# Himatsingka Seide Limited

10/24, Kumara Krupa Road, High Grounds, Bangalore - 560 001, India.

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February 13, 2014

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Dear Sirs,

**Sub: Transcript of conference call.**

Please find enclosed a copy of transcript of conference call held on 7-2-2014.

Please also note that the transcript of conference will also be available on our website www.himatsingka.com

This is for your information & records.

Thanking you,

Yours faithfully,
For Himatsingka Seide Limited

Ashok Sharma
Asso. Vice President – Treasury, Taxation
& Company Secretary

Encl: as above

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# Himatsingka Seide Limited

## Q3 FY 14 Earnings Conference Call

**February 7th, 2014**

**Participants:**

**Mr. Srikant Himatsingka, Executive Director**
**Mr. KP Pradeep, President Finance and Group CFO;**
**Mr. Ashutosh Halbe , Vice President (Corportae Finance )**
**Mr. Ashok Sharma, AVP Treasury, Taxation and Company Secretary**

**Moderator:**

Good evening, ladies and gentlemen. I am Harpreet Kapoor, the moderator of this call. Thank you for standing by, and welcome to the Himatsingka Seide Limited Third Quarter Financial Year 2014 Earnings Conference Call. For the duration of presentation, all participants' lines will be in listen-only mode. We will have a Q&A session after the presentation. I would like to now hand over the conference Ms. Ashi Kashyap. Thank you. Over to you, ma'am.

**Ashi Kashyap:**

Thank you, Harpreet. Good evening, everyone. It is our pleasure to host Himatsingka Seide post result conference call. Thank you very much all of you for participating on it. To represent the company today, we have with us Mr. Shrikant Himatsingka, the Executive Director, Mr. KP Pradeep, the President Finance and Group CFO, Mr. Ashutosh Halbe, VP Corporate Finance; and Mr. Ashok Sharma, AVP Treasury, Taxation and Company Secretary. I will now hand it over to Mr. Pradeep for a brief background to the results, followed by question and answers. Over to you, sir.

**KP Pradeep:**

Good afternoon, everybody. Thank you for joining the call. I would like to give you a brief summary of our third quarter results for FY14. I will walk you through the performance of the manufacturing divisions and then retail and distribution divisions, followed by the consolidated performance of the group.

For the third quarter ended December 2013, manufacturing posted revenue from operations of Rs. 265.24 crores, a growth of 45.3% over Rs. 182.55 crores during the same period in the last year. The growth was led by higher volumes in bed linen improved cost and currency realisation per metre for both the manufacturing unit and higher exchange rate. For bed linen, the average realisation increased by 29.6% to Rs. 415 per metre, from Rs. 320 per metre, same quarter of last year. In the drapery and upholstery divisions, average realisations have increased by 7.3% to Rs. 1250 per metre, from Rs. 1164 per metre in the last year. The EBITDA, including other income, increased

by 6.9% to Rs. 36.99 crores, from Rs. 34.59 crores during the same period in the last year. The capacity utilisation at the bed linen plant is at 95.6%, and that for the drapery and upholstery plant is 52.1%.

The interest and finance charges increased to Rs. 10.05 crores from 9.59 crores in the previous year. The interest cost has shown a marginal increase on account of higher interest rates. The net profit has increased by 15.1% to Rs. 15.27 crores from 13.26 crores in the same quarter of the previous year.

In the North Americas, the distribution business, which includes Divatex and DWI, clocked a growth of 8.3%. The revenue from operations during the quarter stood at Rs. 405.97 crores versus Rs. 374.84 crores last year.

The EBITDA for the quarter was Rs. 21.22 crores, as against Rs. 14.99 crores last year, a growth of 41.5%. Revenues of Divatex, which focuses on the private label business, grew 12% to Rs. 307.33 crores versus Rs. 274.11 crores last year. The revenues of DWI which manages brands was Rs. 98.64 crores versus Rs. 100.73 crores in the last year.

As regards the retail business in India and Asia represented by Atmosphere, revenues for the quarter were Rs. 14.39 crores versus Rs. 15.26 crores during the last year, a reduction of 5.7%. We are pursuing opportunities to increase the revenue in new geographies in the Atmosphere business through new product offerings. We have seen the rental cost increasing year-on-year in this business and hence we are evaluating options to address the requirements of the market through alternative distribution formats.
We closed two stores – one at Pune and the other at Powai - during the quarter. We will address the requirements of these markets through other distribution modes going forward. We have also launched bed linen under the brand name "**Bed Sense**" for the multi-brand outlets and departmental stores segment. This is exploratory at the moment.

In our European distribution division Giuseppe Bellora Spa, the revenues came in at Rs. 24.21 crores for the quarter versus 21.06 crores in the previous year, a growth

of 14.9%. EBITDA for the quarter was a negative 2.82 crores against a negative of 3.21 crores in the previous year. The financial performance in this division continues to be impacted due to the sluggish Italian economy. We are taking various steps to increase revenues for the brand from non-Italian markets and are also reducing business complexity of the model. Cost rationalization initiatives are in progress along with broad-basing of revenues through royalties and licensing streams.

So the group clocked consolidated revenues of Rs. 502.56 crores for the quarter versus 440.01 crores in the previous year, a growth of 14.2%. The consolidated EBITDA, including other income, for the quarter stood at Rs. 53.56 crores versus Rs. 46.22 crores in the previous year, a growth of 15.9%.

Interest and finance charges increased to Rs. 19.56 crores from 16.91 crores in the previous year. The break up is interest of Rs.11.88 crores, PCFC foreign exchange charge of Rs.1.85 and other finance charges of 5.84 crores, totalling to around 19.56 crores.

The consolidated profit before tax is at Rs. 18.61 crores versus Rs. 15.72 crores in the same quarter previous year a growth of 18.3%. The consolidated profit after tax and minority interest is Rs. 17.21 crores for the quarter versus Rs. 13.03 crores during the previous year, a growth of 32%.

On a year-to-date consolidated performance for the nine months ended 31st December 2013, our consolidated revenues were Rs. 1530.05 crores as against Rs. 1295.12 crores in the previous year, a growth of 18.1%. Consolidated EBITDA was at Rs. 156.36 crores as against Rs. 124.03 crores in the previous year, a growth of 26.1%. Consolidated net profit of the current year is at Rs. 51.80 crores versus 34.87 crores in the previous year, a growth of 48.3%.

On the debtfront, the total debt outstanding as of 31st December 2013 is Rs. 790 crores, Rs. 515 crores being the term debt and Rs. 274 crores being the working capital debt. The net debt stands at Rs. 774 crores. These debt numbers include an exchange translation of Rs. 70 crores from the 1st of April 2013 relating to debt in foreign currency in our overseas subsidiaries . We see no cash flow

impact on this foreign exchange debt held in our overseas subsidiaries since we service this debt from our inflows in those subsidiaries in constant currency. The working capital is higher by 52 crores on account of the launch of a large bedding program in the North American markets and the need to maintain higher inventory ore launch has led to this movement. We expect the numbers to correct over the next few months post the launch in February. The company's effective cost of debt is at 6.02% versus 5.79% in the previous quarter. During the nine months ended 30th December 2013, debt repayment was Rs. 71.20 crores. The total debt repayment as per existing is Rs. 101.77 crores for the period ending FY14 and for FY15, that number is 126.69 crores.

Some critical ratios and parameters which we track include the Net debt to Equity ratio which is at 1.04, Net debt to EBITDA, which is at 3.69, Interest coverage ratio at 3.76 and the debt service coverage ratio at 1.48. We are currently engaged on certain initiatives that will help improve the DSCR going forward.

We have invested 6.64 crores on fixed assets during the quarter October to December 2013. From an order book perspective, the order book for the manufacturing division is at 288 crores, 271 crores for the bedding division and 17 crores for the drapery and upholstery divisions. On the foreign exchange front, we are currently covered for 44 million US dollars at an average rate of approximately 63.5 per dollar for the next two quarters.

This, in total, sums up the performance for the quarter and the nine months ended 31st of December 2013. I will hand it back to the moderator. We have the Himatsingka team here, including Shrikant Himatsingka, the Executive Director. We will be quite happy to take questions. Thank you and over to you.

**Moderator:** With this, we will open the floor for a Q&A interactive session. At this time, if you wish to ask any questions, you may please press "0" "1" on your telephone keypad and wait for your name to be announced. Once again, to ask a question, you may please press "0" "1" to unmute your line. The first question of the day is coming from Mr. Hitesh Kurani from Span Capital. Your line is unmuted, sir. Please go ahead and ask your question.

**Hitesh Kurani:** Hello. Thank you for giving the opportunity. Sir, my first question is regarding, you know, what was the average dollar realization for the company in the quarters – Q3 FY14? And when we see your sales growth for the quarter, it was around 13%. And first when we see the other expense, like, it is above [mute audio] can you please help me what are the major components of other expense which is affecting the operating margins?

**Management:** On average realizations, it is Rs. 58.50 for the quarter.

**Hitesh Kurani:** 60.50?

**Management:** 58.50.

**Hitesh Kurani:** Okay. 58.50.

**Management:** The major item in the other expense would be the foreign exchange fluctuation. It is around 17-18 crores. The reason is that we are not realizing spot for the dollar. – the rupee dollar rate has been between Rs. 62 and Rs. 64 during the quarter on average. We are not currently realizing that sort of rate and so that difference is booked under the head of foreign exchange fluctuation and the broader categorization of other expenses. That is the big item in other expenses.

**Hitesh Kurani:** Okay. So can we assume it is just a notional loss; it is not realized?

**Management:** It is a notional loss.

**Hitesh Kurani:** Okay. It's a notional loss. And, sir, can you please help me with the debt figure? What is the debt in foreign country or maybe the debt in standalone and what is your debt in international subsidiaries?

**Management:** If you look at the composition of our debt, our term loan is at 515 crores; our working capital loan is at 274 crores. On India specific debt , we have term loan of 314 crores, and working capital loan of 164 crores. In overseas debt , we have term loan of 201 crores and working capital loan of 110 crores.

**Hitesh Kurani:** Okay. And, usually, as per your ForEx hedging portion, what's the portion of your receivables do you hedge?

**Management:** We normally hedge anywhere between two quarters to three quarters in advance. It depends on the order book position.

**Hitesh Kurani:** Okay. And, sir, my last question is on your Atmosphere brand. Just wanted to know, is the target market in India so quick that this brand has the capability to scale up – what is your view on next two to three years? Can you scale up this brand? Is the target market so big in India?

**Management:** Can you repeat that question? I didn't hear you clearly.

**Hitesh Kurani:** Okay. Sir, my question is on Atmosphere brand. Do you believe that in India the target market [mute audio] that the brand can be scaleable over the next two to three years? Now, you are generating around 60 crores per annum. Can it raise 150-200 crores in medium term two to three years, maybe, five years?

**Management:** You know, the brand is a luxury brand. And at this point, it has price points which are on the upper end of the bracket. So we are exploring how to optimize our product mix and product offering by the brand. So in the near future, we don't have any materials scaling as part of our plans. It's just organic in nature. We will keep our stakeholders' informed on the plant for the brand, as we finalize these plant. But at this point, yes, the brand is scaleable; the product mix is scaleable. But we haven't taken any particular initiatives to actually scale it as just as yet because we are tweaking certain aspects of the offerings.

**Hitesh Kurani:** Okay. So what was the competitor would you consider as a main competitor for you brand Atmosphere?

**Management:** There are no direct competitors in the luxury space. There are some substitute competitors in the mid-end space. So we don't see any direct competition at this point.

**Hitesh Kurani:** Okay.

**Management:** The main competitors are from substitute lower-priced offerings.

**Hitesh Kurani:** Okay. And this ForEx item, can it also reverse if it is in the favour of company in the future [Indiscernible] [0:16:31] crores?

**Management:** Sorry. What was your question?

**Hitesh Kurani:** I mean, this, like, 17 crores which you have both in other expenses, in future, if it is a current season in favour of company, so can you reverse it? Will you reverse it?

**Management:** Yeah, we could. I mean, it depends on where the rupee-dollar moves.

**Hitesh Kurani:** Okay. And what will be your tax rates for the next two years?

**Management:** You can take an average tax rate of between 18 and 20%.

**Hitesh Kurani:** 18-20%? Okay. Okay. Thank you, sir. Thank you for answering all the questions. All the best for the year.

**Management:** Thank you.

**Moderator:** Thanks for your questions, sir. Sir, the next question is coming from Dikshit Mittal from Subhkam Ventures. Your line is unmuted, sir.

**Dikshit Mittal:** Good evening, sir. Sir, just wanted to understand in your manufacturing business in spite of your top line growing by around 45%. Your operating profits are more or less flat. So, sir, any particular reason for that?

**Management:** Yeah. You know, one of the key reasons is by virtue of having a hedge position on the foreign exchange front. The company, as Mr. Pradeep pointed out realized 58.50 on the dollar. And there has been a notional opportunity loss in the region of close to 12 crores for the Q by not realizing rates that prevail in the market today. Of course, it will be safe to assume that it's not possible to actually get spot any time, but at this point, the lag is a little high because we are off by approximately 7-8% to spot. So we hope to catch up as we go forward. So that's one of the key reasons as to why the growth does not entirely translate into EBITDA.

**Dikshit Mittal:** Okay. Sir, actually, if I compare Y-o-Y actually, Y-o-Y rupee is sharply down. So Y-o-Y also, I think, Q3 last year

you did around 34.6 crores of operating profit and this year you have done around 37 crores. So Y-o-Y we have not seen many major improvements. Sir, any specific one-off item within this thing in that?

**Management:** No. You are referring to standalone numbers or you are referring…?

**Dikshit Mittal:** No, sir, it's all related. I think, your last year Q3, you did around 34.6 crores of operating profits in manufacturing?

**Management:** That's right. So manufacturing is standalone. As I said to you, the standalone numbers should have been much better had we realized better dollar rates. But, our hedge that had been taken over two-three quarters ago is still playing out and we are realizing only 58.50 to the dollar, which is moving up marginally as we speak. At the consolidated basis, the EBITDA stands up by 20% year-on-year. Last year was 43.5 crores and this year is 50.3 crores. So that is up by 19.5%.

**Dikshit Mittal:** Right. Sir, actually, I was particularly talking about the manufacturing segment that you said, like, top line you did around 265 crores this quarter and the EBITDA of around 37 crores. And the same figure if I compare with last year, the top line was around 182 crores and EBITDA was around 34.6 crores. So I was comparing these two figures.

**Management:** No. The EBITDA last year was 30.66 crores including other income.

**Dikshit Mittal:** 30.6? Okay. Okay.

**Management:** As I explained, it's because of the dollar realizations.

**Dikshit Mittal:** Okay. Okay, sir. Sir, when do we hope to get to the current exchange rate realization?

**Management:** Over the next three-four months.

**Dikshit Mittal:** Three to four months? Okay. Sir, what is the current hedging? At what level have we done current hedgings?

**Management:;** Yeah. Like I explained a little earlier, we have covered to the extent of roughly 45 millions at an average rate of approximately 63.50.

**Dikshit Mittal:** 63.50? Okay.

**Management:** To answer your question, it will depend on where the rupee-dollar moves during the quarter. So this concept of catch-up is also dependent on what the rate is, at that point of time.

**Dikshit Mittal:** Yeah. Right. Okay. Sir, the net debt figure that you talked about earlier, what is that?

**Management:** Yes?

**Dikshit Mittal:** Net debt, sir, how much is the net debt?

**Management:** Net debt is 774 crores.

**Dikshit Mittal:** So, sir, quarter-on-quarter has it increased because, I think, last quarter you had around 706 crores of net debt?

**Management:** Yeah. The difference is on account of translation and a working capital increase that I was talking about, on a major bedding programme.

**Dikshit Mittal:** Okay. Okay, sir. Sir, why is tax rate is so low – 20%? Is there any tax benefit you are enjoying there?

**Management:** Yeah. There are some benefits that are available in India and overseas.

**Dikshit Mittal:** Okay. So this will continue in your future this kind of tax rate?

**Management:** Yeah, in the near future. Yeah.

**Dikshit Mittal:** Okay. Sir, the last question. You said around 17 crores you have lost on account of the ForEx loss. So is it for the quarter or for the nine months?

**Management:** This is for the quarter.

**Dikshit Mittal:** Okay. Sir, what is the reason behind this 17 crores because, I think, the translation you have booked in the debt, so how the 17 crores loss has spanned out I wasn't just quite understand?

**Management:** Can we take this offline?

**Dikshit Mittal:** Sure, sir. Okay, sir. Thank you, sir.

**Management:** Thank you.

**Moderator:** Thanks for your question, sir. Once again, if you have any questions, you may please press "0" "1". Sir, the next question is coming from Mr. Pratik Poddar from ICICI Prudential. Your line is unmuted, sir.

**Pratik Poddar:** Yeah. Hi. Sir, could you just repeat the order book? I missed that.

**Management:** Sorry?

**Pratik Poddar:** The order book, if you could just repeat that? How much was it for bedding and how much was it for drapery and upholstery?

**Management:** 271 crores for the bedding division and 17 crores for the drapery and upholstery divisions.

**Pratik Poddar:** This would be over a period of four months, correct?

**Management:** Yeah over three months.

**Pratik Poddar:** So, I mean, on a quarter-on-quarter basis, there is a drop in the order book. Is that understanding correct?

**Management:** No. This should almost be…

**Pratik Poddar:** Of course, it was 312 and 22, right?

**Management:** No. This is the position as of a particular date. If we project across a longer period of time we should not see a material change. It remains healthy.

**Pratik Poddar:** Okay. Second, sir, you mentioned in your opening remarks about brand launch for the MBOs, right? If you could just touch upon that how scaleable is the opportunity, how would you manage the inventory and [indiscernible] 0:24:28?

**Management:** We have launched our bed linen brand under the brand name "**Bed Sense**" . This is exploratory at the moment.

We will get back with details when we have more information.

**Pratik Poddar:** So this is basically a trial kind of – It's more…?

**Management:** It exploratory at this stage. Yeah.

**Pratik Poddar:** Okay. But, your plans to scale this up? I mean, in case this clicks, would you scale this up?

**Management:** Possibly, because it's too early to say. Based on the experience , scaling up is an option.

**Pratik Poddar:** And you could touch upon this major bedding programme because of with the working capital going a bit stretched?

**Management:** There is a programme in the US which is being launched in this quarter. And there was a requirement to build up inventory preparatory to the launch, so that's the reason why we've had a spike in the working capital requirement. But this should correct post the launch.

**Pratik Poddar:** So then by March end, would the working capital again be normal or it would be…?

**Management:** I should say between March and April.

**Pratik Poddar:** Okay. And in terms of debt repayment next year, are we on track or?

**Management:** On track.

**Pratik Poddar:** So around 126 crores is what the debt repayment?

**Management:** That's right.

**Pratik Poddar:** And this year, you add 101 crores because last quarter you mentioned 88 crores?

**Management:** Yeah. The payment is in Rupees and dollars.

**Pratik Poddar:** Okay. But quarter-on-quarter, the currency has dipped, right? So ideally it should go down. How do you book this?

**Management:** No. This 87 crores – assume a certain US dollar-rupee rate because there are repayments happening in US dollar

overseas. So we have had impact on translations basis average rates.

**Pratik Poddar:** Hmm. Sir, last quarter, what was the translation currency that you used, I mean, rupee-dollar rate which you used?

**Management:** 62.7.

**Pratik Poddar:** This quarter it could be 62.4, right?

**Management:** 61.9, I think. Yeah.

**Pratik Poddar:** Yeah. So, I guess, then this – I mean, I could not figure this out because when your rupee is appreciated, so basically…

**Management:** No. we need to look also at the average rates .

**Pratik Poddar:** Okay.

**Management:** I will give you that number, Pratik.

**Pratik Poddar:** Okay. So my question is, if I were to see your balance sheet on March, would I see on a Y-o-Y basis or decline in your debt?

**Management:** Yeah. The debt should decline subject to rupee-dollar movement on account of translation.

**Pratik Poddar:** Correct. Yeah. That is the translation issue. Okay.

**Management:** That's right. In fact as explained earlier , in this number you have 70 crores of translation. So that's the reason why you don't see that number actually drop as against projections. Because every year we have got constant repayments happening and you have those numbers year-on-year. And so, inspite of the repayment to the extent that there is foreign exchange component of debt, we are seeing a translation impact on the closing debt.

**Pratik Poddar:** Okay. Now, coming to the distribution business in North America, obviously, you know, quarter-on-quarter basis or a Y-o-Y basis on a constant currency basis, Y-o-Y if I look, there has been a drop. Right?

**Management:** Yeah. There's been a margin drop on sequential basis during the quarter. On Quarter on Quarter Y-o-Y there has been an improvement in the margins.

**Pratik Poddar:** Right. So in Q4, you know, is it safe to assume that you would re-cope this because there was, I mean, a timing difference which took place?

**Management:** Yes. As I was explaining there could be timing differences between the quarters. But over the longer term , you will see this even out.

**Pratik Poddar:** Okay. There is nothing like an old inventory which have just clogged your system or that is not the case?

**Management:** That's not the case.

**Pratik Poddar:** So, in January, then maybe we must have liquidated that inventory part of?

**Management:** In the normal course .

**Pratik Poddar:** Okay. Okay. Fair enough. Okay. Thanks.

**Management:** Thank you.

**Moderator:** Thanks for your question, sir. Sir, the next question is coming from Rupril, individual investor. Your line is unmuted, sir.

**Rupril:** Thank you very much for taking my questions. I see that for last three quarters, we have added about 195 crores in inventory. Can you hear me?

**Management:** Yes.

**Rupril:** We have added about 195 crores in inventory. Could you please explain the reason and logic behind it because most of the inventory added is at the subsidiaries level of about 170 crores?

**Management:** Yes. The change in inventory which is happening across the consolidated statements are on account of, one is build-up of inventory for launch of our new product in the months of February and March. Second, there has been an increase volume in manufacturing activities that has been

the cause of higher inventories required. And third in the ordinary cause, there has been a translation impact on the numbers. And fourth, the inventories in North America also moved a little seasonally depending on the kind of product mix at play. However, given these four reasons, we think they should substantially normalize in the next three to four months. And this…

**Rupril:** I understand that. Next three to four months which we are able to liquidate at least 50-60% of the inventories built?

**Management:** That's correct.

**Rupril:** Okay. Thank you. Another thing, you said that about 17-18 crores foreign exchange and other expenses, plus less realization of about Rs. 12 crores at 58.50 that should be in your sales. Do I understand correctly that net total effect could be about Rs. 30 crores?

**Management:** Sorry?

**Rupril:** We lost some, you know, we realized 58.50 a dollar.

**Management:** The foreign exchange difference is 17 crores. It takes into consideration the fact that you are realizing 58.50 and the spot dollar is higher. So that is the total impact for the quarter.

**Rupril:** Do I understand correctly that in sales we have not suffered because of lower realization?

**Management:** No because the sales is always booked at spot.

**Rupril:** Yeah. So if we have, you know, suppose the average rate for the quarter was booked in sales, then sales could have been higher.

**Management:** Sales is always booked at spot. And so if you realize lower, that difference is going to be in the foreign exchange line item represented as a loss.

**Rupril:** Okay.

**Management:** Foreign exchange line item of 17 crores comes under other expenses.

**Rupril:** This inventory because usually I see that, you know, September and December quarters are similarly better quarters than the March and June quarters. So, in spite of that, I understand that inventories would be liquidated in March and June quarter.

**Management:** It is going as per, you know, these trends keep changing from time to time in terms of product requirements. So one cannot make an assumption on how the inventory trends – It depends on product mix which keeps varying from time to time.

**Rupril:** [Indiscernible] [0:33:33] September, December quarters are the best quarters; June and March quarters are little lower. Therefore, I have got the nine quarters' analysis before me and I see that the September, December because Christmas is coming, but [indiscernible] [0:33:47] sales are the best.

**Management:** Yeah. That's not necessary also because sometimes you can have major product launches in other quarters as well.

**Rupril:** Okay. Thank you very much. That's all from my side.

**Moderator:** Thanks for your question, sir. At this time, there are no further questions from the participants. So I would like to hand over the floor back to the speaker for the final remarks. Over to you, sir.

**Management:** I just like to thank everyone for joining the call. All in all, we are very pleased with our quarterly performance. I think the growth undertone has been fairly steady and consistent over the quarters. And we expect to see this strong organic undertone of growths to continue going forward. We are focused on keeping our manufacturing utilizations as high as possible and expanding our distribution businesses and ensuring that our focus on cost rationalization efforts and sweating our assets is as high as possible. So I look forward to interacting with everyone again at the end of the next quarter. Thank you again.

**Moderator:** Thank you, sir. Ms. Ashi, would you like to comment anything?

**Ashi Kashyap:** Yeah. Thank you, everyone, for joining in on this call. Thank you so much, sir. It was a pleasure to have you here. Thank you again.

**Management:** Thank you.

**Management:** Thank you.

**Moderator:** Thank you, all. That does conclude our conference call for today. Thank you all for your participation. You all may disconnect your lines now. Thank you. Have a good evening.