

"Apcotex Industries Limited Q4 FY-16 Earnings Conference Call"

May 19, 2016





MANAGEMENT: Mr. ABHIRAJ CHOKSEY – APCOTEX INDUSTRIES

LIMITED

MR. ANAND KUMASHI - COMPANY SECRETARY,

APCOTEX INDUSTRIES LIMITED



Moderator:

Ladies and gentlemen good day and welcome to the Apcotex Industries Limited Q4 FY16 Earnings Conference Call. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhiraj Choksey. Thank you and over to you sir.

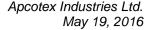
Abhiraj Choksey:

Thank you good evening, I welcome all of you to the Earnings Conference Call for quarter and year ended March 31, 2016 for Apcotex Industries Limited. Along with me I have Mr. Anand Kumashi – Company Secretary and Strategic Growth Advisors Pvt. Ltd. who are our investor relations advisors. I will once again start by giving a quick overview of the company for some of the new participants.

Basically, the company is a leading producer of performance emulsion polymers in India. We have one of the widest ranges of products within emulsion polymers; we manufacture diverse range of products which include Nitrile Latex, High Styrene Rubber, Carboxylated SB Latex, Vinyl Pyridine Latex, Nitrile Rubber and Nitrile Powder. The application of these products are also in diversified range of industries such as Paper, Carpet, Footwear, Construction, Automotive Components, Rice Rolls, Conveyor Belts, Hoses and a few of other industrial products. Our clientele is spread across India and also we have a strong global presence mainly in South East Asia and the Middle East but we supply to almost 40 different countries all across the globe.

Our manufacturing facilities are strategically located in Taloja which is in Maharashtra and Valia in Gujarat. In line with our long term strategy, to tap the full potential of the emulsion polymers industry, we have recently acquired a 100% stake in Omnova Solutions India Pvt. Ltd., now known as Apcotex Solutions India Pvt. Ltd. The acquisition was completely funded through internal accruals. The acquisition has helped us expand our product range by adding Nitrile Rubber, Nitrile Powder and Nitrile Polyblends into our product basket. It has helped us enter into new industries that we were not previously in; such as Automotive Components and Rice Rolls and we have been able to acquire some new technologies that earlier we did not have, like powder manufacturing and Monomer Recovery processes.

Now moving onto the main agenda for today, which is the financial performance for the year and quarter ended March 31, 2016. I believe most of you would have had an opportunity to see our results and the presentation has been circulated and uploaded on our website. I am pleased to inform you that the company has recommended a final dividend of Rs. 4.5 per share on the face value of Rs. 5 which comes to about 90% of face value. This year the company has





reported consolidated performance because of the recent acquisition of Omnova. The consolidated results were for a period from 5th February which is the date of the acquisition up to 31st March 2016. I will now present the standalone results for the year ended 31st March; in FY16 we had a turnover of Rs. 268 crores as against Rs. 355 crores in FY15 and the profit after tax was actually almost the same at Rs. 24.67 crores as compared to Rs. 24.68 with a margin of 9.19% and increase of 224 basis points from last year. The EBITDA for FY16 was a little lower at Rs. 37.44 crores against Rs. 41.47 crores in FY15 but there was a margin increase to 13.95% an increase of 227 basis points. As far as the Q4 performance goes, we had a turnover of almost Rs. 67 crores against Rs. 77 crores in Q4 FY15. The EBITDA was Rs. 8.88 crores against Rs. 10.95 crores for Q4 and profit after tax stood at Rs. 8.56 crores as compared to Rs. 5.77 crores in Q4 FY15 which is a growth of 48.36%. PAT margins stood at 12.6% an increase of 512 basis points from corresponding period last year. So these are just the numbers.

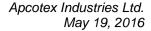
Now some of the reasoning behind the numbers is what I would like to spend maybe a couple of minutes on. First of all, reduction in revenues is partially due to lower volumes but mostly a significant part is due to the adjustment in lower petrochemical prices which obviously led to reduction in unit prices of our products. The reason for the de-growth in volumes are due to multiple reasons; one is of course subdued growth in India, other is higher imports this year into India for some of our products due to lower raw material prices in Europe and for the same reasons lower exports as well. In addition, some extra capacity was added in India which also may have led to some pressure on volume. While overall EBITDA was also lower again because of volumes, we were able to improve margins to almost 14% from 11.7% last year. PBT and PAT were higher in Q4 due to higher other income from liquidating investments that we used for the acquisition. Of course, going forward we believe we are little bit more optimistic about FY16-17 and expect reasonable growth especially with the acquisition having kicked in. As a policy, we do not give guidance so we will not be able to give any specific numbers but I will try my best to explain overall, the company performance and where we are. A few important balance sheet numbers that I wanted to touch upon as well; in the last year since we have acquired Omnova, it was as you know for an enterprise value of Rs. 36 crores which was all through internal accruals. In spite of the acquisition, the company has cash and investments of Rs. 37.31 crores against which we have a total debt of Rs. 25.45 crores, a major part of which is towards working capital, so therefore we are left with a net cash of almost Rs. 12 crores as on 31st March 2016. And as far as the consolidated performance goes, in FY16 the turnover was Rs. 296 crores with an EBITDA margin of 13.3% and a profit after tax of Rs. 38.53 crores. With this, we now open the floor for Q&A.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Jubil Jain from Phillip Capital. Please go ahead.

Jubil Jain:

Sir I have two questions; first one can you tell us what is the reason for the sudden spurt in the growth rate, so if you look at the past 3 quarters, the growth rate has been negative in 20s, 30s





but this time it is positive 25%, so does it include the acquisition as well or what are the reasons?

Abhiraj Choksey: Can you specify which growth rate you are talking about?

Jubil Jain: The sales growth rate, net sales.

Abhiraj Choksey: I think net sales for Q4 you are talking about, right?

Jubil Jain: Yes, net sales for Q4. So this time the sales number is Rs. 95 crores whereas if you look at the

past 3 quarters, it has range between Rs. 65 crores to Rs. 70 crores and the growth rate has

been negative whereas this time it is positive.

Abhiraj Choksey: So as I mentioned that we completed the acquisition on 5th February, so from 5th February the

top line numbers of the subsidiary has also been added.

Jubil Jain: Yes, so what is the organic growth rate, is what I wanted to know?

Abhiraj Choksey: So actually the organic growth rate compared to last quarter of March, referring to the

standalone results, in terms of revenue it is a lower number and as I explained the large chunk is to do with the lower oil prices therefore the lower petrochemical prices and overall top line

has come down because of that.

Jubil Jain: Sir, my second question; can you give us a volume growth, realization growth for Q4 and for

the full year FY16?

Abhiraj Choksey: Unfortunately, we do not talk about volumes as a policy, I cannot give you specific numbers

but overall for the year and for the quarter it has been a marginal de-growth as I mentioned in

my opening remarks as well.

Jubil Jain: What has been the export growth?

Abhiraj Choksey: Exports for last year FY14-15 have really been good wherein we grew at more than 100% but

unfortunately FY15-16 we had some setbacks because raw material prices in Europe for our set of products were significantly lower for a large period of time so we got hit for a few months in between but that has again picked up from Q3 and Q4. So going forward it still

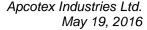
looks better.

Moderator: Thank you. The next question is from the line of Sudarshan Padmanaban from Sundaram

Mutual Fund. Please go ahead.

Sudarshan Padmanaban: If you can broadly elaborate on your earlier remark about capacity is being added and probably

the price issues and the competition that you are seeing for the industry and how do you see





things panning forward, whether the pain will continue probably towards FY17 or do you think that it should get more or less rectified over the next couple of quarters?

Abhiraj Choksey:

So yes there has been, a player in this industry who has added some capacity so obviously there was some amount of adjustment that happened. This was almost a year ago, so in a way we feel that this was the adjustment year and going forward things will settle down and we are expecting again reasonable growth in this financial year.

Sudarshan Padmanaban:

Second is; if I am looking at your standalone margins, while your top line has come down our margins have kind of improved and largely the improvement is coming in from the operating expenses. Can you elaborate if my assumption is right, even if your top line comes down you are able to maintain your absolute EBITDA per ton or how does it work the mechanics?

Abhiraj Choksey:

Exactly, you hit the nail on the head. We are able to, you know even if the top line has come down, it is about rupees per metric ton, the absolute margin which is very important and that is what we have been able to hold and yes to some extent we have been able to reduce some of the operating expenses this year, last year we had some specific expenses in the plant that caused the expenses to be a little higher but mostly it is to do with holding the absolute margins even if the top line has come down.

Sudarshan Padmanaban:

Sir on Omnova, I would actually see that especially in the 4th quarter we have basically turned kind of EBITDA positive which is much better EBITDA as compared to what we had probably seen in FY15. If you can broadly give us some color on how Omnova is expected to pan out over the next 2 to 3 years given that it is a pretty important acquisition for us and second is; can you also point out what is the kind of utilization at which Omnova is running now?

Abhiraj Choksey:

Of course we are very excited with the acquisition and we do feel there is a lot of value we can add, in fact in the first few months since the acquisition we have been profitable already by doing a few things very quickly. So obviously going forward as well, we believe it will be a good growth opportunity for us because at Omnova Solutions India Pvt. Ltd. the market share is lower in the Indian market and the rest of it is all imports, so there is a good opportunity within India plus in the long run even in exports. Well it is about 70% to 75% utilization rates at Omnova, overall. We do not give numbers for each specific plant anymore but overall it is 70%, 75% utilization.

Sudarshan Padmanaban:

Because I remember when we acquired Omnova I think it was at around 50%, 60%, if I am correct.

Abhiraj Choksey:

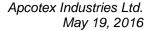
Little higher yes but maybe around little higher than that.

Sudarshan Padmanaban:

Can you give us a bit sense on what is the gross block on Omnova and the assets that are lying there?

Anand Kumashi:

The net block is Rs. 31.85 crores at Omnova Solutions that is Apcotex Solutions now.





Abhiraj Choksey: Gross block is about Rs. 63 crores.

Moderator: Thank you. The next question is from the line of Amar Maurya from India Nivesh. Please go

ahead.

Amar Maurya: Sir wanted to understand more about the export opportunity which you had alluded, can you

just give an addressable market share for this Nitrile Latex, the powder one what is the global

size of this kind of product in terms of metric tons?

Abhiraj Choksey: There is Nitrile Rubber, there is Nitrile Powder and there is Nitrile Latex, they are 3 different

products we deal in.

Amar Maurya: So basically Rubber is more to do with the same product which we have, so the new two

products which I am talking about, the Nitrile Powder and Nitrile PVC Blend, what would be

the overall quantum?

Abhiraj Choksey: Let me put it this way, the acquisition that we have done, we have inherited 3 product ranges;

Nitrile Rubber, Nitrile Powder and Nitrile Polyblends, all three. Now Nitrile Rubber is the largest out of these three and the Indian market size itself is very large and we are at under 20% market share but the global market is quite huge. I mean it is a few hundred, I honestly do not have the exact numbers for global but it will be over a million tons maybe more, one, one

and a half million tons yes.

Amar Maurya: One, one and a half million ton of the Nitrile Rubber, right?

Abhiraj Choksey: Yes.

Amar Maurya: And Nitrile Polyblends and Nitrile PVC then?

Abhiraj Choksey: They are also large markets; honestly I do not have the global numbers.

Amar Maurya: And the average price of these? Nitrile Polyblends and Nitrile PVC and Nitrile Rubber; what is

the average price per ton or per kilogram would be?

Abhiraj Choksey: we do not give any specific numbers typically.

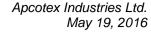
Amar Maurya: But probably just wanted to understand, like you know because this is the dry one right? These

all are dry products.

Abhiraj Choksey: Yes they are dry products.

Amar Maurya: So obviously the price would be higher than the existing product line, right?

Abhiraj Choksey: Yes on an average.





Amar Maurya: So in case if I want to get these industry data probably the quantum size of global, where can I

get that?

Abhiraj Choksey: Well there are many global reports in Emulsion Polymers available; if you are interested you

can shoot us an email later and we can put you in the right direction. They are publicly

available or you can buy them.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please

go ahead.

Deepak Poddar: My first question pertains to your revenue part, now if I take Apcotex and Omnova together

we would be at the base of Rs. 450 crores kind of revenue run rate annually right now?

Abhiraj Choksey: Yes that is about right at the current value, not counting growth that is right.

Deepak Poddar: So we are expecting a reasonable growth that you mentioned in FY17, so it is over and above

this Rs. 450 crores base that you are talking about right?

Abhiraj Choksey: Yes.

Deepak Poddar: So any kind of revenue outlook you want to give for FY18?

Abhiraj Choksey: No we do not. As I mentioned in my opening remarks we do not give any guidance as a policy.

Deepak Poddar: Okay I understood my second and last question is on your margin front; now this quarter you

already had some revenue which is coming from Omnova, as a result I think we also saw a dip

in our EBITDA margin to 11% right?

Abhiraj Choksey: No it is not. I think our consolidated EBITDA margin is still over 13%.

Deepak Poddar: Okay like excluding other income I am talking about.

Abhiraj Choksey: I am also excluding other income.

Deepak Poddar: So to 11%, 12% right? Like Rs. 10.9 crores EBITDA on a base of Rs. 96 crores.

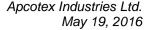
Abhiraj Choksey: Sorry, yes consolidated EBITDA margin is 11.31%.

Deepak Poddar: Yes, so basically this decline has been because of inclusion of Omnova?

Abhiraj Choksey: That is right.

Deepak Poddar: So basically going forward you have earlier mentioned that you would want to increase

Omnova over next 2 years as you try to bring some efficiencies in there to 13%, 14% like what





Apcotex has been getting. So overall by FY18, a 13%, 14% EBITDA margin for us is a likelihood that one could like....

Abhiraj Choksey: Certainly, we want to go towards improving the EBITDA margins by improving efficiencies

and volumes, etc. that is the plan. We do not have a timeline but obviously we want to do it as

soon as possible.

Deepak Poddar: Yes, but a range of 12% to 14% that you have earlier mentioned is what we want to look at

over next 2 years or higher than that or any kind of other improvement?

Abhiraj Choksey: 12% to 14% is what we have been able to achieve so that is our first goal and of course if we

can improve, we will.

Deepak Poddar: Right but will this EBITDA margin is likely to decline further because I think in this quarter

we had only consolidation from 5th of February till 31st March, so consolidation was not complete. So there is more downside to EBITDA margin, like if we have full consolidation of

Omnova?

Abhiraj Choksey: two months had already passed, from February 5th to March 31st, so I do not have the exact

numbers, but as I said, since we have just taken over the company which is a loss making company, it will take some time to turn it around and eventually the aim is to get a 12% to

14% overall as a company.

Deepak Poddar: And what would be the Omnova EBITDA margin, like on a standalone Abhiraj Choksey:

For the period from February 5th to March 31st, honestly I do not have the numbers

but I am sure you can back calculate that.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go

ahead.

Dhwanil Desai: if we look at the filings done with the Director General of Antidumping Duties, NBR market in

India had been growing at around 10% CAGR for last 3, 4 years. On the other hand, the Omnova Solutions capacity utilization has been decreasing so what it means that the share of

import is increasing in India especially from Korean suppliers, so how do we plan to tackle this

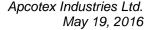
issue and improve the utilization and make our product more competitive?

Abhiraj Choksey: Basically this issue of dumping is there and of course we are going through the process of

Adequate Representation in the right ministries and working on that but more than that we are looking at investing another Rs. 30 crores in Phase-1 this year, where the idea is to improve efficiency, at the same time increase utilization, both of which will help. There are also certain

other things on the pricing and marketing front that we could do to improve so it is a

multipronged strategy to improve capacity utilization as well as market share.





Dhwanil Desai: But you see enough room to compete with this import and effectively on price and then

increase the market share.

Abhiraj Choksey: Yes, you know fortunately for us we are under 20% market share and we do not need to get to

70% or 80% market share, so imports will be there and the idea is whether we can be

competitive enough to get from 20% to 25% to 30% at least in the first stage.

Dhwanil Desai: My next question is on exports; I think in last 5, 6 years we have grown our exports at very

handsome rate. So my understanding is that we primarily compete with MNCs like Synthomer, BASF, and DOWin international market, so I just wanted to understand what makes us

competitive in that market is this price alone or price and quality or you need to have some kind of registration with the customer, what is it that is helping us in terms of ramping up our

exports vis-à-vis these MNCs?

Abhiraj Choksey: It is a similar process to what we have done in India; of course each market is different each

customer is different but the idea is to understand those customers. And understand that we are looking at mostly The Middle East and South East Asia market where they are importing a large chunk of their requirements from Europe. So of course, having a manufacturer that is in India which is so close to their plants, to our customer's plant is of course one big strategic

advantage. The other is, of course understanding the application, understanding the customers and working with the customer and customizing for them, is what we have done very well in

India over the last few years and which is what we continue to do in the exports as well.

Dhwanil Desai: So it is not only the pricing which governs the whole equation, it is also the customization and

the kind of products and solutions that you offer to the customers which is part and parcel of

your export strategy.

Abbiraj Choksey: Absolutely, pricing is secondary actually. Technical services is extremely important.

Moderator: Thank you. The next question is from the line of Amar Maurya from India Nivesh. Please go

ahead.

Amar Maurya: This quarter I believe our Omnova has turned profitable, so just wanted to know what were the

internal workouts, so that a loss making entity has become profitable.

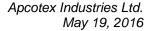
Abhiraj Choksey: Well, we did few things,; one is reduction of working capital, we have been able to reduce

know as an Indian company we were fortunate not to have and some of theoverheads that Omnova as a US company had, we were able to reduce. And of course other than that with both companies coming together, there were some synergies again on the fixed overhead side

debtors, reduce inventories. The other was reduction of a lot of fixed overheads which you

and on the procurement side, which we were able to quickly exploit, and also there were some good buying of raw materials, these are some of the reasons that we were able to quickly sort

out.





Amar Maurya: So, basically these changes are permanent ones, right?

Abhiraj Choksey: Yes.

Amar Maurya: And going ahead is there any kind of levers hich is going to quickly further bounce the margin

probably in another 6-7 months?

Abhiraj Choksey: Well it will be over a period of time but yes certainly, the idea is to constantly improve. There

are many other things that we can do, there are still certain overheads we can reduce over the next few months and quarters and which we will continue to do but in the next few months the key thing is to have better utilization, better product mix, better customer mix, all those things

we are working on as well. So all those will help.

Amar Maurya: And Sir probably the last one; you had alluded little bit about the powder manufacturing

technology, we are known for expanding our product line through our internal technology once we acquire it. And we have our strong R&D pipeline, can you just give some color, , when you say we got an access to our powder manufacturing technology, what are the kind of prospect we have over here, is it we will be able to launch few more products in the same blend or how

it is going to move ahead?

Abhiraj Choksey: I cannot give specifics for obvious reason.

Amar Maurya: Just the high level idea will be helpful.

Abhiraj Choksey: Yes, certainly these new technologies that we have been able to acquire will help us expand

our product lines.

Amar Maurya: Understanding this whole industry, when you say Latex, so there are dry and there are liquid,

so what is the overall global size of the dry Latex one?

Abhiraj Choksey: You know honestly I do not have that and it is a huge market. Multi Polymers is Nitrile

Rubber, it is Styrene Butadiene Rubber, there is HSR, there are so many different types, there is EPDM, so I do not have everything but obviously in our context of course we are not even a

small percentage of it.

Amar Maurya: But then what would be the addressable market share in India from your perspective?

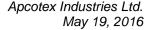
Abhiraj Choksey: For which products?

Amar Maurya: For probably the lines of product which we have today in dry Latex and probably where all we

can move in going ahead.

Abhiraj Choksey: So overall as far as a parent company is concerned, in AIL we have a fairly high market share

across all our product ranges which is across our liquid Latexs' as well as the Synthetic





Rubber; the High Styrene Rubber. As far as the acquired company which is now called Apcotex Solutions is concerned, there our market share is quite low and potential for growth is high in market share.

Amar Maurya:

But the quantum you do not have idea, right?

Moderator:

Sorry to interrupt but I would request you to come in queue for any follow up questions, thank you. The next question is from the line of Nishna Biyani from Prabhudas Lilladher. Please go ahead.

Nishna Biyani:

Sir I have two main questions; one is when I look at the various industries which you cater, I understand that Paper and Paperboard would be the largest chunk of your revenue contribution followed by the other ancillary industries like Rubber, Carpet, construction, so could you just give us a split of a revenue contribution by various industries, that would be my first question. And how has the growth been there in the industry? My second question would be that when I look at your key raw materials in your last annual report, it has to be Styrene and Butadiene and I understand that for Styrene there are very few suppliers in India and it has to be 100% imported even Supreme Industries imports it. So what is your sourcing which you do, how do you really import, is it a bulk purchase which you do along with Supreme or how does that functions? That is one and on the Butadiene part of it, has to be Reliance who is the key supplier in India, so are we sourcing it from IOCL or someone else like Reliance which can give you assured round the clock delivery?

Abhiraj Choksey:

So your first question was on the revenue share, we do not give any specific numbers but I will give you broad percentages. I am going to talk about it on a consolidated basis now, as we have acquired a company, Paper and Paperboard is definitely our largest and with the acquisition of Omnova would be around 30% to 35% overall. And then of course, there are others which could vary, for example anywhere between 5% and 20% Your second question was on foreseeing, unfortunately I cannot reveal how and where we buy but what I can tell you is what is public knowledge, which is that yes there are no manufacturers of Styrene in India and yes we do import all our Styrene, we do it through multiple sources, cannot unfortunately give you more than that and Butadiene, Reliance is not the only manufacturer, there are two other manufacturers in India and one more coming up by this year. So we have enough Butadiene in the country.

Nishna Biyani:

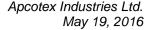
Okay, so sourcing of the raw material is not at all an issue because I understand that storing is only technology barrier which is why others cannot enter as handling the raw material remains the key.

Abhiraj Choksey:

Handling and storing does remain a key but sourcing is not the problem.

Nishna Biyani:

So over the last 2 years when I look at the global Butadiene and Styrene prices, it has been quite a favorable in your company for you as well. So how does the equation really function though you have theoretically told that you work on EBITDA per ton but in the real it





normally does not function that way. So over the years your EBITDA per ton or the revenue per ton has also fluctuated between 10% and 20% a year. So when I look at the way you have grown from say last 8, 10 years, for 5 years on a trod you were between say 7% to 9% margins and now you have moved up 300, 400 basis points in your margins over the last 2, 3 years. So undoubtedly the raw material has been the key factor which is helping you claim such kind of margins, so I just wanted to understand, not only from you, lot of other companies in India are reporting Stellar set of numbers because of the raw material being favorable because of low commodity prices so I just want to understand one point that how far do you see in the future when you as a company or many companies benefit out of the raw material prices?

Abhiraj Choksey:

So as you rightly said, we also, like other companies have benefited from the lower raw material prices and therefore part of the reason why our margins are higher, but that is not the only reason, we have improved volumes, we have a better product and customer mix. The other thing which most of us forget is percentage margins is one part, but contribution margins on absolute terms as well as return on capital are two other things we look at. So sometimes if suddenly prices go up, to \$150, percentage margins may drop but our absolute margins would not and we will ensure it on a capital is also high or what our targets are.

Nishna Biyani:

When I look at your profile, it is largely B2B currently, so are there any plans in the future that you transform from B2B to B2C?

Abhiraj Choksey:

Yes, actually couple of years ago we did start on the construction side and have created a brand called Apco Build which is still in a couple of test markets, we have not gone out nationwide. In the meanwhile, this acquisition has happened. So our management bandwidth is a little stretched at the moment but yes certainly there would be, if the right opportunity came along we would look at going downstream into B2C as well.

Moderator:

Thank you very much. Ladies and Gentlemen, due to time constraints that was the last question. I now hand the conference over to Mr. Abhiraj Choksey for closing comments.

Abhiraj Choksey:

Once again thank you to everyone for participating on this call. As I already mentioned that we have uploaded the presentation on our website and in case you have any other questions, please get in touch with SGA who are our Investor Relations Advisors or feel free to get in touch with us. Thank you very much.

Moderator:

Thank you. Ladies and Gentlemen on behalf of Apcotex Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.