



“Welspun India Limited
Q1 FY2019 Earnings Conference Call”

July 27, 2018



ANALYST: MR. AVI MEHTA – IIFL SECURITIES LIMITED

**MANAGEMENT: MR. RAJESH MANDAWEWALA - MANAGING
DIRECTOR - WELSPUN INDIA LIMITED
MR. ALTAF JIWANI - DIRECTOR (FINANCE) & CHIEF
FINANCIAL OFFICER - WELSPUN INDIA LIMITED
MR. AKHIL JINDAL - GROUP CHIEF FINANCIAL OFFICER
& HEAD STRATEGY - WELSPUN GROUP**

Moderator: Ladies and gentlemen good day and welcome to the Welspun India Limited Q1 FY2019 Earnings Conference Call, hosted by IIFL Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone telephone. Please note the duration for this conference call will be for 45 minutes. I now hand the conference over to Mr. Kunal Shah from IIFL Securities Limited. Thank you and over to you Sir!

Kunal Shah: Thank you Mamta. Good evening everyone. On behalf of IIFL, I would like to welcome all of you to the 1Q FY2019 conference call for Welspun India. From the company, we have with us the key senior management including Mr. Rajesh Mandawewala, Managing Director, Mr. Altaf Jiwani, Director (Finance) & CFO and Mr. Akhil Jindal, Group CFO & Head Strategy. I would now like to hand over the management for their opening remarks. Over to you, Sir!

Altaf Jiwani: Thank you. Good evening ladies and gentlemen. Welcome to Welspun India first quarter con call. This quarter actually we have seen a volume growth of 8% so we are back to the growth trajectory and while optically the topline may look muted, but this is you know in the Q1 last year pre-GST regime the duty drawback rate and ROSL rate were substantially higher so if you adjust for the base effect we are actually seeing about 8% growth. In terms of exchange it is 66.74 what we have realized during this quarter compared to 67.21 last year, which is about .1% adverse impact. So net-net it is showing about 1.6% growth over last year.

In terms of EBITDA we have done about Rs. 325 Crores which is 20.6% EBITDA margin. Now compared to Q1 last year it is 21.7% it was pre-GST regime so if you compare with Q4 where the tax regimes are comparable to Q1 this year we have moved from 19% to 20.6% so there is a 1.6% points EBITDA jump during Q1FY19. Finance cost remains tactically at the similar level 34.2 Crores, depreciation has come down substantially because we follow an aggressive depreciation policy where we have a WDV method and a very high depreciation rate for the plant and machinery.

In terms of profit after tax we are at about 127 Crores compared to 86.6 Crores in Q4 so there is 47% jump in profit after tax sequentially. In terms of capex, we have done about 69 Crores of capex and net debt we are at about 140 Crores lower than March ended figure so there is 2884 Crores of net debt. We continue to keep focus on free cash flow and calibrate our capex based on the free cash flow as well as the net debt if you see has been there content with below 3000 Crores for almost last four year now.

We have seen about 18% growth in the spaces branded revenue and similarly in Christy, Wimbledon has been the excellent season for us. We have seen about 18% growth on

Wimbledon sale this year. We had seen a situation where special edition Wimbledon towels actually got sold out within the stores at the site and also online it got sold out within four hours. Chirsty e-commerce revenue has more than doubled in the last quarter compared to the previous quarter last year. We continue to keep focusing on the branded initiatives so in the coming quarters as far as investment into flooring is concerned that is on track and we expect to commission it and start commercial production between October and December 2019. At the peak production will be having about 150 million dollar of revenues for flooring solution.

We are confident to meet our annual guidance which we have given at the beginning of the year, which is 8% to 10% topline growth and about 19% to 20% of EBITDA margin with the capex of about 900 Crores. With this I would leave this floor open for the Q&A. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Nihal J from Edelweiss. Please go ahead.

Nihal J: Sir good evening and congratulations on the guidance that you had given. So just to clarify that I am guessing that you have clocked 8% growth and these would ideally be program orders where you have the visibility for coming part of the year, are we sure of sustaining this volume growth even for the ensuing quarters?

Rajesh Mandawewala: Nihal, this we believe that the worst is behind the company now and so all the headwinds that we faced for FY2018 we are very confident now that they are behind us so there is the huge destocking that happened last year and also there was an impact of some sales moving from offline to online so I think things are settled down this quarter. It is a beginning of the turnaround and our current visibility in terms of the balance part of the year also looks pretty decent. As I said the worst is behind us which is why this very emphatically I can say that the confidence in the company is high and we are very confident that we should be able to meet the guidance that we have provided at the beginning of the year.

Nihal J: Sir just to understand the growth is whether you know if you look at the industry data of the import into US even for this year India is actually been losing market share and overall for the industry from India there has been a fall in export of both bed sheet as well as towels so first of all what is the comment on that and secondly how is the despite of say the industry is seen a degrowth from India how we manage to say a good growth?

Rajesh Mandawewala: So this very valid question so yes the industry has seen some degrowth of this imports into the U.S., while our business is actually grown and this is as I said on the back of our customer getting out of destocking and we balancing ourselves on the e-commerce side so there is little bit of course correction, which we have been doing over the last couple of years. For example, our existing clients have improved our service through the websites and we also got into private

label business with the e-commerce channel so all in all which is why our business is moving up. With a strategic perspective we are very well positioned with our customer so and you know the customers continue to look to consolidate the sources and from that perspective our business has improved in this quarter and as I said we will continue to improve going forward in the current year as well.

Nihal J: Sir just one last point on this so is it an increase from our existing customer, or we are seeing e-commerce give a sizable increase on a volume growth for this quarter?

Rajesh Mandawewala: We are seeing increase from our existing clients so by and large this the growth is coming from existing clients. There is a little bit support that we have received from the e-commerce side as well but you know there is such a small base that even if you have grown significantly in terms of percentages, it really does not move the needle so this growth is actually coming from the existing clients.

Nihal J: Absolutely. One last question Sir, recently there was a big hike in MSP for cotton so just wanted to understand in case say the cotton prices do end up being higher during the season time is it possible for us to pass on the increase or that will be something that will have to take in margins?

Rajesh Mandawewala: So this very good question. The MSP at the current levels takes cotton to about anything between Rs.43,000 and Rs.44,000 a candy depending on the prices of the residual seed, so the market prices of cotton are actually in excess of Rs.44,000 and they have been hovering around between Rs.43,000 and Rs.44,000 for a good part of the year until let say April-May and after April-May in fact they shot up to about Rs. 48,000. So currently, cotton is trading at Rs.48000 so the prices are already in excess of the MSP. Now the question of how does it impact margins so it will impact margins to some extent but I feel I think a part of it will get mitigated by a better exchange realizations going forward in the future so the rupee is also let us say depreciated considerably and the rest of it at least this for our company this we believe that the improvement in the currency as well as some price hikes with some of the customer should help us to mitigate the cotton risk as far as our company is concerned.

Nihal J: Sure Sir I will get back into the queue for the questions. Thank you.

Moderator: Thank you. The next question is from the line of Prerna Jhunjhunwala from B&K Securities. Please go ahead.

Prerna Jhunjhunwala: Congratulations on good set of results. Sir we would like to understand product wise the performance, I know you do not share the numbers but qualitatively if you also can share because towels we have been losing market share as a country and with bed sheets also the import numbers of U.S., are not very encouraging as compared to they were in the past whereas

we are doing 8% volume growth. So I want to understand which product has delivered better performance for you and how are they?

Rajesh Mandawewala: Prerna we will have to reserve the comments on this, you know this we do not give out.

Prerna Jhunjhunwala: Sir qualitatively?

Rajesh Mandawewala: But so which is why we have made an exception in this quarter and let you know that overall we are 8% plus so and let us say this going forward we believe that within our company at least we will be plus on all the product categories when you look at this entire year. I hope that should allow any concerns that you or some of our other investor friends might have. We are looking to grow in fact all the categories that we do business in.

Prerna Jhunjhunwala: Okay. Sir which means that may be you are gaining market share or is it the U.S. economies is likely to grow at these kind of levels, Sir that would be helpful?

Rajesh Mandawewala: So it is a mix of both and at the same time as I told you that the some of our large and major clients had actually were in a phase of major destocking in the last year so all those the sales are now returned to normal level so a part of what we regaining of what we had lost in the last year and the part of it of course is growth of market share as well.

Prerna Jhunjhunwala: Okay. Sir my next question is for rupee exchange, when can we see a positive impact of exchanges coming in our numbers?

Rajesh Mandawewala: Unfortunately for the rest of the year we have about say about 50%-55% of our exchange rate already covered at an average price was about Rs.67 of thereabout and the rest of its as the spark move so it will impact let us say about 45% of our realization. For FY2020 we have already started selling our exchange based on the policy that we have, so the hedges for the next year are in excess of 70. So these hedges should realize significantly higher in the next year as compared to the current year.

Prerna Jhunjhunwala: Okay. Sir price hikes will it be possible because the last two years we are not been able to see any price hike in the industry so how confident we are is it because of product mix change that you are saying that price hike would be there or is it because cotton prices are increasing in general and customers would be willing to give price hike across the industry?

Rajesh Mandawewala: See what is happening now is that everybody is hurting on the margin so you know at least the industry has got the boldness to go back ask for increases with the clients. So on a selective basis increases will happen particularly there are products where we are actually out of pocket let say servicing some of the businesses so that certainly help the price increases and so on and so forth.

There will be adjustment for the currency and anything beyond that I have a feeling that it should get passed on over the next couple of quarters.

Prerna Jhunjunwala: Sir last question on the industry is US China trade war are we seeing any kind of positive impact to order book because customers are looking for shifting their end of days or something like that?

Rajesh Mandawewala: So look our products have been left out of this current state of whatever that is going on between China and US but the one area which gets impacted is cotton. So American cotton were getting exported into China and it is now currently attracting duty. Thus, the American cotton will not flow into China which means that if China has to import it has to import from somewhere and India being a large exporter so this Indian cotton could find its way into China. Due to this India could end up importing American cotton so that could be a likely fall out all this but this otherwise directly speaking on our products remain largely and affected in this trade war.

Prerna Jhunjunwala: So which means PIMA cotton business can come to India largely as compared to go into China?

Rajesh Mandawewala: Yes. And see this also PIMA cotton I suspect just like we have advance licensing here even in China for exports they must have a duty free import scheme so this for export anyway this should not matter so, we are kind of, our view is that relatively this are not impacted by what is going on.

Prerna Jhunjunwala: Okay. Thank you Sir I will come back in the queue for further questions.

Moderator: Thank you. The next question is from the line of Dipanjan B from Stewart and Marketich. Please go ahead.

Dipanjan B: Good evening Sir and thanks for the opportunity. So I have a couple of questions like is the US destocking impact of last year is fully over or we had some impact in the Q1 numbers. And I also missed out on the guidance part so if you could just give the full year revenue growth and margin guidance and my second question will be that will the debt reduction continue at this phase or is some uptake seen going forward? Thanks.

Rajesh Mandawewala: It is very hard to fight into the days in terms of destocking but by and large I can tell you that industry wide with all our clients we have seen that the purchasing has returned back to normal and we are also seeing it reflected in our current order position. We believe that the destocking is behind us completely because our current order book is also reflecting that so we believe that it is already done and dusted. As far as the debt is concerned so the current quarter the capex is only 70 Crores. I think this capex will accelerate on our floorings project over in the next three to four quarters so whatever this we have had 140 plus Crore of free cash flows in the current

quarter, so I suspect all of will get invested over the next three or four quarter so all in all our goal is to keep our net debt at constant level. Our estimate is about 900 Crores of capital expenditure in the current year largely for the floorings business so that it should consume all our cash generations as per our goal. Our net debt have been around the 3000-3100 Crores mark for the last five six years and our goal is to stay at that level for the rest of the year. Taking your second question. In terms of the guidance we have guided an 8% to 10% kind of a growth at the beginning of the year with 19% to 20% EBITDA margin so we stand behind whatever guidance that we have today.

Dipanjan B: So and when do we see this margin going beyond the 21% or 22% mark I mean any rough estimates on the timeline?

Rajesh Mandawewala: I would not recommend you to put your money thinking that the margins can go up and beyond these levels. Considering the variability in the industry, with tailwinds, margins can go couple of points here and there and you have seen it over the period from 2014 to 2017, that we did let say generate higher margins. But I believe that 20% is the mean level of a realistic margin for our kind of business and this in a good tailwind environment you make couple of points more and in a bad environment you will lose a couple of points so by enlarge this is where the equilibrium is and we would encourage you to value our business and look at our company based on let us say 20% kind of EBITDA margin with the double-digit growth.

Dipanjan B: Thank you Sir.

Moderator: Thank you. The next question is from the line of Kaustav B from Rare Enterprises. Please go ahead.

Kaustav B: Just wanted to know when would investment in this flooring project start yielding sizable revenues?

Rajesh Mandawewala: So the investments have already begun and of the 70 Crores we have invested large part for the floorings business and that is the main capex. The textile business capex is I think will be in the range of about 100 to 100-odd crores for the current year and rest of it will be for the flooring business so a large part of that would happen and the capex has become so we have already broken ground, constructions going on in full swing almost most of the equipments have been in order and the rest are will get ordered over the next 30 days so this is the time when let say this capex will intensify on the floorings project. And to your question on revenue so we are aiming to get into production sometime in the second quarter of FY20 although we are saying this October to December quarter but we believe that we will be able to fast track by a quarter, so revenue should start becoming visible let us say if we commission let say second quarter revenue should start coming from the third quarter of FY2020 and at peak this we believe that the

business is good to do not \$150 but \$200 million in topline when we start using it at a reasonable level of productivity.

Kaustav B: Okay and just how we I am just trying to understand level of confidence how we so confidence with this volume bounce back from our key clients in the US it is just not a temporary consolidation before next phase of destocking?

Rajesh Mandawewala: So most of the large clients atleast we have visibility on the inventory position on a real time basis, so we have access to their systems or one way or the other that information is available with us so we see that all the excess inventory by and large has been cleaned up from the system and also the current order book also is robust. Our 80%-85% of business is replenishment so it is not business that we have to go and earn everyday so considering the pipeline inventory we believe that the worst is behind us.

Kaustav B: Could you just highlight some efforts on how you have increased your dominance or presence in the online space?

Rajesh Mandawewala: I would love to do that. By and large it is a combination of private label business getting started with them. On the private label side so just like we do that all other retail customers so they become our customers for their own private labels and we are intensifying our efforts in that area. Then second is same product of their websites we sell, so this spending marketing dollar and getting some sales out of that. Third, more importantly, I think also with our retail customer have also ramped up their e-commerce focus and spend so we are seeing better traction, the better sales happening from our retail customer side so we are making efforts in all this three directions.

Kaustav B: Thank you for your time.

Moderator: Thank you. The next question is from the line Yash Agarwal from Quest Capital. Please go ahead.

Yash Agarwal: Good afternoon Sir and good set of numbers. So my question is again with respect to the margin guidance you already run 20.5% and you know with volumes looking up and the currency in favour is not this very conservative guidance?

Rajesh Mandawewala: I would say this is a realistic guidance so this mind you all that all the input costs are also going up so cotton have moved up, all energy prices are up, consequently dyes and chemicals are up, transport is up so all input cost are also moving up in tandem with the currency depreciation so by and large this we have taken a measure of where we stand with our business and so this we

believe a 20% kind of margin guidance that we given is a fair and reasonable estimate of margins going forward.

Yash Agarwal: One book-keeping question Sir, your other expenses seem to have come down quarter-on-quarter so is this a quarterly phenomenon or is there something to read into this?

Rajesh Mandawewala: No, I do not think there is anything to read into this and this all in all sometimes we outsource a little bit, some of the functions are more than at other time so with by and large this evens out, so I do not think so there is anything to go by.

Yash Agarwal: All right. Thank you so much.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Two questions from my side. First what is the total capex on the flooring like 900 Crore you had said 150 Crores will be maintenance, remaining would be flooring, is there any flooring capex in FY2020 also?

Rajesh Mandawewala: Yes, of course so the flooring project we have currently committed to invest about 1100 Crores, textile capex is about 100 Crores so out of that 1100 Crores I think 750 Crores to 800 Crores will get invested in the current year and the textile investment should be about 100 Crores or thereabouts so totaling about 900 Crores and the rest of the flooring investment will happen in the next year.

Giriraj Daga: Okay and second question is on the normal maintenance capex just as a followup, the maintenance should be 100 to 150 Crore each year?

Rajesh Mandawewala: Yes, so that is a fair estimate so that is not only maintenance capex but some debottlenecking capex also should get included in that 100 Crores -150 Crores, so we need to debottleneck capacities in part of the manufacturing process so that also should get covered in 100 Crores -1 Crores 50 so we believe it is a fair estimate.

Giriraj Daga: Okay. Now second question was in this Pakistan currency depreciation so in the last about seven eight months they have gone from 100 to 130 now that is where they compete it also us, so are you seeing any like this players getting traction because obviously they are at suddenly 30% cheaper?

Rajesh Mandawewala: Definitely so thankfully we do not operate at the bottom end of the market and we have consciously kept our business out of that. Pakistan operates at the lower end and the bottom end of the market and our business actually starts from wealth definition, in terms of price point and

positioning of the product in the market place our business actually begins where Pakistan business ends. We have consciously kept ourselves away from that absolute commodity and opening price point kind of product so which is why we believe that our business will not get impacted with whatever is going on in Pakistan.

Giriraj Daga: Can I just have a follow up on there like we normally based on cotton in-house like what we have so currently we are going to higher value addition also because when you find 30% kind of advantage even you as a customer I also expect you to improve your grade, is there a possibility or made.

Rajesh Mandawewala: They can certainly do it but then they will need to invest like we have invested in.....

Giriraj Daga: You were mentioning about the investment what we have made.

Rajesh Mandawewala: Yes, so you know if they have to get into the middle to the upper end so they will need to invest into technology so millions and millions of dollars of investment, also they have to invest in those kinds of people, into design marketing and so on and so forth so it is not only the currency and it is a lot more that gets invested let say to position yourself with the market at the middle to the higher end of the market. We do not see happening in Pakistan certainly not now and so they are a long, long way away from anywhere being close to that.

Giriraj Daga: Okay understood. Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Vikram Suryavanshi from Philip Capital. Please go ahead.

Vikram Suryavanshi: Good evening Sir. Sir just wanted to actually I missed this, how was the growth in domestic retail side and how do we see that business shaping up and second thing on the working capital cycle, are we seeing any material changes in that side?

Altaf Jiwani: Vikram we have seen about 18% growth for spaces in the domestic business and this continues to be our major focus area so as of now we had about 6% of our total revenue in five years time we want to take it over to 20% of our revenues. To your second question on the working capital we are seeing a cash conversion cycle which has come down by about two days so we were 96 days in March we have come down to about 94 days so our inventory has come down by about six days the debtors have gone up by six days and the payables have increased by two days. So we are practically at about 94 days a cash conversion cycle.

Moderator: Thank you. The next question is from the line of Dimple Kotak from SKS Capital. Please go ahead.

Dimple Kotak: Congrats on good set of numbers. Sir just wanted to understand if there is any impact due to the trucker's side like are we facing any issues with regards to our material suppliers or supply?

Rajesh Mandawewala: Of course we do not have what you call this drones bringing in and out stuff. So far we have managed to stay insulated. Until today, we have no impact and I just got a message that there are another two three days where we should be okay but the strike does not get called out then from Monday onwards this can start impacting production.

Dimple Kotak: Okay Sir that is all from my side Sir. Thank you.

Moderator: Thank you. The next question is from the line of Dixit Mittal from Subkham Ventures. Please go ahead.

Dixit Mittal: Sir my question is on export incentives like there have been talks that you have to withdraw the benefits in next one year so what are your thoughts on that and do you see the possibility of that?

Rajesh Mandawewala: As of now there is nothing that is happening that will reduce the incentives. If at all something happens it might have actually be the other way where incentives could actually move up by a point or two and the reason being that the apparel exports are actually suffering a lot after the GST came in and changed let say the draw back rates and so on and so forth so it is actually active consideration within the policymakers to actually increase the incentive so that overall textile exports can recover so there is nothing that is suggesting with any reduction in fact if at all as I said it could actually go the other way.

Dixit Mittal: So because now U.S. is lobbying in WTO because India has to withdraw right so it is not I think government's hand also otherwise they have to give some other kind of benefit?

Rajesh Mandawewala: So for 2018 and 2019 government has gone on record so you know for 2018 and 2019 nothing is going to change. Even both drawback and ROS are inadequate so they do not actually cover all the taxes that we are paying and not getting the credit under GST and which is the representation that we are making so we believe that whatever is getting lost will get offset whatever that might get lost may actually get offset through better drawback rates or this in any other form of refund.

Dixit Mittal: Thank you Sir.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal Securities. Please go ahead.

Sumant Kumar: My question is regarding the Europe performance so how was the Europe performance and what are the key initiatives we have taken to increase our growth and market share in the European market?

- Altaf Jiwani:** Sumant in Christy actually we have seen a substantial jump and Christy, which you know was predominantly UK based brand, we started exporting outside UK so Middle East we have now about 18 stores and they are doing very well. In China we have also started selling Christy in stores and are gaining traction. Now we are looking at launching a Christy into U.S., market. We expect that few doors should get opened in the current financial year for Christy. So currently we will be launching through e-commerce channel and we expect the European market so it is around, you know it continues to be at 18% to 19% so there is a jump over last year and we expect this traction to continue and this Q1 particularly we have seen huge jump in Wimbledon sale which was almost 18% jump, so we continue to invest into Christy brand and we are seeing lot of traction particularly on the online channel, which has seen a double almost triple digit growth in the last quarter.
- Sumant Kumar:** Okay. So can we assume that the higher growth has come from Europe and ROW so U.S., growth is over?
- Altaf Jiwani:** We do not give figures quarterly, Sumant but overall we are seeing a kind of traction coming from almost all geographies.
- Sumant Kumar:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Thank you very much for the opportunity. Sir just wanted to understand basically in the past let us say before the Egyptian cotton problem started we had a period where we used to make 24%-25% kind of EBITDA margin clocking about 700-750 Crores kind of a profit at the net level so do you have any kind of vision that you want to reach a similar kind of levels may be not in near term or so any comment on that will be helpful?
- Rajesh Mandawewala:** See as I said on a steady state basis I think the business is good for a 19% to 21% kind of a EBITDA margin so and when you are favourable when you have tailwinds you will make a couple of points more when you are headwinds you will make a couple of points less so by and large this is where this as far as our business is concerned this is our comfort zone and we believe these are the levels of margin which are sustainable either based for a long period of time, so you know when the margins were higher so the cotton was very cheap, currency was depreciating, so you get those momentary gains and all commodity prices were low so you get some momentary gain out of them but eventually things level out and likewise on the otherwise as you have unfavorable headwinds so this you tend to pass them on over this a few quarters so on and so forth, so I think the heart of the business is in this range and so also mentioned this

earlier today in the call, I would encourage that you know our business is looked at and gets value based on these kinds of margin levels only.

Deepak Poddar: Okay sure I understood thank you very much.

Moderator: Thank you. The next question is from the line of Ankit Gor from Systematix. Please go ahead.

Ankit Gor: Thanks for taking my question Sir. Sir first question with regards to the India doubled import duty on certain products of which carpet and flooring stuff is also included since lot of materials is imported in this category how do we see that was affecting, will it be affecting in a positive way or carpets or flooring we are planning to manufacture, it is mainly imported or domestically manufactured and used?

Rajesh Mandawewala: Out of our current portfolio this whatever is covered I do not think move the needle for us our domestic sales are insignificant and so nothing major is going to happen. As far as the future let say this flooring project is concerned so there are some products that gets covered. See these are things that you know it is too far, so first thing is we are about 15 to 18 months away from the selling product out of this business and at that stage whether these duties are going to remain they are going to reduce increase we do not know what is going to happen so this I do not think so as of now that we are applying too much energy and mind to this so as of now this at least for the foreseeable 12 months nothing major is going to change for us.

Ankit Gor: Last question with regards to this class action with respect to Target any outcome we are expecting in near future and follow up to that any possibility of working with target again in near to medium future? Thanks.

Rajesh Mandawewala: Unfortunately, there is nothing positive nor negative to report on this so we are stuck in the process and it looks like it is going to take a little more time than all of us thought so we are in the courts, that we are in no hurry to settle as I said. This we believe that we are on a very strong case and so as of now the way things stand this we have not made much progress, I am afraid so actually it might end up taking a little more time.

Ankit Gor: Thank you very much.

Moderator: Thank you. Ladies and gentlemen that was a last question for today's conference. I now hand the conference over to the management for closing comments. Thank you and over to you Sir!

Altaf Jiwani: Thank you very much everybody for joining this call, if you have anymore questions please get in touch with our colleagues, Harish and Arpan from Investor Relations and look forward to interacting in the coming weeks. Thank you.

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