



“MOIL Q4 FY ’20 Results Conference Call hosted by Emkay Global Financial Services”

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MODERATOR: **MR. VISHAL CHANDAK, EMKAY GLOBAL FINANCIAL SERVICES**

Moderator:

Ladies and Gentlemen, Good Day and Welcome to the MOIL Q4 FY '20 Results Conference Call hosted by Emkay Global Financial Services. As a reminder, all participants' 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 this conference is being recorded. I now hand the conference over to Mr. Vishal Chandak of Emkay Global. Thank you and over to you, Sir.

Vishal Chandak:

Thank you very much, Vikram. Good Morning and Welcome to the fourth quarter earnings call for MOIL. I welcome you all on behalf of MOIL. We have Mr. M. P. Chaudhari – CMD, and Mr. Rakesh Tumane – Director (Finance), who would be joining us on behalf of MOIL and briefing the investors on the update as well as taking the question and answers. Without much ado, I hand over to you Mr. Chaudhari. Thank you very much, Sir.

M. P. Chaudhari:

Thank you. Good morning to all, first of all thanks to Emkay Global and Mr. Vishal Chandak particularly for organizing the conference call. I welcome all of you to the con call. As you are aware, the Board of MOIL has approved Quarter-4 and annual results on June 18th. The highlights of performance are like this; first, I will take up Quarter-4 and then annual. For Quarter-4, manganese ore production was 333,000 tons as against 375,000 tons in Quarter-4 of 2018-19, so there was a reduction of about 11%. This has to be mainly seen in the context of loss of production during March due to lockdown post COVID. March '20 production was only 76,000 tons, that is, 0.76 lakh tons as against 1.33 lakh tons in March '19, so there was a reduction of 0.57 lakh MT, that is, 42% reduction and in fact going by the trend of production, we have conservatively estimated the loss of production at 0.77 lakh MT. So far as manganese ore sales are concerned, they have dropped sharply to 2.97 lakh MT in Quarter-4 of '19-20 from 4.67 lakh MT in Quarter-4 of 2018-19, that is a reduction of around 32% and this is mainly attributable to two factors. First one is lower off take due to meager export volumes of ferro alloys resulting in partial shutdown resorted to by many ferro alloy producer, so consequently the off-take has suffered like anything and COVID effect as I have mentioned earlier, so the combined effect was drop in average sales realization of around 16% to Rs. 7584 per metric ton as against Rs. 9044 per metric ton in Quarter-4 of 2018-19, so the combined dip was reflected in the reduction in our turnover which is reduced by 43% to 225 crores as against 395 crores in 2018-19 Quarter-4, and with a consequential reduction in profit, which was at Rs. 13 crore as compared to Rs. 135 crores although the cost has reduced by 12% during this period.

So far as annual results are concerned, manganese ore production was 12.77 lakh tons as against 13.01 lakh tons in 2018-19. So, there was a marginal reduction of 2% and as stated earlier with the loss of production due to COVID estimated at 0.77 lakh MT, actually minus COVID, there would have been marginal increase at least in production. Manganese ore sales have dropped to 11.80 lakh tons in 2019-20 from 12.70 lakh tons mainly attributable to both the factors, COVID as well as lower off-take, as we have stated above earlier. As a result of

the above situation, the sales realization overall for the year, it has dropped by 21% to 8217 per ton as against Rs. 10,403 per ton in 2018-19. The combined effect was reduction in turnover by 28% to 1038 crores as against 1440 crores in '18-19 and consequential reduction in profit to Rs. 248 crores as compared to 474 crores earlier, even though the total cost during the whole year has been reduced by 4% to Rs. 879 crores from Rs. 912 crores.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question and answer session. We have our first question from the line of Jatin Damania from Kotak Securities. Please go ahead.

Jatin Damania: Sir, during the quarter we have seen a substantial rise in the employee expenses because if you look our quarterly run rate in the last few quarters has been in the range of almost around hundred odd crores and this quarter it was around 152 odd crores?

M. P. Chaudhari: It is like this; earlier in January to March 2019, the cost was 131 crores and now it is 153 crores, so there is a jump of around 16%, which is mainly attributable to the normal increases on account of DA and increments, besides that we have made retirement benefit provision which, due to slightly reduced rates that we are getting on our financial instruments, the cost in effect has increased on this account.

Jatin Damania: Can you give us the breakup in terms of the retirement benefit including this 153 crores and what will be the future going ahead quarterly run rate?

M. P. Chaudhari: Offhand I cannot tell you all these figures, I am noting down this figure for you and we will post the figures on our website.

Jatin Damania: Also in the future, going ahead the quarterly run rate will be back to 100 to 130 odd crores or it will same line with 150 crores?

M. P. Chaudhari: It need not be to that extent because the whole year increase has been in the fourth quarter, so it will be around 140 or 145 crores.

Jatin Damania: Sir, in the month of March-April, we have seen a substantial rise in the manganese ore prices that is backed by globally as well, and in June and July, we have reduced the prices, but on an average our prices are still higher than the Q4, so how do we see sustainability of this prices going ahead?

M. P. Chaudhari: There was a price increase in April and May that was abnormal, I would say. Manganese ore prices, as we know, are inversely proportional to China port stocks generally. So, even though at the level of around 3.2 million tons of China port stock, the prices are generally at the level of US\$ 6.50 DMTU, but the trend is that when the port stock at China was around 4.40 million tons, still the prices have increased to US\$ 6.52 DMTU. It was something abnormal and that was bound to come down, so now it is around US\$ 5 DMTU.

Jatin Damania: Okay, and what is the China port inventory right now?

- M. P. Chaudhari:** Right now it is around 4.20 million tons, in fact as of now it is around 4 million tons.
- Jatin Damania:** After the price revisions that we have taken in the month of July, is the prices sustainable or we will see one more round of price cutting in August?
- M. P. Chaudhari:** We are maintaining price parity, these factors you can appreciate are mostly out of our control, so we cannot really predict this, but in a normal year, it should be towards the lower end.
- Jatin Damania:** Towards the lower end, we might see further correction in the prices in the coming quarters as well?
- M. P. Chaudhari:** Marginal correction will definitely be there.
- Jatin Damania:** Sir, in your opening remarks you said that the loss in the sales volume is due to the lower off-take by the ferro alloys producers, so have we seen any improvement in the April, May, June or still a time that we see a significant improvement?
- M. P. Chaudhari:** April, May, June - anyway we are in cooling period now. But you are aware that the production activities and dispatches have suffered like anything during this period due to the lockdown, so the figures are not really comparable and, based on those figures, we cannot say anything. It is better that we ignore the first quarter.
- Moderator:** Thank you. We have next question from the line of Kunal Kothari from IDFC Securities. Please go ahead.
- Kunal Kothari:** Sir, my question is regarding, we have estimated about 2 million tons of reaching the capacity production till FY '20, but it has not been achieved, so what is the roadmap ahead to like achieving these and ultimate target to 3 million tons and adding to this around 2015-16, we set a new roadmap for capacity expansion, by when we will see that capacity to be completed and the production ramp up will come?
- M. P. Chaudhari:** You must have seen our stock exchange announcements. We have got two environmental clearances during 2019-20 for about 2,30,000 tons and two more environmental clearances for Balaghat mines are still awaited. These environmental clearances were in fact expected much earlier. We could not ramp up our production due to delayed receipt of these clearances, but now that the clearances have been received, we have already taken steps to increase the production. As you know, our shaft sinking at Ukwa mine is already in progress, one high-speed shaft is being sunk at Gumgaon mine, one high-speed shaft is being sunk at Balaghat mine also. That is in anticipation of this increased EC limit of another lease that is expected by us. So, put together this will result in increased production. Secondly, so far as Balaghat mine which is the biggest manganese mine of MOIL, we have reached a depth of around 440 meters now and the ore reserves are proven up to 750 meters. As you go down, the operational efficiency reduces drastically. To cope up with that, we have taken certain measures, but then

those measures would take around one to two years to give results. All these factors put together, we have not been able to maintain our target of 2.00 million tons by 2020 and the now the target for 2025 is maintained at 2.5 million tons, which is mainly taking into consideration the increased capacity available at Balaghat and Gumgaon mine. By that time, the new high-speed shafts will be fully operational and Dongri Buzurg mine we are expecting to increase our production substantially, and besides this Ukwa mine production ramp up will also happen. Thus, we are anticipating the increase in capacity to 2.5 million tons by 2025.

Kunal Kothari: Sir, like all this expansion was estimated to be completed by FY '21, right, so is it in track or has also been delayed?

M. P. Chaudhari: It has been delayed.

Kunal Kothari: Basically, I want to add that this LOA expansion from 10,000 metric tons to 75,000 metric tons that estimated was the additional production was come in FY '22, so what would be the revised outlook on this, Sir?

M. P. Chaudhari: We are trying to maintain it at 2022, but then right now due to this COVID, it appears difficult because we are not in a position to move away, Several blockages are there and we are trying our level best, maybe it would be 2022-23 Financial Year.

Kunal Kothari: Sir, second question is there are many mine options going on in State of Orissa, are we looking to participate in some, any update on this?

M. P. Chaudhari: MOIL has applied for this reservation in Bolangir district in Odisha, where Mineral Exploration Corporation of India is carrying out exploration. It would be too premature to quantify something about the area. In auctions, we have not participated. We have to take into consideration the quality of ore as well as the quantity of estimated reserves. Taking all those factors into consideration, we have not participated in the auctions.

Kunal Kothari: So there are no like favorable mines that can add to our reserving capacity, right?

M. P. Chaudhari: There is no point in going to another State for a small mine of, say, 50,000 tons per annum because the whole setup will be new there, that has to be appreciated.

Moderator: Thank you. We have next question from the line of Abhijeet Dev from BNP Paribas Mutual Fund. Please go ahead.

Abhijeet Dev: Sir, just two or three questions from my side, in the Quarter-4 results was there any provision for CSR-related activities?

M. P. Chaudhari: That is the usual provisions, I mean there is nothing special about that. Our total CSR outlay is around Rs. 12.50 crores in last year.

- Abhijeet Dev:** Okay, how much would be in fourth quarter particularly?
- M. P. Chaudhari:** Mostly, it is pro rata, I mean nothing abnormal.
- Abhijeet Dev:** You have also mentioned in the press release that you have given 45 crores as part of the PM CARE fund, so that will appear in the June quarter?
- M. P. Chaudhari:** Yes, it has to be for the next year, I mean '20-21.
- Abhijeet Dev:** Sir, secondly you talked about lower demand from the ferro alloy unit has impacted your performance in FY '20, so how has that been over the last two or three months, have you seen a recovery especially in the month of June?
- M. P. Chaudhari:** Trends are not clear right now because the ferro alloys plants have closed and now also they are under partial shutdown, so trend is not clear even now and that is due to COVID.
- Abhijeet Dev:** Sir, I was asking given the fact that Maharashtra has been one of the worst affected States as far as the pandemic goes, as we speak right now in the month of July in terms of your dispatches are they normal in terms of their transport related availability?
- M. P. Chaudhari:** It is on a reduced scale, it cannot be normal because lot of restrictions are there Secondly, social distancing norms are to be maintained by us, sanitization has to be ensured, so all these things would ultimately bring down the productivity as well as reflect on production as well as dispatches.
- Abhijeet Dev:** Sir, lastly on the, you mentioned about the Dongri Buzurg mine, so when we can see the higher production out of that mine by what timeframe?
- M. P. Chaudhari:** That will be in Financial Year 2021-22 at the fag end.
- Moderator:** Thank you. We have next question from the line of Hetal Gada from ITI Mutual Fund. Please go ahead.
- Hetal Gada:** Sir, I just wanted to understand currently at what run rate are we operating at our mines like from pre-COVID levels what kind of utilization levels are we seeing right now?
- M. P. Chaudhari:** You are talking about April, May, June?
- Hetal Gada:** April-May was kind of a shutdown, but June since even steel producers and all have started operating, so now have we started seeing pickup and what rate are we operating currently and by when do we see things to normalize and come back to pre-COVID levels?
- M. P. Chaudhari:** We were earlier expecting normalcy by July, anticipating that from July 1st Maharashtra lockdown will end, but then it has again been extended by a month. Maharashtra contributes

around 55% of our production. Hence, it will have some effect unless the lockdowns are completely lifted, we will not be able to attain normalcy.

Hetal Gada: So currently what rate are we at in Maharashtra?

M. P. Chaudhari: State wise breakup is not immediately available with me, but we have increased our production by around 66% in June as compared to May, so good increase has been attained in June over May. We may see around 15% to 20% improvement in July, but then reaching the normal capacity of one lakh plus tons would take some time unless the lockdown restrictions are completely lifted, we will not be able to attain that.

Hetal Gada: At what run rate are we currently operating at like you said normal one lakh tons we were doing every month, so currently at what rate will we be operating at?

M. P. Chaudhari: We have achieved around 60% of capacity utilization last month, this month it has to be seen, one more thing; in July in case we have heavy rains, production at our biggest opencast mine Dongri Buzurg mine would suffer, so it depends on these factors also.

Moderator: Thank you. We have next question from the line of Rahul Jain from Systematix Shares. Please go ahead.

Rahul Jain: Sir, I have few questions, one is it possible to export our ore or is it like too far away and the cost dynamics would not work out?

M. P. Chaudhari: India is a net importer of manganese ore.

Rahul Jain: Because we have a situation where lot of steel is ...

M. P. Chaudhari: We have produced around 1.3 million tons last year and 1.3 million tons in earlier year also. Our market share is around 45%. So, around 1.4 to 1.5 million tons is produced by other producers in the country and equal quantity is normally imported in the country. In this scenario, in case we start exporting high grade then someone else will be compelled to import, which would not be a healthy situation. Being a Government company, we do not do that. Till the time we attain self-sufficiency, there is no point in exporting.

Rahul Jain: Sir, can you give some idea about your leases, so when are they due for renewal and what is the...

M. P. Chaudhari: Most of the leases are falling due for renewal in '22, only one or two leases are due on March 31, 2020, for which requisite applications have already been submitted and we do not anticipate any problem on that count.

Rahul Jain: You do not anticipate that likely that Government may ask for a premium or anything like that?

- M. P. Chaudhari:** Nothing has come to our notice as of now.
- Rahul Jain:** You said 80% is due for renewal in '22, right?
- M. P. Chaudhari:** Most of the leases in fact, only a few smaller ones; say, out of 100 hectares area in a mine, lease has expired only for 7 hectares area. Thus, nothing substantial as of now.
- Rahul Jain:** When it comes to renewal, it will be for 20 years, right?
- M. P. Chaudhari:** Yes.
- Rahul Jain:** Sir, CAPEX wise we are typically doing around 200 crores, so with that run rate will we maintain this year or?
- M. P. Chaudhari:** This year we will definitely maintain it because we are having two big shafts coming up at Balaghat and Gumgaon mines, where the shaft sinking is being done in mechanized manner, the progress is very good. Barring disturbances due to COVID otherwise the progress is good. That is one of the reasons that CAPEX has been enhanced at that level. Earlier, we used to spend around Rs. 75 to 80 crores only, but we are improving mechanization levels also at mines, shaft sinking work is also going on.
- Rahul Jain:** So we did see a steady growth earlier, but I think because this year obviously because of COVID, but you think that from next year onwards we can start seeing higher volumes once things normalize from output as well?
- M. P. Chaudhari:** Yes, of course.
- Moderator:** Thank you. We have next question from the line of Bharat Sheth from Quest Investment Advisors. Please go ahead.
- Bharat Sheth:** Sir, how many of our total production is from the underground mine and how much is in the opencast and one permission which we got is underground mine or it is opencast?
- M. P. Chaudhari:** Both are underground mines for which Environmental Clearances are received, and around 65% of our production comes from underground mines.
- Bharat Sheth:** Sir, whatever new capacity expansion we are looking of doubling by 2025, so how much again will be there from underground and opencast provided we get all the approval in time and all?
- M. P. Chaudhari:** Offhand I will not be able to tell you, but then mostly it will come from underground mines only.
- Bharat Sheth:** That is why our typically EBITDA per ton is lower than the opencast, correct?

- M. P. Chaudhari:** Yes.
- Bharat Sheth:** What is the cost difference per ton approximately between opencast and underground?
- M. P. Chaudhari:** Underground mine cost is around 30% to 40% higher than opencast mines cost.
- Bharat Sheth:** The CAPEX is also higher, correct?
- M. P. Chaudhari:** Naturally, it has to be.
- Bharat Sheth:** Sir, what are the alternate use of the surplus cash that we are having, are we planning?
- M. P. Chaudhari:** Our CAPEX is planned up to 2025-26, the plan is around 2100 crores and out of that something is spent in the earlier year, balance would also be around 1800 crores. That matches our cash available mostly.
- Bharat Sheth:** Sir, again we will generate the cash, so are we looking for any value added product manufacturing or?
- M. P. Chaudhari:** Yes, definitely, we are going ahead with production of ferro alloys.
- Bharat Sheth:** What capacity and when do we expect to come up our plan?
- M. P. Chaudhari:** The projects are planned at Balaghat mine and Gumgaon mine, the total capacity will be 75,000 tons per annum and our earlier estimate was by 2022 we will be able to do it, but let us see, by 2023, we will be able to do now.
- Bharat Sheth:** How much CAPEX will be spent on that?
- M. P. Chaudhari:** That is around Rs. 400 crores both put together.
- Bharat Sheth:** Including power plant or without?
- M. P. Chaudhari:** Power plant, no. We can invest in solar power projects or wind mills, not in power plants. With that kind of capacity which we are planning, setting up a power plant will not be feasible.
- Bharat Sheth:** Sir, what is our payment period or return on investment that we internal target are there for this kind of CAPEX?
- M. P. Chaudhari:** Stipulated target rate is around 12%. So, generally whenever we evaluate the projects, we see that it is above 12%.
- Bharat Sheth:** Is it pre-tax or post-tax?

M. P. Chaudhari: It is post-tax.

Moderator: Thank you. We have next question from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: Sir, in Q4 we had certain inventory because our production is higher than the sales volume, so going ahead even though in 1Q because of lockdown you will see our productions impacted, if the demand is there like is some inventory liquidation possible so that the impact on sales is not as much as the impact on production?

M. P. Chaudhari: During this time the trends are not clear also, unless this lockdown is lifted completely, we will not be able to clearly say anything. So, as you said, Quarter-4 has seen some increase in inventory and we may see liquidation because the inventory has gone up to a level of 1,90,000 tons, which is generally in the range of 1,00,000 to 1,25,000 tons. Thus, some liquidation is expected.

Pallav Agarwal: Sir, what I was asking was, the inventory that has been built up, so you would be able to liquidate that at higher prices because of the sharp price hike that you took of 45%, so the realization would be better than 4Q levels, is that correct?

M. P. Chaudhari: Q4 realization was for a particular period; In case of 44% grade, it was around Rs. 14,000 but now it has gone up to Rs. 21,000 but it has again come down to around Rs. 15,000. So, as I said earlier, prices have come down slightly. You do not look at only that 45% increase, subsequently we have made corrections also in line with international trends.

Pallav Agarwal: Fair enough Sir but I am saying Q4 I think in the press release you also mentioned that the mix was slightly lower with probably higher mix of low-grade ores, so is that going to reverse in the coming quarters or you expect the ratio to be similar going ahead?

M. P. Chaudhari: We have been trying to increase our ferro-grade production which gives the best of realization, so even after this COVID issue, we have been able to increase in our ferro-grade production by 2%; it is marginal at 2% but then without COVID it would have been slightly more also. So, we have been trying to increase the production of ferro-grade, though the efforts will continue in 2021 and subsequent years also, which would give us better realization.

Pallav Agarwal: Sir, lastly what will be on our reserves and resources I think we have about more than 90 million tons of reserves and resources, so what would be the average grade of these reserves?

M. P. Chaudhari: Average grade in reserves/resources is around 32%, but then the production which we are getting, the average grade varies between 36% and 37%.

Pallav Agarwal: Okay, so we are getting better quality?

M. P. Chaudhari: Better quality, yes.

- Moderator:** Thank you. We have next question from the line of Ajay Sheth from Quest Investments Advisors. Please go ahead.
- Ajay Sheth:** Just one question, our business depends mainly on steel production and steel consumption, so how do you expect the steel cycle to play around over a period of say next two years or three years?
- M. P. Chaudhari:** It would increase, India is trying hard in the direction of reaching 300 million tons by 2030, So, I mean we see increasing trends only - barring disturbance due to COVID.
- Ajay Sheth:** Do you see the dumping from nearby neighboring countries?
- M. P. Chaudhari:** We do not see any significant increase in such kind of dumping because time and again whenever there has been some dumping, Government has been putting on curbs. So, even if such thing happens, we expect that Government would come into picture and play its role.
- Ajay Sheth:** Basically, because our business depends on ferro alloys, manganese alloys, and its variants, do you expect that ferro alloys, manganese alloys, and its variants of the business will continue because our business totally depends on these ferro alloys and manganese alloys, so do you expect those businesses will continue to grow or I am not talking about this current year, but over a period of next two, three-four years?
- M. P. Chaudhari:** Yes, in a normal year it would continue to increase.
- Moderator:** Thank you. We have next question from the line of Abhijeet Bora from Sharekhan. Please go ahead.
- Abhijeet Bora:** Sir, based on that CAPEX guidance you gave, can you just give us same for FY '21 and also the second question is like your long-term production guidelines of 2.14 million tons, can you just throw light more on that?
- M. P. Chaudhari:** Sorry, I could not hear your first question, first question was?
- Abhijeet Bora:** I wanted the CAPEX guidance for FY '21, I missed on that part?
- M. P. Chaudhari:** CAPEX earlier we had planned around 380 crores during 2020-21, that was taking into consideration receipt of winders for two high-speed shafts at our mines, but then the program has been slightly deferred now due to COVID. We had almost complete stoppage at our projects as well as production units, so import of winders will be in the next year only. That is why, current year we are anticipating it to be around Rs. 240 crores again as in last year.

- Abhijeet Bora:** Also like you mentioned that your '21 production target of 2 million tons may get delayed, can you just throw some light on that part also and even for the longer term?
- M. P. Chaudhari:** In long term, we are targeting 2.5 million tons by 2025 and 3 million tons by 2030. All efforts including higher opencast development to ensure sustainability of open cast mines and higher underground development, putting up new shafts, deepening the existing shafts - all these activities are going on at most of the mines. Taking into consideration the environmental clearances that we have received sometime back and the environmental clearances for Balaghat and Munsar mines that we are expecting, so the ramp up would be possible by 2025.
- Abhijeet Bora:** Any guidance on '21 production and sales volume?
- M. P. Chaudhari:** The '21 production, if lockdown is lifted by July 31st in Maharashtra, then we will be having the production of around again 13 lakh tons - a very ambitious target - 13 lakh tons for 2020-21.
- Abhijeet Bora:** Is it achievable, Sir, if the lockdown ends by July?
- M. P. Chaudhari:** Yes, that is why I qualified my statement as provided it ends on July 31st.
- Abhijeet Bora:** Okay, and sales guidance?
- M. P. Chaudhari:** Sales, generally we consume around 35,000-40,000 tons annually, rest of the production is available for sale.
- Abhijeet Bora:** Given the impact on the lower utilizations of because like full year, still it will be lower for steel companies?
- M. P. Chaudhari:** The trends as I mentioned earlier are not clear even now.
- Abhijeet Bora:** Sir, just wanted to know the thoughts on the sales volume because the steel companies are operating at lower utilization despite you may have higher production, but there may be lower demand?
- M. P. Chaudhari:** As I mentioned earlier, the trends are not very clear but then post lockdown we expect improvement. Having produced, there will not be any problem in selling in case the demand is there and we expect improvement in demand post the end of lockdown period.
- Abhijeet Bora:** Lastly Sir, this China port inventory you said that it was 4.2 million tons currently, so how much decline has been seen there from recent peak?
- M. P. Chaudhari:** It has been varying between 3.50 million tons and 4.39 million tons between April '19 and July '20, so the average is around slightly less than 4 million tons.

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Moderator: Thank you, Sir. Ladies and Gentlemen, that was the last question. I would now like to hand the conference over to the Management for closing comments. Over to you, Sir.

M. P. Chaudhari: Thanks a lot Mr. Vishal and Emkay Global for this conference call.

Vishal Chandak: Thank you very much for giving us the opportunity to host you on this Earnings Call. We look forward to hosting you on the next as well.

M. P. Chaudhari: It was interesting and thanks a lot.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, on behalf of Emkay Global Financial Services, that concludes today's conference call. Thank you for joining with us and you may now disconnect your lines.