

February 21, 2019

To,

BSE Limited, Dept. of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Company Code: 505075	National Stock Exchange of India Ltd, Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Scrip Symbol: SETCO
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Dear Sir,

Sub: Transcript of Conference Call

We hereby enclose the transcript of the Conference Call hosted by the Company on Monday, February 11, 2019 at 4:00 p.m.

The aforesaid information is also being uploaded on the website of the Company www.setcoauto.com

We request you to take note of the above on your record and oblige.

Thanking you,

Yours faithfully,

For Setco Automotive Limited


Authorized Signatory





“Setco Automotive Limited Q3 FY-19 Earnings Conference Call”

February 11, 2019



**MANAGEMENT: MR. UDIT SHETH – VICE CHAIRMAN, SETCO
AUTOMOTIVE LIMITED;
MR. J.S. GUJRAL – CHIEF EXECUTIVE OFFICER,
SETCO AUTOMOTIVE LIMITED
MR. VINAY SHAHANE – CHIEF FINANCIAL OFFICER,
SETCO AUTOMOTIVE LIMITED.**

Moderator: Ladies and gentlemen, good day and welcome to the Setco Automotive Limited Q3 FY19 Earnings Conference Call. 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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I would now like to hand the conference over to Mr. Jophy Joseph. Thank you and over to you, sir.

Jophy Joseph: Good afternoon, thank you and welcome everyone for joining us on Setco Automotive Limited Q3 FY19 earnings conference call. Today we have with us the senior management of Setco Automotive Limited represented by Mr. Udit Sheth – the Vice Chairman of the company, Mr. J. S. Gujral – Chief Executive Officer and Mr. Vinay Shahane – Chief Financial Officer. Before we begin, I would like to add that some of the statements we make in today's discussion maybe forward looking in nature and we will begin this call with the opening remarks from the management after which we will have the forum open for the interactive question and answer session. I would now request Mr. Vinay Shahane to make his opening remarks.

Vinay Shahane: Good evening everyone, on behalf of Vice Chairman – Udit Sheth and CEO – Mr. Gujral I welcome you to the conference call to discuss Setco's 9-month FY 19 results which we had announced earlier in the day. In spite of a partial lull in the OEM production and demand between November – December, strong aftermarket demand has enabled the company to register a sales growth of around 10% at Rs. 160 crores over Q3 FY18. On a 9-month cumulative basis current year sales have registered a growth of 34% over 9-month period the previous year. Both OEM and aftermarket segments have recorded robust growth and the company is confident of a good outlook in the times to come also. As mentioned in earlier calls, EBITDA for the current year is not actually comparable with the previous years due to expiry of exemptions which the company's Sitarganj unit was enjoying where the tax holiday period was till 15th March 2018. So net impact of the same would be around 200 bps on Uttarakand unit sales. But in spite of that one need to know that 9-month EBITDA at 14.5% against 10.6% in the previous 9 months in the previous year is a good performance. In absolute terms EBITDA is 83% higher in this 9 month with 34% increase in sales which is a very good sign of the operating efficiencies built in the system.

With nominal increase in interest and depreciation cost, operating PBT for 9 months is at Rs. 27.6 crores against Rs. 1.28 crores in the previous year 9 months. At PAT level the cumulative 9 months' period amount stands at Rs. 24.2 crores against Rs. 13.14 crores in previous year. We also need to keep in mind in addition to the GST benefit the income tax holiday period also got over for Uttarakand unit in March 2018, and as a result the company is on the current year liable for a normal corporate tax rate of around 34% as against 21% till FY 18. However, from cash flow point of view this 34% liability will not be a tax outgo. There will be a MAT rebate available to the extent of around 13% and the tax liability will continue to be at around 20% for

next two years. Tax for current quarter at FY 19 at Rs. 7.22 crores against Rs. 11.27 crores in the previous year Q3 FY 18 is one after considering Rs. 4.13 crores of GST benefit in the previous year which was eligible in lieu of commencement of GST, and benefits expiring for Uttarakand unit. This benefit of course is not available from April '18 and so the figures for the current year are lower on that basis. However, in spite of operating PBT for the current quarter at Rs. 9.37 crores is still higher than around Rs. 9 crores in the previous year Q3 in spite of loss of the lucrative benefits and higher interest and depreciation cost for the quarter. With what we have achieved in this 9 months the management is confident that we will be targeting a 30% topline growth with very good EBIT margins maintained and going forward in FY 20 we should be on the growth path what we had chartered for us during this current year.

With this I conclude my opening remarks and would like to invite any of you to raise any queries or questions which we would be glad to attend. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Ashish Sood who is an individual investor. Please go ahead.

Ashish Sood: Yeah, I want to ask basically to the company management that I was going through the news article and found that promoters Setco Engineering sold 15 lakh shares at Rs. 30 on November 11, and one more news I got that Setco has sold 2,50,000 shares from December 5 to December 11, and 10 lakh shares at Rs. 34 in 29 October. So I want to know whom the company is selling the shares and what is the basic purpose and how this promoter holding is pledged?

Management: Yes, we have taken your question on board and the sale in the market is just to ensure that certain amount of funds and certain amount of liabilities are met by the organization in a time bound manner. There is nothing specific about it.

Ashish Sood: Okay, so it is basically 10,28,000 shares sold so they are sold to any mutual fund or just an open market sale, and what is the new promoter holding after that, after losing holding wise such large amount every month? So any update on that?

Management: The share sold has been done through a block deal with an investor.

Ashish Sood: Okay, and how are they promote or holdings pledged? Because...sorry.

Management: So the investor has invested with a view to stay in the company for 3-5 years.

Ashish Sood: Okay, and one more thing I have noticed about the pledging thing also that one day the news came company has released pledge shares and again the company has pledged the shares. So I want to know what is the exact number of pledging from the promoter's point of view that is still pledged, and many plan to move that pledging out or is it still to continue?

- Management:** So promoter pledging level at present is around 70% and we have a plan to bring it down to around 40% by the end of next year.
- Moderator:** Thank you. The next question is from the line of Pravin Yeolekar from CGS-CIMB. Please go ahead.
- Pravin Yeolekar:** My question is on the replacement segment. Have you seen any significant changes in the clutch plates post the axle load norms implementation?
- Management:** So I think the replacement market has two or three drivers for the demand. One of which is axle load changes but the two major drivers before the axle load changes which were anyway in play was the higher number of vehicles which have been sold, which are coming up for the first and second replacement cycles in the previous years. Remember '11-'12 had a peak and then for 2-2.5 years the OE market came down and therefore from '14-'15 onwards when the market picked up you have higher number of vehicles coming up for first replacement were 90% and above use the original clutch, right. Now as far as axle norms are concerned, there will be some engineering changes done in the clutches which will coincide with BS-VI which is from April 2020. In the interim period, there are two ways to look at the axle norms change; one way is that transporters have started loading the vehicle more so it will increase the demand for replaceable items like clutch because its life will come down. The other way to look at it was that it is legalizing the overloading which was already there in India. So it doesn't really impact the demand. Our view is it is more towards the second one that anyway the transporters were overloading the vehicles which today as per the revised norms is a legalized thing. So it doesn't shorten the life of the clutch, it doesn't bring in more demand and the engineering side of the legal changes which means that you now want to give higher life aggregate etc. like I said will coincide with BS-VI which is getting implemented from April 2020.
- Pravin Yeolekar:** Then for the OEM side have we seen any change in the content per vehicle for your clutch plate segment because of....?
- Management:** April 2020, that is what I'm saying, that is when they will upsize they will look at all the changes which will increase the per vehicle content for clutches.
- Pravin Yeolekar:** Okay. And what is the current replacement cycle for these clutch plates segment for MHCV?
- Management:** It is around 2.5 years for the one component of the clutch assembly which is called the disk assembly and around 4 years for the other component which is called the cover assembly. So we get let's say, 5 replacement cycles for the disk and around 3-3.5 replacement cycles for the cover assembly for a 15-year life cycle.
- Moderator:** Thank you. The next question is from the line of Harshil Shah from Anvil Research. Please go ahead.

- Harshil Shah:** Sir any update on the funding that we were looking for?
- Management:** In the current market scenario we have not decided to wait till the year end is completed because the overall cycle then seemed too favorable. So we are looking for it at the right time.
- Harshil Shah:** So this is mentioned in the first slide, it says that capacity expansion for 25% capacity growth to reach an annual turnover of around Rs. 1,000 crores with suitable long-term financing. So I thought any...
- Management:** So I think long-term financing is either debt or equity, right. What the vice-chairman was saying that given the current market situation equity expansion etc. that we don't see. Also this capacity expansion is to take our turnover from Rs. 800 to Rs. 1,000 crores, right? So it is some time away. What we have done in the interim is we have worked out arrangements where we have debt financing available through a subsidiary of one of our leading customers and so capacity expansion plans would be done as and when required, starting from the H1 of the next year so that we can hit the Rs. 1000 crores turnover from a capacity viewpoint.
- Harshil Shah:** Sure and sir how is the OEM demand looking, post this NBFC debacle?
- Management:** See first of all I don't think it is a NBFC debacle, okay. But let's not get into that. We need to appreciate the fact that in the first 6 months the OE market was growing at 40% and had that pace of growth sustained for the next 6 months we are talking of a OE market in excess of 500 lakh numbers. The previous peak was around 385, right? So I think when we are saying that the market has slowed down it is related to a very healthy growth rate in the first 6 months. And even if Q3 and Q4 are lower than last year, on an annualized basis the OE demand will be 12-15% higher than last year which is a very healthy rate for the industry. It is just that two quarters we got very healthy demand and two quarters we had subdued demand but the net is a 12-15% growth. Now this NBFC thing obviously is a contributor it is easing by the day. Interest rates in the last RBI policy have come down and liquidity is improving. So we don't see this playing out in the long run and please remember that two of the major players in this space have their own finance units who are not finance companies who are not impacted even though they are NBFC's, they are not impacted by this crisis. And even a MNC player Daimler has its own finance companies so it is also not impacted in terms of liquidity. Liquidity has hit some other NBFCs hard but their sectorial play in commercial vehicles was not anywhere near to their size. So the impact on M&HCV per se would be there but much lower than what is the board line in the papers as far as NBFC as a whole is concerned.
- Harshil Shah:** How is the OEM demand schedule as in...?
- Management:** As an example, just to give you a data point, one out of three vehicles of the leading manufacturer is financed by their own financing companies. So you understand? 33% of the demand is not impacted then you are going to ask who have access to bank finance, right? So really the impact of NBFC on the OEM in M&HCV is much-much lower than what the overall

thing is because there are certain segments of the market other than M&HCV where NBFC have a bigger play.

Harshil Shah: So how is the schedule as in, is it improving month on month or things are...?

Management: No, I think the schedules witnessed a low in this...so basically what happened the November retails were lower than expected. And then the manufacturers who were on a ramp up for the last 4-5 quarters got into a phase where they said let us correct our stocks. So we expect that henceforth, which means December onwards they are correcting stocks to the extent they feel feasible and they are not adding to the inventory in the pipeline. So by end of March probably if they sell 100 they will produce 90 or 85 or 92 depending upon the manufacturer, and come back to healthy stocks for the next year. And on a full-year basis we will still show a 12%-15% growth in OE.

Moderator: Thank you. The next question is from the line of Deepali Bansal who is an individual investor. Please go ahead.

Deepali Bansal: Sir, I want to know about what was the segmental revenue breakup for the last 9 months? Also, are we still targeting Rs. 1000 crores sales target by FY 20?

Management: So see, exact numbers I think we will be giving you 9 months segmental means, so in the current year 44% of our 9 months segmental share is from OE, 53% is from aftermarket and 3% is from exports.

Deepali Bansal: 3% okay.

Management: So more than 50% is not related to the cyclical OE demand, and I mean just a quick number, if 45% de-grows by 20% we should be down by 8-9% as far as that segment is concerned. And if this aftermarket segment continues to grow at about 20% we would still continue to show growth. And it is important to emphasise that for a company which does not have such a healthy mix the impact of the OE slowdown would be seen more strongly in the numbers, if their aftermarket is not as strong.

Deepali Bansal: Sir one more question, are we still targeting Rs. 1,000 crores sales by FY 20?

Management: Yeah, we are still gung-ho about the Rs. 1,000 crores because we still have the long-term drivers of demand for next year not tampered with, BS-VI is happening from April 20, E-Way bill will happen. Our own internal capacity issues etc. whatever they are, are all taken care to hit that numbers. Our own Lava Cast foundry is capable to support us even beyond 1,000, definitely up to 1000, and aftermarket growth strong. So we are still looking at hitting Rs. 1,000 crores in the coming years.

Moderator: Thank you. The next question is from the line of Purab Mehta from AM Investments. Please go ahead.

- Apoorva:** Hi sir Apoorva here. Sir quick update on Lava Cast and how it is going in, what kind of margins we have achieved? Can you just....
- Management:** Lava Cast has been picking up its performance quarter-on-quarter and I think by the end of Q4 we expect us to be reaching a capacity utilization of close to about 70-75% of the installed capacity, which I think is a very healthy move for the foundry and I think by the end of the year on a Q4 perspective we should be also positive as a business. From a perspective of overall business, we have already added about four outside customers out of which two are Tier 1 and two are OEMs, and this is outside of Setco and we expect that by end of next year on a whole year basis, we should be able to achieve this capacity utilization which we achieved in Q4 of this year.
- Apoorva:** So full year next year will be 75% that is what you are expecting?
- Management:** Of the installed capacity, yes.
- Apoorva:** Okay, so what kind of margins will be there, EBITDA and even the PAT levels?
- Management:** So because we have a foundry with a completely installed machining facility, we should be in the higher teen.
- Apoorva:** And at the PAT level we will be having...our PATs?
- Management:** Yes.
- Apoorva:** Sir as per your guidance, which is that you are telling that we will achieve 30% growth for the full year. So if we do the reverse maths, Q4 we should do around Rs. (+200) crores kind of a turnover. Is it possible to do sir?
- Management:** Yeah, I think your numbers worked backwards are absolutely correct and we should be there within (+/-5%).
- Apoorva:** Because the number works to around Rs. 216 crores so should we take of Rs. (+/-216) crores? What is your...?
- Management:** Yeah anywhere between Rs. 185-Rs. 200 crores for the Q4 would be on a stand-alone basis a good number.
- Apoorva:** And on the export sales to US, sir, any updates what you can share with us, how are the things going on?
- Management:** So the initial ceding has been done last year starting from the Q4 and it has been now 10-11 months. The products have performed very well, we have not had any negative feedback from any of the customers and the brand is slowly getting prominence in the shelves of the stores.

Lot of interest from bigger OEMs and other independent part market, aftermarket part distributors to source from us, that has revived. Because they are seeing the product getting well accepted by the day. So we have two different trajectories for growth; one is as we grow the business in our own brand and the second is if we over and above that get a tie up with one of the leading players in that market, then the distribution reach number of stores who sell our product and the brand image of the distributor adds to the velocity growth. So we're quite confident that this is the right segment and product to begin, it is only a matter of when we hit or change gears from our own brand sales to a satire.

Apoorva: How you are expecting to grow because we were expecting higher numbers? But I think we are not able to get to that numbers. But currently what is our current rate of export over there in the US?

Management: See, currently we do around if you want numbers, we do around 100-250 units a month and so let us say, a ball park figure of around 2,000 and the market is like I said huge. It is over 500,000. So it is only a matter of getting the traction and the brand and the distribution right, which we are working into. And since these are products which run for 2-3 years, the first treatment customers take a while before they start vouching for the brand. So we expect whatever we started selling from January of last year, of January 2018 will give us dividends in the coming year.

Apoorva: And sir on the tractor side, when we are expecting to start selling to the tractor wheels? Have we started or what is...when we will start that tractor sales?

Management: So we have two approvals which are getting welly rated for the full test range, and once that happens then we get allocated share of business. Some trial lots of production with limited approval customers had taken and put in pilot lots. They are happy with the results but before they give us a share of business they want to do the full validation. For two of the manufacturers it will get over by March. So next year is when we will see the impact of tractors.

Apoorva: So that will really help us to do what kind of you know, run rate in that particular segment?

Management: See, the fundamentals of the tractor industry I think you are aware. It is a 700,000 industry, it is dominated by Indian manufacturers. The technology of the clutch which we are offering is the next-generation clutch which is the dual and double clutch. And there is only one existing source which is the MNC. And this segment is growing at a faster rate than the growth of the tractor industry per se. Because this is a better clutch required for more efficient use of tractors. So the possibility for a second source to get in therefore is very high and all the OEMs are very supportive of our diversification. So having said that, in terms of numbers we would expect this to contribute around Rs. 100 crores to our topline within 3 years. And then once the population builds up there is an aftermarket side which will start coming in and this Rs. 100 crores is with a certain share of business which typically is around 20-25% for the second source. As we

perform and as we get more confidence even our share of business in this segment can go up. So this is the broad trajectory we have for that business.

Apoorva: So in the debt level where are we currently at; net debt?

Vinay Shahane: The current debt on a stand-alone basis would be around Rs. 225-230 crores.

Apoorva: And on the consumption wise?

Vinay Shahane: Add another Rs. 100 crores. Rs. 225 crores.

Moderator: Thank you. The next question is from the line of Deepali Bansal who is an individual investor. Please go ahead.

Deepali Bansal: Sir, I would like to know about the capital requirements of the company for the rest of the year and for the next year? And how would that be funded?

Management: So capital requirements for this year are already done and dusted so there is nothing more than the last quarter of any major significance. Typically, our maintenance CAPEX is around Rs. 15 crores a year which is also our kind of internal accrual from retiring the long-term debt for earlier CAPEX. But yes, we have a plan to put in around Rs. 60 crores with the Rs. 15 crores of our own margin and Rs. 45 crores of funding for taking the business to around Rs. 11,000 cores investment of which will start from first half of the next year and primarily we would be doing it in select areas with lower lead times of CAPEX. And it is also meant to give us peak capacities of Rs. 1200-1300 crores because the market being seasonal sometimes we lose sales in the peak months because while we have a capacity of X there are months when you need 1.3X, 1.4X. So the peak capacity will be around Rs. 1200 crores and it will help us give Rs. 1000 crores of sale.

Deepali Bansal: Okay. Sir are we looking at Lava Cast phase II production yet?

Management: That can only be undertaken once the phase I is stabilized and all the performance matrices are up to standard the way we expect them to be. We plan to look into this again possibly after the first half of next year.

Deepali Bansal: Sir one more question. How would you tell me about the sales growth in UK and USA? Have you seen any significant improvements there?

Management: UK continues to be flat and we have a turnaround plan with flat sales which is a progress. US sales have been good for our traditional lines which are non-clutch businesses, they have been robust. Clutch business we just discussed, that we have just seeded in for January of 2018 and we are developing our brand and distribution. So typically that is a 2.5-3 years' cycle before you retire volumes. In parallel we have got very active interest from leading players to source from us and sell through their network which would be a different trajectory if we are able to

close that deal. Then also we have to go through a period of testing etc. which is typically between 6 months to 1 year depending upon the customer.

Moderator: Thank you. The next question is from the line of Purab Mehta from AM Investments. Please go ahead.

Purab Mehta Just wanted your outlook for OEs for next year.

Management: See there are OEs and their OEs, and their OEs, so for example even in Q3 and Q4 there are our customers who have grown by 15-20%, right. Not the bigger ones but the smaller ones like Daimler, right. They continue to clock robust numbers. So if you take a consolidated view of what all OEMs are saying, everyone is talking of April 2020 BS-VI to be a big driver for next year. Everyone is saying it is only a matter of few months here and there before the demand is back and the range of projections which we have from our customers on the conservative side with large base is around 10% and the valves like Daimler who are having a smaller base and also are not impacted by the current slowdown are even talking of 25-30% growth next year. So a good estimate would be let's say, 12-15%. Yes, there is some uncertainty with the elections and all that etc. but that always peaks before the election and immediately disappears within 15 days after the election. That has been the trend in the past so we are expecting 12-15% OE growth next year.

Purab Mehta: Okay and post that there will be a lull period, post FY 20?

Management: Yeah, see there is always this fear that there will be a lull period, but this time I think the past will not be a predictor. See earlier what used to happen was that the customers who had to buy vehicles were allowed to buy a vehicle even after the introduction of the new norms as long as the vehicle was produced before the cut-off date. With BS IV the government clarified that not only has the vehicle to be produced before the cut-off date it has to be sold before the cut-off date. And sale also got clarified as being sale of the dealer which means dealer to consumer, not a manufacturer to the dealer. So now with this clarity in the market no one is going to make vehicles of BS IV vintage which will not be sold by 31st of March 2020, okay? So typically what used to happen lot of higher sales used to happen so that you can keep selling these vehicles slowly into the next year as you gear up for BS-VI or the new norms. The manufacturers now have understood that this is not possible, so most of our customers are saying that they will start producing BS-VI vehicles from as early as November to as late as January of 2020. So if they are geared up to produce vehicles of BS-VI vintage, the new norms from November to January then where is the pre-wire? No one is going to pre-wire BS-VI vehicle in November to January. So I think it will be a much smoother transition so you will not have a 30%-40% Q1 down, 10% Q2 down and then Q3 and Q4 up. It may more be like 5%, 7%, right, that kind of impact. No customer buys a vehicle more than 30 days in advance. So even if you were to account for that that some sales of April came in March, it maybe 5-7% only, which over a quarter will be 3-4%. And we are not expecting any slowdown on this account which is the main factor why people are saying after April 2020 suddenly vehicles will

not sell. We don't feel it that way. Also from an engineering viewpoint whatever has been done on the vehicle apart from meeting the emission norms the vehicles are being made much more efficient. So an expensive BS-VI vehicle on a per ton kilometer basis will be better than BS IV vehicle. And please understand when we hit BS-VI forget BS IV, we have BS III, BS II vehicles also on the road. So the replacement of fleet or modernization of fleet that will continue and it will continue to sustain the demand. The other thing which today we don't know but everyone has been saying like everyone is saying in April sale will come down, everyone is saying scrappage policy will come. So if that comes then that adds to the momentum of the market.

Purab Mehta: So sir any value addition to BS IV to BS-VI in clutch would be there? For the clutch any value addition will be there?

Management: Yeah, typically we will have value addition happening from a BS IV to BS-VI migration either the clutch will upsize or some of the applications. Secondly, the clutch will require some dampening solution because the BS-VI engine dampening requirements are different from BS IV and this part of the problem can only be solved by the clutch. So the clutch will have a dampening; two-stage or three stage dampening. So even if the size remains the same, we expect a 5-7% improvement in the content of the or in the price of the product. And the cost of which may be around 2-2.5% so we are internally looking at 150-200 bps margin improvement as we migrate to BS-VI for the OE vehicles. The aftermarket will continue to take BS IV products for some time so will not be seen on the full sales as seen in the OEMs. And if the size moves up anyway the content goes up by around 10%.

Purab Mehta: So typically to the minimum 5-7% rise in price and the margins will improve to the tune of 100-200 bps?

Management: 150-200 bps, on the OE segment.

Moderator: Thank you. The next question is from the line of Dhiraj Shah who is an individual investor. Please go ahead.

Dhiraj Shah: I have a question for Mr. Udit Sheth. In the last conference call sir, you had said that the investment in Setco, that buying the shares of Setco, you would consider if you had the funds with you, okay. But in the last quarter we see that the promoters holding has come down by more than 3% and the number of shares that pledged has increased. So is the company facing a cash crunch or some is there some financial issue?

Udit Sheth: The company is not facing any current cash issues at all. This is to meet our existing liabilities and we expect that the, as mentioned earlier in the call by pledging to come down substantially over the next 3-5 months and whatever has been done, has been done during the time when we have not been able to raise new forms of finance during the entire cash transfer that went through the last Q3 or last year.

- Dhiraj Shah:** I just wanted to confirm that the stake sale the promoters which they have undertaken more than 3% wasn't in connection with that only to raise funds which you could get from the market?
- Udit Sheth:** That is right.
- Moderator:** Thank you. As there are no further questions from the participants I now hand the conference over to the management for their closing comments.
- Management:** So I think we would like to thank all the participants for coming on to the call. The results are encouraging in our opinion and we expect that Q4 and next couple of years are looking positive and we look forward to any further interaction we have. We invite you to come down to the plant. If any of you would like we will arrange that and in addition any questions or queries outside of the call, feel free to e-mail it to us and we will get back to you. Thank you very much.
- Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of Setco Automotive Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.