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August 14, 2024

BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001  <b>Scrip Code: 532497</b>	National Stock Exchange of India Ltd. Exchange Plaza, 5 <sup>th</sup> Floor, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  <b>Symbol: RADICO</b>
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**Sub: Transcript of the Earnings Call conducted on August 08, 2024**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of the Earnings Call held on Thursday, August 08, 2024, for the Unaudited Financial Results of the Company for the quarter ended June 30, 2024.

The same is also uploaded on the website of the Company at [www.radicokhaitan.com](http://www.radicokhaitan.com).

This is for your information and records.

Thanking You,

Yours faithfully,  
**For Radico Khaitan Limited**

**(Dinesh Kumar Gupta)**  
**Senior Vice President – Legal &**  
**Company Secretary**

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## **Radico Khaitan Limited**

(BSE: 532497; NSE: RADICO)

**First Quarter FY2025**

**Earnings Conference call**

**August 8, 2024**

### **Management Participants:**

**Mr. Abhishek Khaitan, Managing Director**

**Mr. Dilip Banthiya, Chief Financial Officer**

**Mr. Amar Sinha, Chief Operating Officer**

**Mr. Sanjeev Banga, President – International Business**

**Presentation:**

Moderator: Ladies and gentlemen, good day, and welcome to Radico Khaitan Q1 FY '25 Earnings Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Himanshu Shah from Dolat Capital. Thank you, and over to you, sir.

*Before we begin our presentation, I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to the last slide of our earnings presentation for the detailed disclaimer.*

Himanshu Shah: Thank you, Yusuf. Good afternoon, everyone. At this moment, we would like to thank Radico Khaitan's management team for providing Dolat Capital with the opportunity to host the Q1 FY '25 Earnings Call.

We have with us the senior leadership team from Radico Khaitan. Mr. Abhishek Khaitan – Managing Director, Mr. Amar Sinha - Chief Operating Officer, Mr. Dilip Banthiya - Chief Financial Officer and Mr. Sanjeev Banga - President, International Business.

I will now hand over the call to Mr. Abhishek Khaitan for his opening remarks. Over to you, sir.

Abhishek Khaitan: Thank you, Himanshu. Good afternoon, ladies and gentlemen. Thank you for joining us on our Q1 FY '25 results conference call.

The fiscal year started on a positive note as we continued to deliver on our strategic road map. During Q1 FY '25, we achieved strong premium volume growth despite a challenging operating environment. External factors such as lower consumption growth, concerns about ongoing food grain inflation and volatile commodity prices did not deter us from delivering robust operating performance.

Our commitment remains to a focused portfolio of premium brands driven by consumer aspirations. This is reflected in the strong Prestige & Above category volume growth of 14% year-on-year. P&A value growth was 19% during the same period.

During the quarter, we launched Rampur Asava, Sangam World Malt and Jaisalmer Gold Edition in India, enhancing the experience for connoisseurs of luxury brands. We will expand the distribution of these brands throughout the year, including the canteen store department.

Rampur Asava Single Malt is matured in American Bourbon barrels and then meticulously finished in Indian red wine casks which is the first time in the Single Malt history. Price starting at INR 10,000 a bottle, it is currently available in seven states.

Sangam World Malt Whisky was launched in the international markets last year. After its success in the global market and duty-free retail channels, we have launched it in India in Q1. Sangam is derived from the Hindi word meaning “confluence”, which symbolises the seamless blend of Eastern tradition and Western whisky-making expertise. Our master blender travelled across the world to source premium malts from Europe and the new world to make this meticulous fusion. It will be priced between INR 4,000 to INR 7,500 a bottle depending on the state of launch. Currently, Sangam is available in four states.

Jaisalmer Gin currently holds a 50% market share in the luxury gin space in India. Building upon its success, we proudly launched a “Gold Edition” in India recently. This edition distinguishes itself with the inclusion of saffron, which is the world's most expensive spice. Of the total 18 botanicals used in this gin, 14 are sourced from the four corners of India. It will be priced between INR 4,000 to INR 7,000 a bottle and presently, it is available in three states.

We are very proud and honoured to be associated with the inaugural India House at the Paris 2024 Olympics, which has become a significant attraction for sports fans. We have been chosen as an exclusive alcoholic beverage partner. With this alliance, we aim to showcase the richness, culture and legacy of our nation and take India to the world.

Magic Moments Vodka continued its growth momentum and recorded 1.9 million cases sales in Q1 FY '25 and crossed sales value of INR 300 crores for the current quarter. Today, it is the sixth largest Vodka brand globally. We have recently partnered with Saregama, India's leading music label to launch an innovative new music series titled ‘Magic Moments Music Studio’. Comprising a total of 10 episodes, the series will be released weekly on Saregama Music YouTube channel. This

platform will allow emerging artist to perform alongside renowned musicians such as Shaan, Kumar Sanu, Sophie Choudry, Nikhita Gandhi, etc.

Moving forward, we will invest in strengthening our brand portfolio through targeted marketing and the introduction of select new brands in the luxury and premium space. We remain confident in the medium-to long-term potential of the Indian IMFL sector. With our strong luxury and premium brands, execution expertise and extensive distribution network, Radico Khaitan is well positioned to capitalize on industry growth opportunities.

As the year progresses, we expect the broader raw material basket to remain stable. Coupled with ongoing premiumization, we anticipate staying on track with our margin expansion trajectory.

I would now like to hand over the call to our CFO for a detailed operational and financial review. Thank you and over to you, Dilip.

Dilip Banthiya:

Thank you, Abhishek. Thank you, everyone, for joining us on this call today.

During the first quarter of FY '25, we reported an IMFL volume of 7.07 million cases, representing a degrowth of 4% on year-on-year basis.

Prestige & Above category volume grew by 14.3%. In value terms, the Prestige & Above category registered 19.1% growth. Prestige & Above category accounts for 43.4% of IMFL volume compared to 36.5% in Q1 FY '24. The percentage of P&A is higher due to the significant degrowth in the regular category. Improvement in IMFL realization is due to the combination of price increases and continued premiumization. Regular category volumes were impacted due to ongoing strategic rationalization of portfolio and certain state specific excise policy related issues.

Gross margin during the quarter was 41.5% compared to 43.6% in Q1 of FY '24 and 41.0% in Q4 of FY '24.

Gross margin was impacted on year-on-year basis due to the significant foodgrain inflation. Grain price inflation had a negative impact of 335 basis points on a year-on-year basis on gross margin. On quarter-on-quarter basis, we have been able to sustain gross margin due to the ongoing premiumization and price increase in the IMFL business. On Y-o-Y basis, there was 170 basis points impact due

to price increase in Q1 of FY '25 on our IMFL sales value. On quarter-on-quarter basis, impact of price increases was 55 basis points.

Although prices of certain packing material have softened recently, we cautiously monitor the trend of Grain and ENA where volatility persists. We expect glass prices to see some moderation from Q2 onwards.

The increase in net debt over March '24 is primarily due to the cyclical building up of inventory at the plants and higher receivables in certain states.

Going forward, our focus will be on improving our profitability along with the cashflow generation and more efficient working capital management, resulting in debt reduction. We reiterate our commitment to be almost debt-free by FY '26 and thereafter focus on returning cash to the shareholders.

With this, we will now open the line for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Abhijeet Kundu from Antique Stock Broking.

Abhijeet Kundu: Congratulations on a great set of numbers. Primarily our P&A has been growing extremely strong. My question was on the ad expenses, selling and distribution expenses, which has declined by about 8% during the quarter, which has in a way helped to aid your margins. What has been the thought process behind this? This would be a quarterly phenomenon because one of your other competitors also have spent less on ad spends during the quarter 1 and which has aid into our margins. So how should we think about it? What has it happened during the quarter? My first question was on that.

Amar Sinha: First of all, the ad spend that we have always guided would be around 7% to 8% [of our IMFL revenue] annually. The first quarter this year is an aberration. One, primarily because the first quarter industry growth has been muted. There were various delays of excise policies and buying and stock sales were also low because of policy delays. So, elections are also there. So, we try and rationalize the expenses based on the volumes. But this will catch up in the quarters following the first.

Abhijeet Kundu: Understood. Sir, other thing was on the popular regular category. One part has been because of your own strategic intent that you have,

there has been a moderation in the popular segment. But other than that, when do you see things improving in this segment because still it is a sizable part of our portfolio in terms of volume?

**Dilip Banthiya:** So regular, as we have guided earlier also, because we rationalized in certain states due to the low contribution and because of the input cost increase. Secondly, in this quarter, particularly, as Amar just mentioned, there has been delay in some state excise policies where there were elections. And in Telangana also, the pipeline inventory and the receivables were checked. However, we see that we will be on a muted growth. And overall, we guided that 4% to 5% growth, which we aspire from the regular category.

**Abhijeet Kundu:** In Telangana what is the status of the receivables now? I mean, have they paid major part of it or good part of it is still remaining? What is status because that also impacts volumes, right?

**Amar Sinha:** The payments in Telangana are coming on a slower pace. But payments are coming, that's most important. The government agrees that payments will be released to also build up their margins and their stock supply. So, I think we have been getting payments on a very frequent basis. And accordingly, we are supplying based on payments. This trend is likely to continue for some time.

**Dilip Banthiya:** Industry also is represented to the government on these aspects and there is a regular interaction between the industry and the government and I think there will be improvement in future.

**Moderator:** Next question is from the line of Harit Kapoor from Investec.

**Harit Kapoor:** Congrats on good results. I just had two or three questions. One was already external issue with elections, certain state issues, delay in excise policy. In your best estimate, what would be the extent of volume that industry lost on account of this -- on account of these fluctuations in the quarter. Just trying to understand what could have been steady state growth I know had some of these things not happened?

**Abhishek Khaitan:** Yes. I think it would be, it is just an estimate, but I think it should be close to about 3% to 4%.

**Harit Kapoor:** The second thing was on pricing. You mentioned 175 basis points on pricing on a Y-o-Y basis. Given that the policy this time a bit later in the year, later during the quarter also because of the elections, do you

expect the 175 bps to be higher as the quarter progress or to be in the same 1.5% to 2% kind of range for the year in your opinion?

Dilip Banthiya: So, on quarter-on-quarter basis, I said sequentially it was 55% but the impact of the price increase on annual basis. Y-o-Y basis on 170 basis points. And we expect the price increase for the whole year to remain between 150 basis points to 170 basis points.

Harit Kapoor: Any more states left for pricing in this year? Or do you think that's largely done with most of the policies through now?

Dilip Banthiya: Some are considering it and you will come to know soon. There are some certain big states which are going to get. Yes, we are hoping it will happen sooner than later.

Harit Kapoor: And lastly, on the capex side, obviously, the large capex is now done with. But if you could just give us a sense of now what the steady state from this year onwards? How are you looking at capex?

Dilip Banthiya: So, after the major capex or maintenance capex and some capex from brand etc. will be ranging between INR 70 to INR 80 crores annually.

Harit Kapoor: Which will be reflected in this year as well, right? That '25 should be...

Dilip Banthiya: This year, there will be left out capex of the major project, which will be INR 80 crores to INR 90 crores and then maintenance capex of INR 60 crores to INR 70 crores.

Harit Kapoor: So, INR 150 crores this year and then it goes to INR 70 crores, INR 80 crores something.

Moderator: Next question is from the line of Vishal Gutka from HDFC Securities.

Vishal Gutka: Congrats on a good set of numbers. Three questions from my side. First is on there was a news article stating that in the restricting surrogate advertising for liquor brand. So, in case you heard from industry, if you can elaborate more on this because since we are creating a lot of new brands, how it should impact us?

Amar Sinha: First of all, we must state that the government has not said that you cannot advertise. Actually they are talking about advertisement of surrogate brands, which the objective is to prevent misleading ads. However, the government is talking about brand extensions, which can be advertised with the same brand name and you must have a revenue model for it, which is quite justified and logical. So as far as



Radico is concerned, we feel that we will respect the law of the land. We are geared up to follow the guidelines that we are being sensitized with and we'll follow that.

Secondly, this will also result in companies that are bigger and organized to adopt more innovative and creative marketing on the ground. So, where the consumer interfaces and results in impulsive buying, we will be able to showcase some of our brands more creatively and I think it's fine with us. It will not impact us negatively. We will be able to handle it proactively.

Vishal Gutka: Got it. Question on non-IMFL. So, in the last call, you highlighted that annual sale will be around INR15 million to INR15.5 million in FY '25. Going forward in the coming years because we'll be captive using this the product coming out from here. So how we see sales in the coming years '26, '27 for non-IMFL segment?

Dilip Banthiya: So, the non-IMFL segment is basically, we are utilizing our Sitapur Greenfield Facility now for 90%. So, the non-IMFL segment growth, which has been there because of the growth effect and from Q3 onwards, growth will be in line with the industry. And where we see because of the base effect going out in the country liquor UPML 6% to 7% growth and otherwise in the alcohol. So, it will be in the range of 10%, 15%. Right now, it is 50%-50% because of the base impact.

Vishal Gutka: 10%, 15% growth will be there in the '26, '27 you're highlighting?

Dilip Banthiya: '26, '27.

Vishal Gutka: Yes, on non-IMFL segment.

Amar Sinha: See, I'll tell you what the state policy actually states that there should be a 7% to 8% growth in the lower segment. And I think we will grow in line with the excise policy structure, which is about 7% to 8%.

Vishal Gutka: Sir, last question is on , I think a lot of states have come out with budget -- states budget during this -- during the quarter maybe 2Q. So, any of the state you see drastic increase in taxation in any specific state and what is the action plan you are taking, where you're allowed to take price increase and certain things dependent upon the government. I just wanted your thoughts on this?

Dilip Banthiya: States are proactively looking at increasing the revenue.

- Abhishek Khaitan: In fact, there are few other states, which are planning to rationalize the duty. So, if that happens, it is very good for the industry. So, I think if the governments are now quite proactive and they feel that if it's highly taxed, then it leads to less of sales, etc. So, in fact, they are talking of duty rationalization in states, which is a very good sign for the industry.
- Vishal Gutka: Sir, just last question on the margin trends. I think last call, you highlighted you're targeting mid-teen margins by end of FY '26. So that holds right 15%, 16% margins by FY '26 margins?
- Dilip Banthiya: Yes.
- Vishal Gutka: Got it. Great sir. Wishing all the best for future quarters.
- Moderator: Next question is from the line of Mr. Himanshu Shah from Dolat Capital.
- Himanshu Shah: Just a couple of questions. One in past few quarters back, we had indicated that you will be looking for launching one more whisky in the upper prestige segments. Are those plans still on? And by when do we expect to launch that particular whisky?
- Amar Sinha: So, first of all, Himanshu, as you are aware, we have launched four luxury products just in the last 30 days. And these products are what we are going to focus on in the near future. However, the new products that we have spoken about in the past are also on the growing trend. And sooner than later and when the time is appropriate, you will get to hear from us on them.
- Himanshu Shah: Okay, sure. And that should largely fill the gap in the portfolio or we would have any further gaps in the portfolio from a positioning perspective, especially in the whisky segment?
- Amar Sinha: Yes. First of all, that will fill the current gap that there is. But if you look at the trend of Radico, now we have started creating segments by launching products in the luxury segment. So, we are the ones who are creating gaps for others. And there's a small one, which we will fill up in the times ahead.
- Himanshu Shah: Secondly, sir, are we seeing any increased competitive intensity from regional or national players in the P&A segment and then even in the luxury segment because we are seeing a lot of new brands coming up in this space. So that creating any kind of headwinds or that should be careful of?

- Amar Sinha: See, I'll tell you there are two situations. One, regional players are introducing new brands in P&A and below, actually, not in P&A. P&A upwards only organized companies are creating brands and we are ahead of others. As far as the regional players creating brands in the luxury segment is concerned. today, it's a nonissue right now and we are not too worried about it.
- Himanshu Shah: Okay, sure. And last question, just on raw material basket. You had already provided color but some more granular color, if you can provide maybe on broken rice because that has seen significant inflation. And now the elections are over, I think the FCI is also sitting with significant rice. So, are we envisaging any kind of softening taking place? And why hasn't taken place till now in the broken rice prices?
- Dilip Banthiya: So actually, Himanshu, these prices, which had risen up to INR28,000 or so the broken rice and have seen some softening in the April and middle of May. But after that government has taken one decision of increasing the MSP, again, the sentiment went toward the little price increase. And since it is a non-season, government is also having stocks with FCI, which is much more than what they require even for distribution in PDS etc. But still, the decision on FCI rice is awaiting. If there is some allocation for the ethanol in the FCI rice, I think sentiment will come down. What we see with next crop being strong and the monsoon in the country is good. We still feel that these prices are the peak and what should be over, but let's hope we can't predict it.
- Himanshu Shah: Okay. What would be the inflation in glass bottle prices or deflation, both on a Y-o-Y and Q-o-Q basis?
- Dilip Banthiya: Last year, we had seen a steep inflation and it was to the tune of something around INR 9,000 to INR 10,000 per tonne. But after that, the gas price and the other input cost price have come down. So, some softening from Q2 onwards, we can see in this.
- Himanshu Shah: Okay. And what kind of softening, sir, we are looking at?
- Dilip Banthiya: Some corrections. There's some corrections that will take place in Q2 itself.
- Moderator: The next question is from the line of Prolin Nandu from Edelweiss Public Alternate.

**Prolin Nandu:** I have a slightly longer-term question. So we have come to an end to our very large capex plan of backward integration, both at Rampur and at Sitapur. When we started this capex plan, you had a certain IRR for this project in mind. As we stand today, how different is that IRR expectation going ahead? On those projects that we have incurred capex for. And also, we had a number of around INR 180 crores to INR 200-odd crores of savings due to backward integration over the period of time, when do we think we'll be able to achieve that number?

**Dilip Banthiya:** So, when we envisaged this project, it was for us a very, very strategic project. It was not for commodity. It was for our branded business. And since we are having a strong growth in our P&A category and we were almost at the neck-to-neck for utilization and distributing to our tie-up units.

So, keeping in view last 10 years, we did not do any capex on distillation. And keeping in mind the growth story of India and Prestige & Above and specially the premium luxury and semi-luxury, we wanted our own alcohol to be there. So, this decision was taken at that time. So, first of all, this is a long term for us, not for the IRR of the commodity, but for the strong backward integration for our main branded business.

Second point is that time, if we say that we thought that even in commodity since the time we fill up our own consumption and captive consumption by our brands in UPML and IMFL. We will fetch a revenue and that will give us an IRR on 16% to 17% on capital. But right now, it is something around 7% to 8%.

I think these are aberrations, which has not been there for past many years. But for some time, we have to live with it and when the situation again come back to normalcy, I think 12% to 15% kind of IRR for the fill-up arrangement of the community will be fine, but the major objective of the capex was to carry strongly our branded business.

And as far as the other capex, which is also part of the large capex is the malt capacity increase. And there, it is very much our strategic priority that we want to go strong on malt because of success of Rampur and seven expressions for Rampur. Globally, in India, we are also doing, last year also, we tripled our volume. And this year, again, we will see 25%, 30% jump in our last year volume on the Rampur. So, maturation capacity is also being increased that will give very strong bandwidth and bottom line to the company in the future. So, malt

maturation and malt production is another capex, which is for long-term growth strategy point of view.

**Prolin Nandu:** No, I appreciate that. I mean I understand that this was for long term in terms of sourcing our own ENA for our own P&A sales. But having said that, again, I mean I've been tracking this company for quite some time now. So, this might sound as if these are repetitive questions. But if we look at some of the larger players who have a very large share in P&A as well, they still depend on external ENA for their P&A alcohol as well. So, is it something very specific to the kind of alcohol that we make, kind of brands that we make, which requires a backward integration? And I mean some of our peers not wanting that backward integration. Anything on that, sir?

**Dilip Banthiya:** So, first of all, yes, you are right. But the point is it makes a lot of strategic sense for us to create our own alcohol. And you see our market share on the white spirit, which is based mainly on account of the quality of alcohol, extra neutral alcohol, which we use and throughout India, we use our own alcohol rather than taking from anybody else. And that is reflected in 60% plus market share in the whole vodka family.

Again, we have been able to create a craft gin. One of the reasons is, again, our own alcohol, which is superior quality. Third thing is that as far as competition is concerned, competition is also shown their intent that they want an integrated backward facility, two of the large competition have already announced that. And looking into the government's very aggressive plan on ethanol, biofuel, everybody wants their raw material security. And we are large player of 30 million volume and growing by 15% plus, we want our raw material security for the next 5 to 10 years.

**Moderator:** We have our next follow-up question from the line of Abhijeet Kundu from Antique Stock Broking.

**Abhijeet Kundu:** Yes. So, it is a follow-up of one of the questions asked earlier by one of the participants. When we look at your overall product portfolio, you have a very strong vodka portfolio, which spans across P&A and then the luxury segment as well. But in the whisky segment, you have a very strong brand now in 8PM Black in the mid segment. But then there is this upper prestige which you had alluded to last time that you would come out with a product. Upper prestige and up to INR 2000, just below Royal Ranthambore. That segment in whisky is remaining and

that has a good volumes, we believe because their competitors, the largest competitor has a very significant chunk of its their volumes coming from upper prestige segment and they are also very profitable.

So is the work on that because your work in the luxury segment has been excellent. Now that you have the experience of coming out with very strong brands in the luxury segment for you coming out with a high-quality upper prestige whisky should not be a big task. So, what's your thought process by when we can expect something in this segment was the INR 1,000 to INR 2,000 in Maharashtra, so to say, that is a segment which is hitting up amongst the competitors, the two bigger MNCs.

Abhishek Khaitan: You are absolutely right. Like if you see the history of Radico in the last 25 years, we will be the only company which has been able to launch 20 brands organically out of the 7 brands are millionaire.

So, we have mapped out the entire industry. And as far as whiskey gold, 8PM Black is there, which we launched, which is doing very well.

Second, we also have another whiskey After Dark, which hopefully in the current year will become a million-case brand. Then we attempted Royal Ranthambore, which is the first Indian whisky at a scotch price and that brand also is growing by more than 50%. And is seeing lot of traction. And in the luxury, Rampur is very well accepted with the consumer. And it's about INR 8,500 a bottle. Now we've launched Asava at INR 10,000. And as far as the segment, what you're talking, as Amar also had told earlier, we have all the products there on the drawing board. And at the right time, we'll get it to the market.

Abhijeet Kundu: Okay sir, understood. Timeline per se you have right? Over 2 years whatever...

Abhishek Khaitan: Right now, after the success of Jaisalmer and Rampur, this is a quarter where Radico has launched four luxury brands at one time into the domestic market. So, our focus would be to consolidate that and grow the distribution for Rampur Asava, Jaisalmer Gold, Sangam World Malt and 1999 Spirit of Victory. So, I think we need to be justice to the luxury at the moment.

Abhijeet Kundu: So just one thing. I mean, these are excellent products, but the volumes and the market for upward prestige to the gap between the upper prestige and the luxury but volume is also quite large. And the

way the upgrades are happening and the premiumization are happening even in the middle to upper prestige is quite significant, that's why I had asked that this is a segment where a lot of profit can be made and a lot of profit pool and a lot of volume pool is also there?

Abhishek Khaitan: And as I said, you are absolutely right. It's on the drawing board and at the right time, you'll know about the launch.

Moderator: Next question is from the line of Kushagra Kejriwal, an Individual Investor.

Kushagra Kejriwal: Congratulations on the good set of numbers. So, I had to just get an idea about the trajectory of food grain inflation and if it can affect the margins further.

Abhishek Khaitan: I think the food grain inflation, I think the worst is over because the government is sitting on a lot of stock of rice, which they have to dispose. So, I think as far as the industry goes, I think we've seen the worst of the inflation. And I think now onwards, it will be the same or it will soften.

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

Dilip Banthiya: So, moving forward, we will continue to deliver a strong Prestige & Above volume growth driven by our diverse brand portfolio. Secondly, we will further develop our luxury brand portfolio, which we see as a major contributor to our profitability.

Furthermore, we are focused on ensuring that our investment operates as efficiently as possible which will enable us to generate cash, repay debt and return cash to the shareholders.

We look forward to interacting with you on our next earnings call. Meanwhile, if you have any query or follow-up questions, please feel free to write to us. Thank you.

Moderator: Thank you. On behalf of Dolat Capital, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

*Note: This transcript has been edited to improve readability.*

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