"EID Parry
Q3 FY2022 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Earnings Conference Call of EID Parry hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors. Thank you and over to you, Sir!

Nitin Agarwal: Thank you Steven. Good afternoon, everyone and a very warm welcome to EID Parry's Q3 FY2022 Post Earnings Call hosted by DAM Capital Advisors. On the call today we have representing EID Parry Management Mr. S. Suresh - Managing Director, Mr. Suresh Kannan – Whole Time Director – Parry Sugars & Refinery India Private Limited, Mr. A. Sridhar – Chief Financial Officer and Mr. Biswa Mohan Rath - Company Secretary. To start the call, I will request EID Parry management team to make some opening comments and post that we will throw the floor open for questions. Suresh please go ahead Sir with your opening comments.

S. Suresh: Good evening, everyone. Thanks for taking time out and joining this call. It will be a great pleasure to be part of this call to share an update on the global as well as Indian scenario on the sugar and explain the Q3 performance of the company.

On the global front for the season 2021-2022, overall the production is expected to match the consumption level. Brazilian crop is expected to be around 546 million MT expecting a production of sugar of around 33.7 million MT and 25 billion liters of ethanol. Indian crop is expected to be around 31.4 million tons as per ISMA and the good news is that there is going to be an increased diversion of sugar to ethanol to the extent of around 3.5 million MT. With all these things happening and the mills already having contracted close to around 6 million tons equivalent for exports, the end of season closing stock for India is expected to be somewhere around 6.5 to 7 million metric tons that means around the three to three and a half months equivalent stock. Technically that should augur well for the domestic prices. However, as we speak, I think the subsequent year is expected to be another 10% improvement in cane output as well as sugar output.

During the year, there has been no increase in the MSP for the sugar, however after the increase in the FRP equivalent the ethanol prices also have been increased by the government for the current alcohol year. Therefore, the ethanol produced from sugar syrup has moved up by close to almost Rs.0.80 per liter and for the year from Rs. 62.65 to Rs. 63.45 per liter . For the ethanol form B-heavy it has moved up from Rs. 57.61 to Rs. 59.08

per liter and ethanol produced out of C-heavy molasses has moved up from Rs. 45.69 to Rs. 46.66.

Coming to the standalone performance of the company for the quarter ended December 31, 2021, the revenue from the operations for the quarter ended December 31, 2021 was Rs. 686 Crores in comparison to the corresponding quarter of the previous year of Rs. 439 Crores. Earnings before depreciation interest and taxes (EBITDA) and before exceptional items for the quarter was around Rs. 72 Crores in comparison to the corresponding quarter of previous year of Rs. 31 Crores. Standalone profit after tax for the quarter was Rs.18 Crores as against Rs. 339 Crores in corresponding quarter of the previous year. Point to note is Rs. 339 Crores of the previous year includes the profit from the sale of Coromandel International shares of Rs. 464 Crores. Net-net there is an improvement in the current year compared to the previous year.

Also, the standalone performance for the nine months, the revenue from operations was Rs. 1,574 Crores in comparison to the corresponding previous year of Rs. 1,460 Crores. EBITDA before exceptional item was Rs. 183 Crores as against Rs. 262 Crores in the corresponding period of the previous year. Standalone profit after tax was Rs. 58 Crores as against Rs.696 Crores in corresponding period of the previous year. Once again, the Rs. 696 Crores of the previous year includes the profit from sale of CIL share almost equivalent to Rs. 827 Crores. Net-net the performance has been far, far better than the previous year for the YTD December 31, 2021.

Now I request our CFO to explain to you on the segment wise financial performance. Over to you Mr. Sridhar!

A. Sridhar: Thank you Suresh and Good afternoon to you all. I am extremely happy to be a part of the analyst call and share the information of the operational and the financial performance of the company.

While Suresh presented about the industry perspective and the financial performance of the company, I would like to provide the key operational parameters segment-wise.

I would like to start with the sugar operational parameters. For the Q3, all the factories were in operation and the quantitative details are as follows: We crushed about 16.17 lakh MT when compared to the corresponding quarter of previous year of 12.39 lakh MT for the quarter. Year-to-date we crushed about 24.23 lakh MT when compared to corresponding quarter of previous year of 22.21 lakh MT.

The recovery was 9.29%, compared to previous year the corresponding period at 10.46%. The Q3 recovery was a little lower compared to the previous year mainly due to the continuous rainfall in the Southern states. Year-to-date the recovery was 9.13% compared to last year the corresponding period at 9.38%.

The production for the Q3 was at 1.50 lakh MT against the corresponding period which was at 1.30 lakh MT. On the year-to-date basis, the production was about 2.21 lakh MT against the corresponding period of the previous year which was at 2.08 lakh MT.

The cane cost for the quarter was at Rs.3,350 per metric ton compared to last year same period which was at Rs.3,204 per metric ton. On a year-to-date basis, the cane landed cost was about Rs.3,231 per MT as against the last year number of Rs.3053 per MT.

On the Sales volume for the Q3, we did about 1.31 lakh metric tons which included domestic 92000 MT and export of 39000 MT . In the previous year we did about 84000 MT in the domestic market and there were no export sales during the Q3. On a year-to-date basis we did a sales volume of about 3.11 lakhs MT (domestic was about 2.29 lakh MT and export was about 82000 MT) versus previous year sales volume of 2.94 lakh MT (domestic was about 2.20 lakh MT and export was 74000 MT).

The Q3 selling price was about Rs.35.25 per kg as against the previous year number of Rs.33.78 per kg. Domestic selling price for the quarter was Rs.35.85 against the previous year of Rs.33.78 per kg and on the export the selling price for the quarter was about 33.84. The closing stock as of December was about 1.65 lakh metric tons. The revenue from sugar was Rs.489 Crores in current quarter as against corresponding period of previous year which was about Rs.302 Crores and there is an increase of almost 62% compared to the previous year same quarter. On a year-to-date basis the revenue was about Rs.1,144 Crores and the corresponding period in the previous year was about Rs.1,088 Crores which is an increase of 5% over the previous year. On the Cogen operations, the power generation for the quarter were about 1244 lakh units as against the previous year which was 984 lakh units and this power generation increase was mainly due to the increased volume of crushing that was carried out in the Q3. On the year-to-date basis, the power that was generated was about 2088 lakh units against the previous year same period which was about 2040 lakh units. We exported about 669 lakh units as against the previous year which was at 526 lakh units and on a year-to-date basis we exported about 1106 lakh units as against the previous year which was at 1102 lakh units. On the power rates, the average rate recovered for the quarter was about Rs.4.72 per unit as against Rs.4.61 per unit for the previous year. On a year-to-date basis the power rate was about Rs.4.17 per unit as against the previous year which was about Rs.3.84. The revenue from Cogen operations was about 49.51 Crores as against the previous year which was about 40.08 Crores. On a year-to-date basis the revenue from Cogen operations was 76.94 Crores compared to the previous year which was at 71.46 Crores.

On the distillery operations, the sales volume for the quarter was about 264 lakh liters as against the previous year which was about 148 lakh liters and on a year-to-date basis the volumes that were sold was 568 lakh liters compared to the previous year which was at 438 lakh liters and the price realization were at 56.16 per liter as against the previous year realization of 59.90 per liter.

On the Nutra segment, the Q3 turnover was about Rs.12.75 Crores as against Rs.22.04 Crores in the previous year. The year-to-date turnover was about Rs.54.38 Crores as against Rs.57.84 Crores in the previous year. This reduction is mainly on account of reduced production due to inclement weather conditions that was prevailing in the Q3. At the consolidated level the nutraceuticals business had an increase in revenue compared to previous year and the turnover was about Rs.67.89 Crores against the previous year which was about Rs.56.13 Crores. On a year-to-date basis the turnover was about Rs.204.03 Crores against the corresponding period which was at Rs.187.97 Crores.

On the Parry refinery segment, the operating revenue was at Rs.724 Crores for quarter three and was at Rs.706.65 Crores in corresponding period last year. The quarter had a loss of about Rs.3.67 Crores compared to the previous year which was a profit of about Rs.24.91 Crores. The refined sugar production is about 1.59 lakh MT compared to last year which was at 1.85 lakh MT and the sales volume was at 2.28 lakh MT against 2.70 lakh MT in the previous year. On a year-to-date basis the operational revenue was Rs.1,294 Crores compared to the previous year which is about Rs.1,748 Crores and the loss for the year from the refinery operations was about Rs.40.52 Crores as against a profit of Rs.19.56 Crores in the previous year. The production for the nine-month period was at 3.89 lakh metric tons compared to the previous year which was at 5.71 lakh MT. The sales volume was 4.25 lakh MT compared to the previous year which was at 6.37 lakh MT.

With this I will leave the floor open for any questions which the operating team would be interested in answering. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mayur Limon from Profit Mart Securities. Please go ahead.

Mayur Limon: Thank you for the opportunity. I just want to ask what is the outlook for the next quarter how do you see quarter four now can you share your thoughts on that.

S. Suresh: Can you please repeat the question you are asking

Mayur Limon: How do you see Q4 now, so can you share your thoughts on that.

S. Suresh: Yes, I think as we indicated earlier the Karnataka and Tamil Nadu plant should be crushing 5% to 10% better cane compared to the previous year and the season in Karnataka is expected to last up to end of February. In Tamil Nadu and Andhra Pradesh, the season will go up to first week of April.

Mayur Limon: Thank you.

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

Anupam Goswami: Sir if you can elaborate more on the refinery profitability I see that profitability quarter-to-quarter has stayed flat and where are we in the gross spread and what is the outlook on this.

Suresh Kannan: Good afternoon and thank you for the question. As far as the refinery operation is concerned, we had a couple of headwinds for this quarter in the form of the inflation on the fuel as well as packaging material price which we could overcome in order to come to a breakeven or close to a breakeven level. Well, the inflation on the fuel side which is principally coal based continues to be there as far as the Q4 is concerned. So, we are looking at the ways to mitigate this impact. One of these of course is the sourcing of raw sugar. We used to source on an Imported basis from Brazil and now with the availability of Indian sugar that has been helping us in order to counter some of these inflationary pressures on the material side. So, we wish to move and keep in positive territory as far as Q4 is concerned and the demand side is quite strong as far as the refined sugar is concerned so we should be able to keep the sales book running.

Anupam Goswami: And so what is the spread currently.

Suresh Kannan: Currently if you are looking on an Indian raw basis, we have spreads for immediate business in the region of around $50 but with the availability of Indian raw in terms of timing is not quite clear because of the fact that the total exports out of India may not be as high as what it was last year but however the parity in terms of Brazilian is not yet opened up.

Anupam Goswami: So, till last quarter we used to get about a guidance of like 40 to 45 spread per ton and now shall we expect to improve to $50 now since.

Suresh Kannan: Yes, for the current quarter as well as the third quarter mainly because we have been able to source Indian raw there is the improvement in the spread.

Anupam Goswami: But overall, your coal-based inflation would some way hit the margin.

Suresh Kannan: Correct that is really a strong headwind which we must weather it out.

Anupam Goswami: My next question on the recovery rate that you mentioned is that a net recovery rate or and, in that case, how much are we diverting now.

A.Sridhar It is a gross recovery what was mentioned.

Anupam Goswami: And how much we are diverting towards ethanol and what is our ENA break up ENA on ethanol breakup for this quarter.

S. Suresh: Ethanol volumes what we have produced during the quarter was about 207 lakh liters.

Anupam Goswami: Compared to last year.

S. Suresh: Compared to last year it was about 102 lakh liters.

Anupam Goswami: And what is our ENA this time.

A.Sridhar: ENA For the quarter was around 45%

Anupam Goswami: 45% of the total.

A.Sridhar: Yes.

Anupam Goswami: So now we have turned towards more of ethanol and less of ENA that are we going to do that going forward.

A.Sridhar: We have a contract with oil marketing companies and we will be producing ethanol and selling to the oil marketing companies based on the agreements that have been signed with them

Anupam Goswami: And my last question is on sugar side you have got some good improvement in the sugar margin, and I believe that is mainly due to the realization but on the other hand we also did some cost optimization and also shifted plant to Bagalkot. How sustainable is this margin going to be.

S. Suresh: See as the plants have been shifted to Karnataka a location called Haliyal the benefits will be in the form of better absorption in the fixed cost. The expansion is happening in the existing premise. So in terms of the cost, we should do better as this new line is going to produce to the fullest capacity.

Anupam Goswami: I am sorry Sir I could not get you there was some network issue I think can you come again Sir.

S. Suresh: The plants have not moved to Bagalkot they have moved to a location called Haliyal. It was moved from Pudukkottai to Haliyal Plant. We will be getting better absorption of fixed costs because the expansion is happening in our existing premises.

Anupam Goswami: And our last 120 KLPD that Sankili unit when are we going to commission, I mean expected date.

S. Suresh: Yes, the project is underway and soil works have just started and we expect it to hit the next alcohol year.

Anupam Goswami: So, can we expect by 15 to 18 months commission.

S. Suresh: No, we are expecting it to hit by the alcoholic year I am saying that means it was fourth quarter of this financial year we should be up and running around November, December.

Anupam Goswami: Okay thank you Sir, I will join back in the queue.

Moderator: Thank you. The next question is from the line of Gautam Dedhia from Nalanda Securities. Please go ahead.

Gautam Dedhia: Hi! Sir, just wanted to know a bookkeeping question any export subsidy that we still have to receive from the government for previous years.

A. Sridhar: At least 95% of the subsidies have already been collected in the last few months and the balance also should be received in about a week or 10 days' time.

Gautam Dedhia: And that would be about 10, 15 Crores.

A. Sridhar: Less than that.

Gautam Dedhia: Sir and what was the retail branded sugar volume for this quarter compared to year-on-year.

A.Sridhar: For the quarter it was about 19000 metric tons as against 15600 for the same periods last year.

Gautam Dedhia: Sir what would be the general working capital cycle for this segment is it on a negative working capital cycle.

A.Sridhar: There is no major working capital requirement as the retail works on cash and carry concept except on institutional sales where there is a credit extended for a month.

Gautam Dedhia: Sir just one last question just curious sir in the nutraceuticals division has there had any talk with the government on any PLI scheme or anything there have been some articles that have floated on suggestions just wanted to know if you would have heard anything or any progress on that end.

S. Suresh: Suresh this side. We have Mr. Srikantan our business head of nutraceuticals has joined the call as Mr. Muthu Murugappan is unable to attend the call and he will be replying to your question now.

Srikanthan Srinivasan: Can you repeat your question. Are you talking about PLI some incentive from Government

Gautam Dedhia: Yes, is there any talk of any PLI because we have seen it in FMCG just curious if there is anything happening on the nutraceuticals end.

Srikanthan Srinivasan: So, while we are already invested a good amount of capital in our existing nutraceuticals business at least in the near immediate future we are not contemplating going to government for any PLI on this.

Gautam Dedhia: Okay thank you Sir.

Moderator: Thank you. The next question is from the line of Kashyap from Broadview Research. Please go ahead.

Kashyap: Hi! Everyone, I missed the operating data given out by Mr. Sridhar on the refinery could I please get it.

A.Sridhar: Sure I will do that here. The operating revenue for the quarter was 724 Crores as against the previous year which was at 706 Crores; PBIT was a loss of about 3 Crores 67 lakhs compared to the profit in the same period last year which was at 24.91 Crores. The production was about 159000 MT compared to last year which was at 185000 MT and on the sales volume, we were at 228000 MT and for the last year it was 270000 MT this is for the quarter. Would you want me to mention about the year-to-date numbers also.

Kashyap: No that is fine I am just curious to understand I mean you were mentioning about PBIT loss of 3.6 Crores but actually when you see consolidated EBIT minus standalone PBIT that actually shows up close to profitability of Rs. 10 Crores. So could you just explain me how this is coming through because you have console PBIT and sugar of 9.64 Crores and a loss of maybe close to less than 1 Crores or thereabouts here so how does this reconcile this 3.6 Crores versus…

A.Sridhar: I will come back to you Kashyap on this.

Kashyap: Yes. Because I am just going by subtracting from your reported segmental results. So, it is actually showing up as Rs.10 Crores profits in PBIT for the current quarter versus what we are saying of 3.6 CRORES loss so I just wanted that…

A.Sridhar: Give me some time I will come back to you on this.

Kashyap: Okay secondly could you also provide me a breakup of net excluding Coromandel but consolidated EID and how is distributed between the sugar operation and the refinery business.

A.Sridhar: Just to answer your previous question there is an inter-company interest which needs to get eliminated. Kindly note that there is a loan given by EID Parry and PSRIPL and the interest is getting eliminated in the consolidation.

Kashyap: I will kind of take this offline and to understand in greater detail but just to understand the debt number now.

A.Sridhar: You mean for the company as a whole.

Kashyap: yes, I mean, if you can give me a breakup of the debt in EID standalone and the debt at the refinery.

A.Sridhar: The EID standalone long-term debt is about Rs. 104 Crores and the short-term debt is Rs. 202 Crores as of December 2021 and as far as PSRIPL is concerned the overall debt is about Rs. 953 Crores which includes the long-term loan of about Rs. 200 Crores and there is a short-term debt of about Rs. 100 Crores which has been given by EID Parry to PSRIPL. In total, there is a borrowing to the extent of about Rs. 300 Crores given by EID Parry to PSRIPL.

Kashyap: But then so basically what you are saying is that Rs. 300 Crores is long-term debt and the remaining is short-term debt or it is working capital debt.

A.Sridhar: Yes, Rs. 200 Crores is long-term, and the 100 Crores is a short-term.

Kashyap: Did I hear 953 Crores.

A.Sridhar: Yes, it includes the working capital.

Kashyap: Correct but then this Rs. 753 Crores means how much inventory does it equate to. There is quite a bit of inventory right.

Suresh Kannan: Yes, the raw sugar prices have moved up compared to the previous year as a result of which you are seeing a higher inventory value. There is a reduction of Rs. 232 Crores from the second quarter to third quarter in terms of the debt. We had a mismatch on the supply chain basically because of the first two quarters of deferment of shipment as a result of which this mismatch in the supply chain resulted in a higher debt short-term working capital debt in third quarter which will come back to our normalized level.

Kashyap: So basically, what you are saying is that we still could not ship a lot of inventory because of which this problem came through.

Suresh Kannan: Correct. There were deferment of supplies and since we have been sourcing raw sugar from India which has to be evacuated before the sugar year and in terms of availability issues are concerned this will get normalized as we move into the fourth quarter.

Kashyap: And so any quantum of what the normalization would look like at the end of Q4 like how much would we be able to draw this down by.

Suresh Kannan: I think if the sugar prices continue to remain at the current level, we should be hoping to close the year with between 500 to 600 Crores of total debt.

Kashyap: Thank you.

Moderator: Thank you. The next question is from the lineup Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Good evening Sir, and thanks for taking my call. So, I was wondering did you mention that the gross recovery has fallen in 3Q because as per the data of ISMA in Karnataka the overall recovery has been going up this year and both Maharashtra and Karnataka have had a very good yield so am I to understand that the gross recovery figure as of 3Q is like just a quarterly aberration.

S. Suresh: See for the Q3 because of heavy rains in Andhra Pradesh and Karnataka there has been a drop in the recovery but subsequently in the month of January, February they have moved up quite well. Also, you must look at the average graph recovery because Tamil Nadu and Andhra are sub nine levels in the quarter three.

Rajesh Majumdar: Right but if you could give us the figure for up to Jan 31st because as of 31st Jan I am just reading off the ISMA data that Karnataka is up by nearly 12% and even Tamil Nadu is up by a significant demand in terms of overall production.

S. Suresh: I can give you a flavor of that. For example, let us say Tamil Nadu unit which was around 8% to 8.5% recovery for the Q3 currently they are running at 10.2% to10.3% Andhra Pradesh unit which was 8.35% is currently running around 10.6% and we have Haliyal units for example Karnataka units which are in the range of 10.3% are operating in the range of 12% to 12.8% now. So everywhere between Jan and Feb the recoveries have started picking as well.

Rajesh Majumdar: That is very helpful and overall, for the area under cultivation are we taking any steps in terms of say if you look at a two year time the amount of cane crush are we looking at a different figure from what we are crushing right now is there a plan on these lines.

S. Suresh: Yes, actually in Karnataka the amount of cane crush is a function of the total cane availability in the area because the capacity is limited if there is going to be more cane availability we are going to increase for more number of days and then the crush is going to increase. At Tamil Nadu and Andhra we are working on improving the cane area by closely working with the farmers and we can expect around 5% to 10% improvement.

Rajesh Majumdar: So right now the crushing say 400 Crores kg approximately last year what can be our target say in three, four years in terms of the cane crushing in terms of targets I mean internal targets that the company is looking at because we have a substantial diversion towards alcohol so in order to meet our sugar quotas etc. we will need something like a 20%, 25% kind of jump in the overall cane crushing to be able to sell the same amount of sugar.

S. Suresh: Currently on a given fixed volume of cane, we will try and maximize the alcohol out of that and reduce the sugar because any day making alcohol ENA or ethanol is going to be better for the business compared to the sugar and hence any increase in further cane volume will be going into the sugar or alcohol depending on further expansion projects as they come in the future point in time. So, we can look at around another 10% improvement it the cane volumes for the next three years timeframe.

Rajesh Majumdar: So, our overall sugar sales will come down if you go to say alcohol at 14 Crores…

S. Suresh: Correct for a given volume of cane you must optimize the product mix.

Rajesh Majumdar: And are we taking any steps to maximize the value on the alcohol I do not know the amount of B-heavy you sold this quarter for example. So I am assuming that out of the 55% alcohol is sold it would predominantly be B-heavy or is it still predominantly C-heavy.

S. Suresh: You can see here B-heavy will be almost 25% of the overall YTD actual and then syrup will be around 10%, 15%.

Rajesh Majumdar: And where do we see the proportion going in the years to come after the new distillery etc. in say strategically over three years.

S. Suresh: During the season it will run on syrup and during off season we will run with the B-heavy or C depending on the molasses plan, and it also depends on the off take.

Rajesh Majumdar: But Sir the amount of demand especially in South India in terms of ethanol is right now unlimited because we see a state like Kerala there is hardly any blending the opportunity in terms of ethanol is massive compared to the northern state it was significant supply so to that respect does not it make more sense to make largely ethanol and reduce ENA in terms of the realizations and maximum realization for the products.

S. Suresh: Your point is right Sir. Tamil Nadu in terms of percentage of blending is lower and that is the reason we recently got the permission from Tamil Nadu government for production of ethanol out of the B molasses and syrup. Now we have developed the flexibility of producing the ethanol from our B-heavy or syrup in Nellikuppam plant I think we have to also keep in mind the sale of ENA from the C molasses which also gives an equal contribution for us as compared to the B-heavy and syrup based ethanol. The product portfolio in a distillery would not only depend on the realization but it also depend on the contribution from various product categories.

Rajesh Majumdar: Got it Sir and my last question is in terms of your capital allocation and we are now in a very comfortable position of debt and we have one on the expansion at Sankili going on which is like comfortable beyond are we looking at any projects for the company.

S. Suresh: As of now we are just focusing on completing the Sankili project. We will be evaluating based on the opportunities which come our way in terms of ethanol and other products.

Rajesh Majumdar: Mostly on the alcohol side you are looking at expansion is that correct to assume.

S. Suresh: Yes. We will evaluate every project based on the returns that will emanate from the incremental investment.

Rajesh Majumdar: if I can squeeze in one last question the container rates have been now falling we have seen now on a month-on-month basis will that be beneficial for our refinery business in terms of profitability.

Suresh Kannan: Yes we are seeing softening of the container rates but if you look at from a last year perspective the rates are still higher and we still have issues with respect to availability of containers especially on the East Coast side. While things are getting better it has not yet reached pre-COVID levels.

Rajesh Majumdar: But it is the fall in container rates over a period will be beneficial in terms of our refinery margins, right.

Suresh Kannan: Yes definitely.

Rajesh Majumdar: Okay thank you very much.

Moderator: Thank you. At this time as there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you.

S. Suresh: Thank you everyone for taking time out and then attending this call and we will be happy to meet you again along with the next quarter results. Thank you so much.

Moderator: Thank you. Ladies and gentlemen on behalf of DAM Capital Advisors that concludes this conference. We thank you all for joining us and you may now disconnect your lines.