



“Action Construction Equipment Limited Q2 FY20
Results Call”

November 15, 2019



**MANAGEMENT: MR. SORAB AGARWAL – EXECUTIVE DIRECTOR,
ACTION CONSTRUCTION EQUIPMENT LTD
MR. RAJAN LUTHRA – CFO, ACTION CONSTRUCTION
EQUIPMENT LTD**

MODERATORS: MR. AMIT ZADE- EMKAY GLOBAL



*Action Construction Equipment Limited
November 15, 2019*

Moderator: Ladies and Gentlemen, Good Day and welcome to the Q2 FY20 Results Call of Action Construction Equipment Limited hosted by Emkay Global Financial Services. We have with us Mr. Sorab Agarwal -- Executive Director and Mr. Rajan Luthra – CFO. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Amit Zade of Emkay Global. Thank you and over to you, sir.

Amit Zade: Good evening everyone. I would like to welcome the management and thank them for giving us this opportunity. I would now hand over the call to the management for opening remarks. Over to you, sir.

Sorab Agarwal: Good evening everybody. Our country currently is in a grip of slowdown in economic activity which has resulted in subpar Quarter 2 performance by our company. The seed of shrinkage in demand for construction equipment was faster than anticipated and was further deepened by the extended monsoons which negatively affect the construction and infrastructure activity. Our revenue in Quarter 2 of the current financial year has seen negative revenue growth of 8.6% on quarter-on-quarter basis and 22% on year-on-year basis and currently stands at 268 crores vis-à-vis 344 crores for the last year. In spite of de-growth of 22% we have been able to maintain our EBITDA margins at 8.2% vis-à-vis 8.1% in the last quarter of current financial year and have shown betterment as compared to 7.2% EBITDA margin of September quarter of last year.

On half yearly basis, our revenue has degrown by 17.5%, but here we have managed a marginally better EBITDA margin of 8.1% for the first half vis-à-vis 7.9% for the first half of last year.

Looking at the current economic scenario and reduction in GDP growth, we would like to revise our revenue guidance for the whole year FY20 to a negative growth of around 15% to 20%, but we are hopeful of maintaining our EBITDA margins at similar levels as of last year which is around 8%.

The economic activity is slow in both our major business segments that are the industrial sector as well as the infrastructure segments and as of now we do not see any respite over the next two, three months and are hopeful that the scenario will start to look better over the next two quarters. We are definitely facing short-term pain with respect to revenue and growth in the company, but the prospect for medium and long term remain good and are hopeful of normalizing revenue and bottom line of the company as soon as the economic activity picks up in the country.



I think that is it for me with the initial address and I think we can take questions.

Moderator: Thank you. We will now begin with the question and answer session. The first question is from the line of Rajiv Maheshwari from Praj Investments. Please go ahead.

Rajiv Maheshwari: Though the sales have fallen much more than expected, but what we have been able to maintain at least the profits figure so that looks quite okay. I have a couple of questions the tractor sales have been impacted too much means if I see the last year same quarter it is almost half, so this is the thing which needs to be clarified what exactly went wrong because other things are still okay considering the current scenario and the other part of the question is how do you see the impact of scrappage policy for your company in terms of scrapping of old vehicles so we would be increasing the demand or how would it impact the crane industry as well?

Soar Agarwal: To answer the first part of your question with respect to tractors. Yes we have performed miserably in the agri side in this quarter and to be very frank for reasons really beyond our control and we really do not know those reasons as well, but yes primarily they can be attributed to because the market has shrunk with respect to agri so all the bigger players have been very aggressive in the market with respect to their prices and schemes and offers and apart from that yes we definitely seeing some funding crisis with respect to the tractor industry and especially the smaller players, but yes we have performed miserably in this quarter with respect to tractors.

With respect to second part of your question the scrappage policy definitely will lead to some sort of replacement demand taking place, but with respect to construction equipment it generally also happens in about every 10 to 12 years that is the average life, but we are sure yes with the concrete policy in place there are some improvement in numbers should be visible.

Rajiv Maheshwari: And just wanted a quick clarification on the buyback part since I think may be last few days are left so how do you plan to take this forward means you are planning to use the entire amount as such or you will just go slower is this because what I observed is when the prices were very low in the range of Rs. 50 to Rs. 70 to Rs. 75 then suddenly there was no buyback as such and now since last may be month you have again started, but the quantity is not much on the daily basis, so what is the plan for the last few days which has been left for the same?

Sorab Agarwal: I think we will continue in the same fashion as what we are doing as of now and I think we intentionally did not buyback at very low prices so that genuine investors could take benefit of that opportunity. What we are doing we will continue in the same fashion we have five, six more training sessions.



- Rajiv Maheshwari:** So the plan is to utilize the entire 34 crores or how do you utilize because the long term prospects are good these prices are very good to buy because earlier it was the upper limit was set at 125, so anything below 100 would be a good in long term for the company as well as the shareholders?
- Sorab Agarwal:** We are sure that we will reach about 90%, 95% of that amount we are already at about 80%, 85% as of now.
- Rajiv Maheshwari:** So almost it would be touching 100%.
- Sorab Agarwal:** Yes may be it will touch 100% that is what we will try for.
- Moderator:** Thank you. We have the next question is from the line of Chirag Shah from ICICI. Please go ahead.
- Chirag Shah:** Sir, first of all you can help me with the volume numbers for cranes and material handling equipment agri tractor sold for the quarter and the first half?
- Rajan Luthra:** You want number for the quarter or for the first half full?
- Chirag Shah:** Both sir it would be helpful?
- Rajan Luthra:** Pick & Carry 1,180.
- Chirag Shah:** This is about the quarter right sir?
- Rajan Luthra:** I will speak the first quarter numbers and simultaneously for the half year also, Pick & Carry is 1180 for the first quarter and the second half year is 2,444, Mobile tower Crane is 16 and 29, Fixed Tower Crane 36 and 66, Crawler Crane 1 and half year is 2, and tractors 522 and 1190 Backhoe 60 and 127, Forklift 204 and 438, Compactors 11 and 20, Graders 6 and 10, Truck Mounted Cranes 2 and 10, Harverters 10 and 16, Rotavators 156 and 399, Piling Rig 1 and 4.
- Chirag Shah:** Sir, in this quarter if I look at the EBIT margins of the crane segment so they have improved both on a YoY and QoQ basis, so is it the price hike last half that that we have taken is helping or it is price of raw materials have gone down and simultaneously we could offer them discounts to the clients?
- Sorab Agarwal:** I think it is a mix of both the things. Steel prices further pulled of a little and obviously whatever price reduction that was to be passed on to the vendors. So that was also happening and simultaneously the benefit of price increases also more or less come in now totally so I think it is a mix of both I would say.



Chirag Shah: So any further chances of price cuts from here on if do not improve dramatically on the ground?

Sorab Agarwal: I mean we do not want the first to do it because we see no reason for the market are down, numbers are down and to do a price for in this scenario will not be logical, but yes we will play along with the market if that happens.

Chirag Shah: I know things are pretty much bad on the ground, but are you seeing any green shoots or any signal that might lead to a conclusion that this might not be this quarter or next but somewhere around in next fiscal you might see a strong rebound in growth or probably still far away to think of?

Sorab Agarwal: I am generally a pessimist and gong by that I do not want to discourage anybody, but all I can tell you that October being a festive month and generally there is some sort of a spurt in growth whether it is 10%, 20% whatever for that month it happens in and around Diwali and luckily for us that Navaratri part was also there, but still we did not see any rebound in growth as compared to September and October and I can just tell you as of now November is miserable so I do not think we are thinking very long we are just thinking how to save our skins as of now.

Chirag Shah: And sir in your initial remarks you mentioned that you are looking for 15% to 20% kind of decline in this year so would it be mostly led by cranes or the other businesses or it is spread across all the segments?

Sorab Agarwal: See predominantly it will be cranes and in the construction equipment sector we were expecting a 30%, 40% growth but that will go down to may be only 20%, 20%. In Forklift instead of growth we will see some negative growth or maybe 5% to 10% and yes there can be some negative growth in the tractor part also because we have paid very badly in the first half. So even if we do good will not be able to you know come back to normalcy in this year with respect to tractors.

Chirag Shah: And sir if I look at your balance sheet your balance sheet has not deteriorated to the extent you had to borrow working capital loans during the quarter so what was the reason sir I cannot connect the dots on the balance sheet as in your receivables have gone down inventory is not that much up dramatically, but from March quarter to this quarter short-term wise are up by 70 odd crores?

Rajan Luthra: Basically see what happens is you are right your inventories has gone up and the second impact is mainly of the creditors, but if you compare the borrowing as compared to September of 18 then it is not so bad because you did not have the figure of December 18 so probably your comment is right, but by the end of 20 FY20 I think we should be at the similar levels as compared to last year of the same working capital because normally at the yearend we become



slightly more aggressive in terms of vendor payments and all those types of things and we should be similar, but if I tell you the last year figures of the September 18 borrowing it was 108 crores which went down to 53 crores so right now we are 118. So I have the firm opinion that probably by end of the same March 20 we should be nearly similar levels to the March 19 figures and in the month of June quarter ending June it was 31 so we have already started improving from June quarter and probably December quarter will be much better and March will be similar to last year levels.

Chirag Shah: Sir just one last question more on micro side so is it more related to the execution of the capital good companies or your end user clients is it impacting demand or is it more the liquidity issue from the NBFC segment that have stopped financing or they are degrowing their own growth is impacting the overall material handling sector?

Sorab Agarwal: No, I think there is overall slowness with respect to the end user industry they are being less aggressive and also I would attribute little bit to the NBFC or the banking part and I think it is more a question of even with respect to banks or even with respect to end users of their may be their willingness and their capability the willing are not capable and the capable are not willing the same goes for the banks also. So it is a very funny scenario and to be very frank with you we are really not been able to attribute what has caused such a drastic slowdown all of a sudden. We have racked our brain in and out, but we have not been able to pinpoint to a particular reason because it had a slowdown quite a bit and going forward I am sure this quarter to GDP numbers are even going to be worse and Quarter 3 might be worse than Quarter 2 what we are seeing as of now.

Chirag Shah: So just one last data point as in what is the kind of price correction you have taken throughout the first half if you can quantify at least in the sales segment?

Sorab Agarwal: No, there has been no reduction in price. No hike, no reduction really we did hike a little 1% sometime in August, but there has been no price correction as of now nothing. We cannot afford to do it.

Moderator: Thank you. We have the next question is from the line of Sanjay Dam from Old Bridge Capital.

Sanjay Dam: You are doing quite well in very prime times.

Sorab Agarwal: When the going gets tough the tough get going I do not know whether we are tough or not but we are suffering.

Sanjay Dam: So I thought in every call have spent a little bit of time in just discussing how you have been upgrading and improving your product mix. Now in the domestic market clearly nothing much is happening for the time being at least, but would you like to say a few words on exports can



meaningfully do so between the times when we left off in the last call and now how are things looking up are there very dramatically different from what they were last time?

Sorab Agarwal: Yes you see the whole of last year if I am not wrong we did close to about 5.5%, 6% of export revenue in our total revenue and in the first half of this year we are already at about 7.5% revenue share with respect to exports and we are targeted about 9% to 10% in this current year with respect to export revenue as a percentage of total share. So we are hopeful that somewhere around 8%, 9% still achievable by end of March.

Sanjay Dam: I would like you to address it the other way round because domestically not growing the percentage of exports anyway will increase, but in absolute term how is the progress that we have been making?

Sorab Agarwal: I think even in absolute terms we should be able to do much better because we already have a good sizeable export order from government department of a particular country and hopefully it should start to get executed within this quarter or next quarter and that is sizable business. It is about 70 crore orders for certain types of machines. So we are trying very hard it has been funded through the Exim Bank of India, so the commercial procedure is on so as soon as we start to get VLC which we are expecting in the next one month. So we should be able to add that revenue to our bottom line and top line both yes.

Sanjay Dam: Do you see whatever happened in the agri part of your business. So clearly there are more aggression from bigger players who also want to get a bigger shares of the action since there is a problem anyways, but on the commentary that we heard of late was a little bit encouraging, so basically they are hinting at some kind of pick up so do you see that making any difference to you or it really does not matter much?

Sorab Agarwal: I think so you know with all our internal discussions and deliberations on this issue I mean why we suffered so much with our teams sales team specially. So we are definitely looking up for doing much better job in the second half including this quarter. So we are hopeful that yes somehow first half has been miserable, but yes we will definitely bounce back that should not be an issue.

Sanjay Dam: Numerically at least you should be better off just one quarter?

Sorab Agarwal: Actually we will bounce back this quarter; next quarter we will start our growth trajectory and again next year.

Sanjay Dam: Yeah one more quarter of 350 crore plus top line in the base it should be at least from the point of view of base much better otherwise I do not know again how long it will take for you to reach that somewhere around 280, 300 crores quarterly run rate that really should?



Sorab Agarwal: We should be able to do that in the next quarter. I would have thought so because see again what happens December, November as it is going pretty slow December is generally slow owing to a lot of the retail market side they want to postpone their purchases to January and generally it always fix up but like Diwali was bad I mean the month was not that great not bad but there were nothing really happening and that is now also we also ended up increasing our inventories because you know we were sought of geared up because extended monsoon and everything for the first week of October and then Diwali was at the end of the month, but it never flowed that way. So I am hopeful January we should see some sort of bounce back, but I think only time will tell.

Sanjay Dam: And any comments Luthra ji on the balance sheet anything you would like to tell us how differently things would get can?

Rajan Luthra: I think from the balance sheet point of view we were strong and we are still strong and I do not see any issue in terms of our balance sheet because liquidity is good we do not have any liquidity issue, we do not have any issue on the in spite of our buy back going on probably the cash balance will be was not dip significantly as compared to last year definitely point of concern was only the inventory which we are taking care of and I am sure the way what we do in the company in the last so many year that we become aggressive and in terms of inventory especially in the last two quarters and focus we will be doing it we have already started focusing and taking corrective action on the inventory front and all that rest all other heads for the balance sheet I do not see any concern and it is a strong balance sheet in terms of liquidity, cash flows, no concerns, no bad debts nothing. So we are very strong in terms of the [23:20].

Sorab Agarwal: Yeah I think only the inventory is a little bit elevated to 40 crore.

Rajan Luthra: Inventory and linked to the borrowing only then I think we will take corrective actions.

Sorab Agarwal: And that also primarily happened like I mentioned in the month of September we are getting ready for a slightly bigger October and the month was opening with Navaratri in place. So we actually had an inventory buildup end of September which we generally take care end of every quarter, but in this quarter last quarter we actually had a buildup in place to take care of October which never got utilized to that level. So I am sure within this quarter and by end of March inventory would be normalized to our normal about 65 days to 70 days.

Sanjay Dam: Yeah so that would be about 200 odd crores right which you were at March 2019 if I recall?

Rajan Luthra: That should be I would say yes this should be coming down to about below 200 crores 180 to 200 crores and last and not the least that the number of shares are going down so EPS will improve, and all other ratios will improve what we have done in the past.

Sanjay Dam: So basically we are having a roughly around 4% lower equity?



- Rajan Luthra:** Yeah equity probably number of share down will be something about 34 lakh, 35 lakh from 1,170 the number of shares probably it will come down to 1,140 or something like that slightly lower than that.
- Moderator:** Thank you. The next question is from the line of Jasdeep Walia from Infina Finance. Please go ahead.
- Jasdeep Walia:** Sir what is happening on the defense side earlier you were quite bullish on increasing sales from defense, so any update there?
- Sorab Agarwal:** Yes we are still working on lot of projects, but yes the gestation time still continues to keep on increasing a little bit here and there. So all that activity is still very much on and they will bare fruits as and when the defense decides we are ready, and we feel did a lot of equipment for test and trials and lot of them have been approved as well.
- Jasdeep Walia:** So this year sales from defense will increase from last year by any significant margin?
- Sorab Agarwal:** I think should be similar in this year.
- Jasdeep Walia:** And more interesting projects that you have backed from the defense market any incremental which apart from what you have already told us?
- Sorab Agarwal:** Nothing really I think all similar things are in motion and some of them have to fructify whether this happens by end of this year or early next year it will depend on that.
- Moderator:** Thank you. We have the next question from the line of Aman Shah from GK Investments. Please go ahead.
- Aman Shah:** Sir, my question is on book keeping question I see balance sheet plant and equipment has increased by around 60 crores and at the same time there is monetization of some capital advances is there any commercialization of any fixed asset that we have done?
- Rajan Luthra:** See basically what there is we have paid some advances for an office blog which was appearing in capital advances for which we already got the position so that does not capitalize. In terms of demonetization of some capital assets that is actually what some of the equipment which are given on the rent when we have sold those machines. So when we sold we just have to write back the capital assets and sell it as an inventory. So these are the two figures only.
- Aman Shah:** So thing is that we have increase because of office blog that has come?
- Sorab Agarwal:** That is right.



Moderator: Thank you. We have the next question from the line of Rohit Prakash, an individual investor. Please go ahead.

Rohit Prakash: I just wanted management thoughts on the numbers have generally been quite volatile obviously because it is depended on the capital cycle, capital good cycle in the country, so any thoughts and over the last year we had a lot of commentary on how we would be using exports in defense to sort of counter there was potential JV with the European tractor part and, etc., so any thoughts going forward medium to long term how do you intend to counter this going forward?

Sorab Agarwal: See like I just said earlier also with respect to exports yes the quantum the total revenue is definitely going to be increasing in this year and we are working very hard to push it further and we have already back the big order from one of our neighboring countries which is funded by Exim Bank so hopefully that should go through in Quarter 3, Quarter 4 wish hopefully so we should be able to add that reasonable sizable amount to our resolution and similar things are also in progress in the defense with respect to different equipment that we have fielded at [29:20]. So yes export business will definitely be increasing about 30%, 40%, 50% or may be more in this current year. Defense unfortunately in this year is going to remain stagnant so yes we are doing all possible activities that can be done to increase our business in these two spheres that is all I can say as of now.

Rohit Prakash: I mean I did not take this forward any other space you think you can tie up in a way I think even tractors are counter cyclical lever for your business so on tractors or any other segments do you think you can target going forward?

Sorab Agarwal: Internally we have sort of product segment you know which we will take up shortly over the next two, three four months and it will take at least about a one year gestation to come out with it. Unfortunately I do not think I will be able to discuss about that right now because we are keeping it very confidential and it is some sort of a product it is really not a construction equipment, but yes it is a mobile machinery which will be required in every city in every state of our country going forward with infrastructure being in place. So we just want to keep it in wraps till such time we started.

Rohit Prakash: And just wanted your thoughts on I mean general we see given the scale of operations that we many of the companies in India have we are able to get sort of we are able to manufacture at a lower cost as compared to some of the peers in developed market, so is that an opportunity that you see and in the space that you are in and if yes I mean how large is it or some thoughts on that particular angle?

Sorab Agarwal: Yes this is a good opportunity which is available and specially in the last one to two years some people have contacted us and we are actually working on one proposal as of now some sort of contract manufacturing, but obviously once it goes through then perhaps we should be



able to share the details for it and if it goes through it will happen in the next three, four months.

Rohit Prakash: And coming back to the demand side again as you mentioned I mean you were quite clear and transparent in how you see the whole thing, but one curiosity I had was from the government side generally we have seen that lot of the infrastructure projects are from the government side, is there some delay in cash release or payment delay on that front which is leading to a slowdown that you see from the coming are you hearing something from the client on that as well?

Sorab Agarwal: I think that is one of the main reasons that the cycle has slowed down that the award of fresh works and obviously the payment cycle and this was perhaps one of the main reasons why IL&FS also grumbled so about 15,000, 16,000 crore worth of money was in arbitration with NHAI and all they needed was 3,000, 4,000 crores to tied-over the crisis at that time. So government is at least trying to improve it but I do not think there is any practical improvement as of now because it sees even the government is cash trapped.

Rohit Prakash: So I sort of dropped off the call in between so I am apologize for the repeat questions we had developed a new crane for which I believe you were trying to get a patent and etcetera and which we said was a higher margin product as well, how is that performing?

Sorab Agarwal: Yes it has picked up well and we have showed some reasonable number in the last quarter and in a way that would have also been adding a little bit here and there to our margin stability even on a 20%, 22% reduction in revenue. So you know what happens is a slightly high cost machine and when the market is finding it tough to even buy the low cost machines. So let us say the off take is perhaps not what we would have thought it would be, but I am sure it will pick up there is lot of interest perhaps everybody is interested and even tomorrow we are expecting a Delhi Metro safety team at our plant to approve that product so that would mean that perhaps over the next six months, one year only these types of machines would be deployed at metro. So that is type of thing because they also want more safety, more stability and better working so if that happens it is going to be a jackpot so let us see a lot of things are in progress and we have already delivered these machines to more or less most of the top companies including L&T and we have got very good feedback and I mean it will plan out. Unfortunately we have caught at the wrong time at the last three, four months because getting a customer to sell out 50% or 40% more over the traditional machine although he is getting much more out of it slightly difficult.

Rohit Prakash: That is quite good to hear that the feedback from the customers have bought it is quite encouraging and we have more customers coming to check the products out. The last question I have I mean I could not quite clearly understand so when the share price did go to 50 the reason I mean I did not understand the reason why the company did not purchase share could you explain a little further?



- Sorab Agarwal:** It is not that we were not purchasing shares we were even purchasing at that time, but yes maybe not aggressively and that was just a joke as you said maybe we will have an opportunity for genuine investors to come in at that price and so that we do not gobble up all the shares.
- Rohit Prakash:** I mean going forward I believe over the next one, two years we have enough capacity to serve the demand, am I right in thinking so?
- Sorab Agarwal:** Yes we have you know currently even in cranes we are working at only at about 35%, 40% because only four, five, six month we expanded our capacities. So I think we have enough capacity to do a two and half times revenues from here as of now.
- Rohit Prakash:** I mean this might not be an intelligent question at this point of time but any points of having one more any thoughts of having one more buyback given the attractive price and where are you positioned or do you want to see sales come back before you deploy capital for that again?
- Sorab Agarwal:** I do not think that will be possible at least for the next one year because as per SEBI guidelines and as per the net worth of the company by the formulas which it is setup so anything like that would be at least one year away and I hope the price is not struggling at that time.
- Moderator:** Thank you. We have the next question from the line of Sandesh Shetty from PhillipCapital. Please go ahead.
- Sandesh Shetty:** Sir, what is the CAPEX guidance for the remainder of the half year?
- Sorab Agarwal:** Hardly anything as such and we conserve everything we can.
- Sandesh Shetty:** And sir with regards to I miss on the volume number if you can please repeat the number for Harvester, Rotavators, and Filling Graders.
- Rajan Luthra:** I am telling you the numbers for this quarter it Pick & Carry is 1180, Mobile Tower Crane 16, Fixed Tower Crane 36, Crawler Crane 1 and Tractors 522, Forklift 204, Truck Mounted Cranes 2, Harvesters 10, Rotavators 156, 1 piling rigs.
- Moderator:** Thank you. We have the next question from the line of Sanjay Dam from Old Bridge Capital. Please go ahead.
- Sanjay Dam:** The peak quarterly turnover that you had done some time back what utilization we had reached in the crane segment sir?
- Sorab Agarwal:** I think we are working at about 80 odd percent if I am not wrong.
- Sanjay Dam:** So that would be somewhere around turnover of may be 370 odd crores?



*Action Construction Equipment Limited
November 15,2019*

- Sorab Agarwal:** Yeah I think it was March last year March 18.
- Sanjay Dam:** Yeah you are right sir 370 odd crores we have reached and that time we were at 80% utilization in cranes?
- Sorab Agarwal:** we would be at about 80%, 85% utilized at that time that is what I remember.
- Sanjay Dam:** So basically just a curious thought so at 370 crore at that capacity we were at around 85% and we had the expanded capacity?
- Sorab Agarwal:** We are at 40% or something. Like I said double or more to our 2.5x we can now attain from the setup that we have.
- Moderator:** Thank you. As there are no further questions from participants I now hand the conference over to the management for closing comments.
- Sorab Agarwal:** Yes like we discussed that currently the scenario is slow and even in the month of November it is slowing down, but we are sure over the next one or two quarters things will start to look better and we should see a reversal in the cycle because even the government is trying very hard and we have our capacities in place everything is right and we just waiting for the next up cycle to grow the company further in the right direction and get a better revenue or better bottom line and which I am very hopeful we will definitely have start to happen in the next year. Now whether that happens in January or in April or in June that is something that cannot be answered so we are all looking forward good, fruitful next year at least I would say. Thank you.
- Moderator:** Thank you Gentlemen. Ladies and Gentlemen on behalf of Emkay Global Financial Services that concludes the conference for today. Thank you for joining us and you may now disconnect your lines.