



“Poly Medicare Limited's Q2 FY'23 Earnings Conference Call”

November 7, 2022



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MODERATOR: **MR. ROHAN JOHN – ICICI SECURITIES**

Moderator: Good day ladies and gentlemen, and welcome to the Q2 FY'23 Earnings Conference Call of Poly Medicure Limited hosted by ICICI 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohan John from ICICI Securities. Thank you and over to you, sir.

Rohan John: Yes. Thank you, Michelle. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to the Q2 & Half Year FY'23 Earnings Conference Call of Poly Medicure Limited.

So, we have the senior management of the company with us today, represented by Mr. Himanshu Baid -- Managing Director; Mr. Naresh Vijayvergiya -- CFO; and Avinash Chandra -- Company Secretary.

With this, I hand over the call to Mr. Baid for the Opening Remarks. Over to you, sir.

Himanshu Baid: Thanks, Rohan, and thank you once again, everybody for joining this call, and I really appreciate your time,

I'll take you through the Q2 Earnings. And for this particular quarter, as you're aware, the standalone revenue was Rs.263.99 crores. And if you look at quarter-on-quarter growth, we were able to grow around 10%, on quarter-on-quarter growth, whereas if we compare from the quarter of last year to this year, we have had a growth of around 24%. So, that's very good growth, looking at the current situation in the markets.

Just to inform all the listeners, the export under the current quarter grew by around 22% and domestic business grew by around 27%. So, both the businesses have done well. As you all know, exports contribute to around two-thirds of the business and one-third contribution comes from the domestic business.

If you look at the H1-to-H1 performance, the revenue has grown from around Rs.415 crores to around Rs.503 crores roughly in that range, and the year-on-year growth is around 21%-plus. So, our guidance for current FY'23, which was 20%-plus growth, I think we are on track to deliver that growth and that guidance.

I will now take you through some of the significant numbers. So, as you all know that EBITDA margin also increased in the current quarter to Rs.63 crores and PAT was Rs.45.22 crores for the quarter-ended September 2022. In the previous quarter, PAT was around Rs.28.8 crores. There is a significant jump in the PAT numbers. And in terms of EBITDA, I think we have been around 24% EBITDA. So, that's a constant number.

The current raw material pricing, still, we are actually using a material which was procured at a higher price because the normal delivery cycle from booking to consumption is almost three and

a half months. The time we book the raw materials that comes to the factory, because most of is imported, and then we've always maintained our inventory of around 45 days to 60 days. So, by the time it consumes around almost three and a half months. So, now, from November onwards, we have started using material which are a lower price, which we started buying in August, and we will definitely see an impact in the costing of the products going forward, though, there is a slight increase in procurement cost due to exchange rate, but I think that has already been factored in. And we hope that in Q3 and Q4, we will see some impact in terms of improved profitability for most of the products we manufacture.

On the currency front, there is no major impact because 60% to 65% revenues in US dollar, balance in GBP and euro and also some export revenue, also in INR, is exported to the some countries in INR also, and we also have some local exporters who buy in INR and export. So, if you look at the currency impact in revenue, it's very minimal; maybe less than 1%. So, there is practically no impact of dollar appreciating against the INR because other currencies have devaluated, so, the net effect is almost negligible. But, I think overall, we will see Q3, Q4, doing better in terms of margin. Freight cost started coming down and you'll see their impact also in Q3 and Q4.

If you look at H1-to-H1 performance, last year H1, there were some COVID products which we were selling like VTM and some oxygen therapy products. But that revenue is completely off, so that was close to around Rs.15, 20 crores, so that is already zero in this current financial year. So, if you remove that, the growth is still higher than 20%. But, as we have normalized it, so we are at 21%-plus right now between H1-to-H1 of previous year and this year.

On the US FDA front, I think we are in the process of completing the new biofilms studies, and reports will be submitted to US FDA by November end, that's the current target, and we are expecting the approval to come in 60-to-90 days. That will be our first approval and hopefully, revenue will start coming in, first orders should start flowing out of the company maybe end of Q4.

We have also appointed a new person in the USA, Heyward Powe. He has joined the company on 1st September 2022; he has joined as VP, Sales and Business Development, and Heyward is also helping us to connect to large customers in the US, and also is helping us to build the business in the US right now.

In terms of regulation in India, I think, as we all aware that 1st October 2022, all Class-A and B products have been now regulated. And that's a very good news for industry because for a long time we were looking for this to come and finally government has acted on this and regulated the industry. And Class-C and D products which more critical, will be regulated by 1st of October 2023. But now all medical devices are classified as drugs, and there's a price monitoring by NPPA since 1st April 2020. So, that's a big change in the industry which is coming.

Also, government is coming with a new medical device and drugs bill, which is for 2022. The government has already taken industry comments and they are looking to bring this new bill in

the parliament. Hopefully, it is stable in the winter session and hopefully maybe early next year, this bill is passed and the industry will be a new regulation, which will be more smoother and medical devices will be having a completely separate chapter. Currently, we are under drugs, but with their denotifying medical device out of the drugs, will be a separate chapter to regulate medical devices, which is positive for the industry.

In terms of the construction activities at three facilities in Faridabad plants and one plant in Jaipur, due to current pollution situation in Delhi as you're all aware in the NCR region, construction activities have been stopped, so that has put some delay in our plans. But, as we see right now, Jaipur Mahindra SEZ plant which was supposed to start sometime in end of this year, will go in Q4 of FY'23. And the Faridabad EOU plant is still on track. We are doing final finishing work. So, we'll be able to start partially in this plant in Q1 of FY'24 and two other plants in IMT and Sector 56 in Faridabad are slated for Q2 of FY'24. We may have few months delay here and there due to current situation and pollution issues. But I think we're on track, we'll be able to partially start some plants on the due date which we had announced earlier. So, not full, but partial operations may start on the due dates.

On the CAPEX front, in H1-to-H1 this current financial year, we invested close to around Rs.100 crores and we are on track to invest around Rs.175 crores to Rs.200 crores as I mentioned earlier. So, all this new CAPEX investment is going into new plants to build the capability.

I think in the last few months we have seen a lot of traction on India in terms of China Plus One strategy. A lot of companies have got a mandate to move away from China in some of the production. Though it will take some time but I think Polymed is very well positioned to look at those opportunities as we have new infrastructure which will be ready and will have spare capacity to look at new projects. I think this investment has come at a very appropriate time to really grab this business, which is an opportunity which is coming to India I think in the long run.

Also, if you look at the PLI Scheme, we are on track. Investments under PLA scheme is on track, this is the first year of operation of PLI scheme. So, in the renal space, we had to invest around close to Rs.15,20 crores which we have already done, new CAPEX for new machinery over the last 18 months, we have already invested in, in vitro diagnostics sector, where we are committed to invest around Rs.10 crores every year in plant and machinery which we are doing to increase capacity. So, all the investments are on track.

In terms of growth, already as I mentioned, the things are good, export markets are still active. Though there has been a little bit of crisis in emerging markets, I think, for us, there is little slowdown in Africa, in Southeast Asia, but they don't contribute too much to the revenue. So, as you know 1/3 revenue comes from Europe, 1/3 from India, and 1/3 from rest of the world. So, other markets have done well. So, if you look at the current growth in exports from H1-to-H1, the growth is almost close to 27%. So, it's a very healthy growth in exports. And domestic business from H1-to-H1, if you see has grown by around 11%. In the domestic business, of course, there was a lot of COVID product sale in t the previous year. So, if we normalize that,

the other products have grown by around 20% to 22%, but in terms of absolute numbers it's around 11%.

So, this is the update, and I'm happy to take questions from people on the call and thank you very much once again, for the patience and time.

Moderator: We will now begin the question-and-answer session. We have the first question from the line of Aditya from HDFC Securities. Please go ahead.

Aditya: Sir, just had a question on Europe. Obviously, it's one of your largest markets and yet, we are seeing some sort of a war. So, on the one hand, companies are saying it's a Euro Plus One opportunity, but on the other hand, there's going to be some demand disruption. So, can you just explain how should we look at the bigger picture?

Himanshu Baid: There's no demand disruption. I think the demand is pretty much intact. There are still global constraints on the supply chain. And specifically, when you look at China, most of the companies were so dependent on China on 80% to 90% of their purchases. So, most of these companies are looking at India and alternate sources to buy new products. So, I think for us, it's a bigger opportunity than what it was probably a year or two years ago.

Aditya: So, near term you're seeing the orders to come, there's no problem?

Himanshu Baid: There's no problem, absolutely. In fact, the Europe has done the best actually out of the whole lot in the first six months.

Aditya: Second question is, this medical devices bill is obviously a great initiative as the government and industry has been lobbying for it. So, where do you see yourself gaining market share, because I believe there's not much of an unorganized sector, so, will you really gain market share both for you as well as the Indian medical devices industry?

Himanshu Baid: For us, I will first take Polymed. So, Polymed, I think we are looking at market share from MNC companies. I think today with dollar getting so strong, so a lot of these companies import into India and sell the products, very few companies are manufacturing in India at least in our space. So, I think for us, that's a bigger opportunity. Earlier, Indian industry was not regulated. So, there was a huge gap in terms of perception. But now once we are regulated under the same regulation, then the barrier kind of reduces. And for us, that is the market we are targeting with larger hospitals. Now, for the Indian industry, I think it's a similar situation. Earlier because of non-regulation, Chinese products were being followed into the Indian market with very little oversight on regulation. And you have seen that in the past, I'm not going to talk about this product, but we have seen in the past for products like thermometers and pulse oximeter and mask and everything, was coming from China completely unregulated. Now because of regulation, I think Indian companies were making in India, will benefit, because then there will be a barometer to judge the quality and there will be a standard to follow. BIS has already been

standards of 1,400 medical devices. So, people will have to follow standards, and that is part of the regulation.

- Aditya:** So, will you introduce new products or you expect to gain share from your renal portfolio?
- Himanshu Baid:** I think we're also introducing a lot of new products, because every year if you see our website also we add six to eight new products, that will continue to happen, and already a lot of new products are in pipeline as we speak, so it is a continuous innovation, continuous development. We will have to increase the basket as we move along.
- Moderator:** We have the next question from the line of Karan Khanna from Ambit Capital. Please go ahead.
- Karan Khanna:** So, firstly, on your renal business, you highlighted in your interviews earlier that you plan to grow your renal revenues aggressively in line with your PLI target and are receiving good support from the government. So, what portion of your renal sales would be coming from government hospitals?
- Himanshu Baid:** We don't have direct sales to government hospitals, and renal is still pretty much out of the government business right now. Government has set up dialysis centers, but those dialysis centers are running privately. So, government support means in terms of policy like PLI Scheme, they've added some duty on the products which were duty free earlier. So, that's the support government is giving for local manufacturing in the country, not as a direct support in terms of buying the product.
- Karan Khanna:** In new product segments like renal care itself, how are you able to drive conversion across private hospitals where innovation of the products is still present?
- Himanshu Baid:** I think innovation of the products are present in every segment, it's not only renal, it's in cardiology, it's in infusion blood, in neuro, everywhere. But I think as time progresses where if Indian companies start demonstrating clinical equivalence. See, for example, as a Fresenius dialyzer is reused seven times. If Polymed dialyzer can also be reused seven times, then that is kind of a benchmark. Though it should not be reused at all, the benchmark currently is because dialysis is kind of like more charitable than a curative business, okay, benchmark, Fresenius product is good because it can be used seven times. So, if our product is also used the same times if the quality is okay. Or when they are using single use, the factors, the clearing, toxic removability, everything is judged. I think for Indian companies is more clinical equivalence than anything else. If you prove that we are clinically equivalent, that is where we will see the runway increasing.
- Karan Khanna:** If I see our gross margin say four, five years prior, you had maintained gross margins of 66% to 68% and share of increase in therapy products and your domestic versus export mix was largely stable. So, do you expect to reach those levels, and if so, by when are you expecting to again revert to 66% kind of gross margins?

- Himanshu Baid:** Karan, it's very difficult to project the future in that long term in current scenario, because you've seen what's happened in last one or two years. But I think our target is to move to high-25s in terms of EBITDA margins, so that is in that range of 25%, 27%, that is what we are targeting. And if you can go back to that number, that's what our internal plan is to do that. And I think if we achieve that number, then the gross margins will come back to that original level already.
- Karan Khanna:** Lastly, on your export business, you highlighted 20%-plus YoY growth during the quarter. So, has there been new significant wins during the quarter, is it largely coming from the existing customers?
- Himanshu Baid:** It's coming from existing clients, mostly 95%-plus is existing clients.
- Moderator:** We have the next question from the line of Rashmi Sancheti from Dolat Capital. Please go ahead.
- Rashmi Sancheti:** So, a clarification on the break up, when you said exports 22% growth and domestic 27% growth, it is on YoY basis right?
- Himanshu Baid:** No, this is on quarter-to-quarter comparison.
- Rashmi Sancheti:** Can you give us either a contribution or an absolute number for this quarter as well as for the Q1 FY'23? And do you get the contribution on the standalone sales or –
- Himanshu Baid:** The numbers are standalone right now. You are right, Rashmi. Already for the year as a whole, we have set around 20% growth and out of that that exports will be close to Rs.700 crores, that's the whole plan we have discussed.
- Rashmi Sancheti:** Rs.700 crores, we are talking about for the –
- Himanshu Baid:** For the whole financial year.
- Rashmi Sancheti:** So, basically 15% to 17% is something which we are on track, right?
- Himanshu Baid:** In terms of export growth?
- Rashmi Sancheti:** Yes, export growth.
- Himanshu Baid:** No, export will be higher, last year was around Rs.575 crores or something... I don't remember number correctly, but it will be in that number. So, if we are touching Rs.700 crores, it will be over 20%.
- Rashmi Sancheti:** On domestic also, earlier, we guided that, we'll be doing around 24% to 25%. So, that was something ex-COVID because in the first half, you mentioned that we have done only 11% growth, right?

- Himanshu Baid:** Yes, H1 is 11%, because last year in Q1 and initial part of Q2, there was a lot of spike because of respiratory care products and some mediums and all that, which is already not there in this current financial year. Still, we have grown the business by 11%. That business was taken out and the new things we have added. So, I think by the time we end the year, we should be between that 20% to 25% growth cycle in domestic business overall.
- Rashmi Sancheti:** 20% to 25%, you meant excluding COVID products or including COVID products?
- Himanshu Baid:** No, this is overall growth, including everything. Absolute number last year and absolute number this year, that is the growth we are looking.
- Rashmi Sancheti:** On your gross margins on quarter-on-quarter also, we have seen contraction. This was also basically related to the KSM sizes, which you mentioned that, since you talked about on the higher prices, and that's the reason we are seeing quarter-on-top contraction also or it is because of some other reasons?
- Himanshu Baid:** No, I think it is mainly because of the raw material pricing, because if you see, at peak level, most of the plastic prices were like \$1,500 or \$2,000 a ton, and now they have dropped to around \$1,000 a ton or maybe \$1,200 a ton in that range. But, as I told you, we have a cycle of three, three and a half months, we see really use the material of lower pricing, because we order today, the material is shipped at the end of the month, we get the material... what I'm ordering right now, I'll get the material only in my factory by 15th January. And then we already have 45-days inventory. So, by then we used it, it is end of February basically. It's a three and a half months to four-month cycle. Today's current price, for example, now the prices have further dropped a little bit, but currency has gone a little bit up. So, it's kind of normalized, but still it is much lower than it was maybe in the beginning of the year, 40% down than what was in the beginning of the year.
- Rashmi Sancheti:** And about infusion therapy, if you can update, how much was the contribution to the total sales or let's say in the export as well as in the domestic market, and what was the kind of growth that we have seen during the quarter, because I think in exports we have done well, and since 80% to 90% of exports come from the infusion products only? And also, on your renal sales contribution to the total sales, are you on track of achieving Rs.100 crores in the renal segment as you guided earlier?
- Rashmi Sancheti:** We are not sharing revenues division wise in the half year period and I don't have the numbers, so I can't share it with you right now, but we are on track because renal will grow towards Rs.100 crores number. And in terms of infusion, you're right absolutely, 85% contribution from exports comes in the infusion segment because that's our core business in exports and we have a lot of patents and technology in that area. So, we continue to grow in the exports market. And overall if you see in the domestic market, contribution it will be around 65%.
- Rashmi Sancheti:** You are talking of inclusion therapy to domestic is 65%?

- Himanshu Baid:** Exactly. Exports will be around 85%.
- Rashmi Sancheti:** Finally, on your dialysis machine installation, how much have we done so far till H1 and what is our expectation for this year as well as for the future?
- Himanshu Baid:** So, till September, we have totally installed from the beginning around 140 machines, and we expect to install around 60 to 70 machines in the balance part of the year, and next year, we are scaling up already manufacturing, so our target is to sell around close to 500 machines.
- Rashmi Sancheti:** These machines are basically installed across pan India or it is related to some particular region?
- Himanshu Baid:** Pan India.
- Moderator:** The next question from the line of Pankit Shah from Dinero Wealth. Please go.
- Pankit Shah:** Actually wanted to understand more on the US business part. I think you should start some revenue contribution from the next year in FY'24. Can you indicate what would be the opportunity and how should we see the ramp up?.
- Himanshu Baid:** As we are still waiting for the US FDA approvals as I mentioned initially in the call, but I think when we see a three, four-year window, I think, definitely, for us, our opportunity is around \$15 million to \$20 million, so that is pretty much there. And I think that part is pretty much clear to us that once we have approvals and once we start with one product, more products will follow in the US market.
- Pankit Shah:** Initially, we'll be starting with infusion therapy, right?
- Himanshu Baid:** Yes, that is our core business. So, we'll have to start with infusion. We will keep on adding more products as time progresses. You have to enter the market with the new products. I think there is some traction already building for the US right now, again, because of China Plus One strategy, a lot of companies have a mandate to move away from China, look for alternative suppliers. I think we are pretty much placed to really look at some of those opportunities.
- Pankit Shah:** Any update on the new R&D center, which was in planning?
- Himanshu Baid:** R&D center is already there and there's nothing new, the new center was established already in 2017 or something, and it is still there, and it's functioning.
- Pankit Shah:** I think we had plans to set up a new center in North Carolina.
- Himanshu Baid:** Yes, that is correct, that was planned during last one, one and a half year, but we're not going ahead with that. We hired with a couple of people, but very difficult to work during the COVID period, travel was not possible and we could not do much, so we continue to have R&D presence in India.

- Pankit Shah:** Because if I see over a period of for the last eight, ten years, our R&D expense has been in the similar range of Rs.3-4 crores.
- Himanshu Baid:** You have to see the cost of hiring engineers, the cost of hiring microbiologists or people working in the R&D. It was much lower compared to the western world. In the western world, the same cost is 10 times sometimes. We are hiring people for \$15,000 and in Americas you hire engineer for \$150,000. If you want to hire in R&D in India, maybe you get for \$50,000, in US it is \$300,000. There is a difference in terms of costs. So, I think for us we are still able to file patents, develop new products, we already have more than 300 patents, which is currently a testimony to our R&D efforts what we are doing right now in the organization. And as a Indian med tech company, I think we have the highest number of patents.
- Pankit Shah:** When we say we introduce new products, these new products are new to the markets or like existing products and we are adding to that product?
- Himanshu Baid:** Could you repeat that question? Sorry, there was some background noise. I could not get this.
- Pankit Shah:** When we say we introduce new products in the market, these products are completely new to the market itself or there are existing products and we also add to a supplier base?
- Himanshu Baid:** It depends on the category, for example, there could be a product where we come up with an incremental innovation, there will be a product where we completely come with a completely new device altogether, and sometimes it could be a process improvement or design improvement. So, there are different categories where you are offering. So, let's say if in infusion category, we have a very strong portfolio there. So, it is more on new product development focus. In other categories, you could be more focused on incremental innovation or just a change in design and then working on that. So, that's how it works basically. It depends on product-to-product. Very hard to describe you on phone.
- Pankit Shah:** And coming to this dialysis, earlier the original plan was to do like 300, 500 machines in two, three years and we will hit that number this year as well. So, are we planning to get into any different type of machines where similar -?
- Himanshu Baid:** One type of machine which is used in hospital, though have different models and different levels in terms of what the machines can do. So, I think we are going and comparing ourselves with the best available product in the market which is coming from Fresenius in Germany. So, we are comparing ourselves with that, because today almost 70% installations are done by Fresenius in India. So, out of the 40,000 installations in India, almost 70% are from Fresenius. So, we have to compare with them. And then, of course, they have a very strong service backup, they are very strong, after-sales service. We'll have to move slowly in that direction and offer similar service, similar backup across the country because we can't say, we don't have a service in Bangalore, we don't have spares in Bangalore. It is a very cumbersome business, but if for dialysis business to grow, it has to be equipments and consumables. This is our first foray into equipments. And it is not easy to make a new equipment in India, which has disadvantage of not

finding PCB suppliers or touchscreen suppliers, or hardware suppliers. So, it has been a big, journey so far as learning. But I think we have done that and I think we are in a good space right now.

Moderator: The next question is from the line of Prateek Rathi from Armour Capital Advisors. Please go ahead hi sir

Prateek Rathi: We do have a factory manufacturing in China. When we have this China Plus One policy that we are talking about, what about this China unit are there, what's the focus area, and what kind of sales pick up we will be reaching in future from this?

Himanshu Baid: China contributes to less than 1%, 1.5% of our total revenue right now. In the long run, yes, China is more expensive. So, it's not a very big plant. So, now you can understand from the number, 98.5% India, 1.5% China if you look at India-China operation. So, there's not a much significant operation. Ad maybe in due course of time as you see the cost going up, maybe we'll have to take a call. but right now, it is more strategically being there just to understand new technologies of China, maybe better sourcing and making some critical components there. So, that is what is happening in China.

Prateek Rathi: There won't be any further investments in China over a period of –

Himanshu Baid: We have made significant investments in the last four or five years in China.

Prateek Rathi: On the dialysis machines part specially, what kind of margins do you see after once you run manufacturing of full capacity?

Himanshu Baid: India is close to 3,000 to 4,000 machines a year right now, but I think as everybody talks about dialysis that is underpenetrated today, maybe in five years the market grows to around 6,000 machines or 7,000 machines, that is my current estimate with –

Prateek Rathi: Number of machines, there was a –

Himanshu Baid: 7,000 machines in the market per annum could be in next five years from now from the current 4,000 numbers.

Prateek Rathi: What's the margin of one machine like would be?

Himanshu Baid: I can't disclose it on the call, sorry.

Prateek Rathi: On the dialysis machine, it's only going to be direct sales to the customers, so there won't be any....

Himanshu Baid: Some machines are placed sometimes, some are sold directly, it depends on the contract how you operate your business. Sometimes you could place the machine, sell the consumables where

you have a contract for consumables and then take out the cost of machine from consumables, it could be anything. It depends on the customer-to-customer how you want to address that.

Moderator: We have the next question from the line of Girish Jain from KJMC Capital. Please go ahead.

Girish Jain: I just wanted to understand the roll out of the plants. In the earlier call, you had mentioned that the Faridabad plant would be operational by this quarter, but now I believe there might be some delay because of the fog issue and the smog issue. If you could just tell about it more and Jaipur too?

Himanshu Baid: One plant is coming in Jaipur. Though earlier we have mentioned around Q3 end, but I think it would go to Q4 sometime. So, that is what we see right now. Few months of delay, but we are on track. But partially it will be starting by the end of this year. In Faridabad, of two plants, one plant will start in Q4 ending or Q1 next year, so between March and April this plant should be operational; one plant would be operational in Q2 and also Faridabad 56 Sector plant will be also operational in Q2 next financial year.

Girish Jain: So, Faridabad-IV is focusing on infusion products or rental products?

Himanshu Baid: Faridabad-IV has some diagnostic products there where we will be expanding our diagnostic products range.

Girish Jain: Jaipur-II would be I believe for the exports?

Himanshu Baid: Exactly sir, it is in SEZ, so it will be in exports.

Girish Jain: If you could give some sense of the cash position of the company from the money which that we will raise in the QIP, how much has been used and how much is balance?

Himanshu Baid: Currently, we are having maybe a cash balance of close to Rs.300 crores on the balance sheet. And out of the QIP proceeds of Rs.400 crores, around Rs.85 crores was used for working capital and retiring from existing loans, and around Rs.250 crores was closely used in CAPEX over the last 18, 19 months in that range. So overall, with the current cash flows of the company and the QIP money, we still have a cash balance of close to Rs.300 crores. Naresh ji, please correct me if I'm wrong.

Naresh Vijayvergiya: Yes, sir, we have Rs.300 crores. On the QIP particularly breakup is out of Rs.400 crores we have CAPEX of around Rs.250 crores.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Himanshu Baid: I like to thank all those joining on the call and I think it was a very interactive participation by everybody. Thanks, again everyone for your encouragement and support and definitely we are

on track to deliver the growth we had promised to all our investors and our stakeholders and look forward to talking to you in Q3 once again.

Moderator:

On behalf of ICICI Securities Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.