize cycle rides. For example, in Chennai it is a destination point for various groups Saturday, Sundays to go on cycling for 100 kilometer, 200 kilometers, etc., it is a place where young people hangout and then the cycling groups are formed. So, it is really to take cycling into a different level. So, it is a partnership between us and the other person incidentally he happens to be avid cyclist. He himself cycle 60 kilometers to 80 kilometers daily, they are already running a few of restaurants and hotels and all that. They were interested in cycling, so, we have formed restaurant Ciclo in Italian means Bicycle actually. That is why it is Ciclo Café. So, you can visit this if you are in Chennai or Hyderabad soon in Gurgaon or later may be in Bangalore and Coimbatore, you get a hang of it, they provide good food as well. So, this is getting more popular. So, this is the idea of our investment in TI Absolute Concepts. With this our Bicycles will get more popular and the people who have come to buy a high ticket value of Bicycles are the kind of people who visit this kind of restaurants that is the idea.

Nikhil W.: So, what is the CAPEX per store and when do you get the payback? I mean to say what is the timeframe?

L. Ramkumar: Pretty good actually, I think we are putting investment of Rs. 10 crores to set up these one, two, three, four, five stores, this will be done by may be in another six months we will complete all the five stores. I think the payback will be in two years max.

Nikhil W.: So, Rs. 10 crores per store or Rs. 10 crores per Cycle?

L. Ramkumar: We put in Rs. 10 crores, our partner puts in Rs. 10 crores total investment is Rs. 20 crores, not all the places the stores are owned by us. Almost nowhere it is owned by us, it is a rental model and it is for doing up the interior, etc., and then we run the business so, with the Rs. 20 crores we set up five stores.



- Nikhil W.:** Okay. Sir, the second question, you mentioned the CAPEX for the year is Rs. 200 crores.
- L. Ramkumar:** Next year I think somebody asked I said it could be because we already talked about Rs. 80 crores we are finalizing the plant, there could be other investment with other businesses as well not only the Engineering division. It could be Rs. 200 crores to Rs. 250 crores we will finalize that.
- Nikhil W.:** So, any ballpark like some sort of distribution which you can give probably the Rs. 80 crores is for the tube plant. What about the rest Rs. 120 crores?
- L. Ramkumar:** Largely it is the engineering and metal forming there is a very small portion will be in Bicycles.
- Nikhil W.:** Okay. And just one last question, can you throw some light on the defense business that we do.
- L. Ramkumar:** Defense, we have got one big order. Pretty executed this two to three-year timeframe, we have to submit the design which we have submitted now, the design will be validated, then there will ask to manufacture and then we will have to supply these parts. That is one kind of an order. The other one is we are making parts for the heavy vehicle factory people who make battle tanks for engine factory. We also do some parts for Hindustan Aeronautics. In all these places, what I would like to tell you is it takes a while for the development and approval process. It may take something like two years to three years maybe we started some of these one year, one and half years back after that I think you can really see some good volumes.
- Nikhil W.:** Okay. So, as of now this segment is really not contributing much to the...
- L. Ramkumar:** Yes, it is not very much and whenever I am talking about this I am talking largely about our business of Shanthi Gears. We do not have much difference in the other part of TI.
- Moderator:** Thank you. Next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** Can give the capacity utilization, EBITDA, and volume for large dia for last year and what would be the same figures this year?
- L. Ramkumar:** See, the capacity utilization is going up every year and also the EBITDA, I will just give you the numbers soon. In terms of EBITDA we have turned EBITDA positive this time. last time we were in negative EBITDA.
- Vipul Shah:** What is the absolute EBITDA this quarter or this year you are giving sir?
- L. Ramkumar:** I am talking about the cumulative for the year.



- Vipul Shah:** Nine months.
- L. Ramkumar:** Nine months, we are EBITDA positive. Whole year we have EBITDA positive in every quarter. Last year the whole year we were EBITDA negative.
- Vipul Shah:** But can you share figure, will it be possible to share the figures?
- L. Ramkumar:** As I was telling Kashyap probably can I do it by the full year, so you will get a better picture.
- Vipul Shah:** At least sir, can you give volume figures of last year and this nine months?
- L. Ramkumar:** Last year we did around 5,000 tonnes in the three quarters, this year we have done 11,000 tonnes.
- Vipul Shah:** 10,000 tonnes. And can you share some details about who are the competitors and market share etc. in this particular business?
- L. Ramkumar:** Competitors in India, right now it is some of the Seamless Steel players which were not there earlier. Otherwise our competitors are largely the people who export from Korea or from Europe.
- Vipul Shah:** Okay. And sir, in metal form products I think two businesses you are reporting under on head no? That Door Frames and this Automotive Chains and Planks, right?
- L. Ramkumar:** Two products, yes.
- Vipul Shah:** So, can you give the separate turnover for this quarter or both of these products, if it is possible?
- L. Ramkumar:** It is a little competitive information, in Door Frames we have improved in turnover by 7%, in terms of Chains we have been flat during the quarter three compared to the same period last year.
- Moderator:** Thank you. Next question is from the line of Kashyap Pujara. Please go ahead.
- Kashyap Pujara:** Sir, could you share your outlook on exports in the Engineering side of the business? How has it been performing this year nine months versus last year? And what is the outlook that you have on that front?
- L. Ramkumar:** See, exports as I mentioned with my initial remarks, year-to-date we have grown by something like 90% and we will end the year mostly around 85% to 90% growth compared to the last year. Going forward I do not think we will grow by 90% every year because we started on a small base. But I think we will have a significant growth going forward, may be upwards of



25% to 30% we are doing our business plans probably we will finalize by end of March then we should be in a position to give an indication better. The good news is that the customers whom have given us the growth are continuing with us and they are likely to increase our share going forward.

Kashyap Pujara: Okay. And from an overall mix perspective, how much would exports be this year on the total mix of Engineering division?

L. Ramkumar: In terms of value?

Kashyap Pujara: Yes.

L. Ramkumar: It will go up by 2% to 3% because still it is not so big compared to the total thing but the percentage will go up.

Kashyap Pujara: So, I mean can this actually go to 15% to 20% of the Engineering business as far as value is concerned.

L. Ramkumar: We will let you know after we make our plans for the next three years which we do in February-March.

Kashyap Pujara: Sure. And lastly, I mean, would you be able to share the outlook for sustainable growth I mean in like say Cycle, Engineering, or at the overall level some indication of how you see the next couple of years?

L. Ramkumar: See, as far as Bicycle is concerned, as I mentioned to somebody this year has been bad in terms of extra investment, drop in volumes which is not expected in fixed cost not being absorbed. So, I think next year should be a significant improvement over the current year. Going forward we are seeing a good traction as far as the performance cycling, the high-end Bicycles are concerned where we continue to grow very well. Even through today it is a very small portion but it is a good margin business. Also with consolidation of plants by early next year coming financial year we should be in a position to cut down the cost, we are also implementing of program TOC which is help us to maintain better inventory turns thereby improving our ROCE. So, next year should be a year of consolidation and looking forward. Going forward I think we will look at more aggressive growth in exports and in the Specialty products with all the plant related things getting organized and having only may be couple of major plants to handle in the years to come. And this should definitely have an impact in terms of the margin as well. In terms of Engineering business, as you know we have now going to have this expansion in the North. One of the improvements we can make we have had a decision is today the Automotive sector is in North, West, and South but our large capacity is in South with a result some of the varieties are not made in West and North over the next year two years we are going to compete the regional balancing by which we will be close to the customer which should have an impact on cost and share that is why we are making this investment in



the North to start with. Simultaneously, we are going to look at expansion in the exports. So, the capacity released in the South by way of the balancing in North and West will be utilized for increasing our exports. Overall, the strategy will also be to minimize brick and mortar in the current businesses so that our ROCE is maintained and improved. We only look at profitable segments, if we have to do Greenfield site. In the case of Chains, we are looking at newer products which are required for higher-end motorcycles which will be launched sometime in the coming year. We have good scope to expand in the aftermarket in the Chain business where a lot of strategies have been put in place so, the rate of growth in the last two years, three years CAGR has been around 10%. The aftermarket is also becoming very large. The fine blanking business again, as we had said earlier we are getting listed by some of the big players who use this internationally not only in India. So, we could look at a significant percentage improvement and this is a high technology business where you cannot have many players just coming in and walking away with your business. In the overall with the finance charges also being under control, we do see a much better improvement in terms of the overall bottom-line going forward.

Kashyap Pujara: Okay, thank you so much and that is a good overview. Janis, can you check if there are other questions otherwise, we can end the call.

Moderator: Sure. Well, sir, there are no further questions.

Kashyap Pujara: Thank you so much to the management of Tube for taking time out for this call and thanks to all the participants and look forward to seeing you all again next time.

L. Ramkumar: Thank you. Thank you, everybody.

Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital Limited, that concludes this conference. Thank you for joining. You may now disconnect your lines.