



“Gulf Oil Lubricants India Limited Q3 Financial Year 2015 Results Conference Call”

February 06, 2015



AXIS CAPITAL

C H O R U S C A L L ®

**ANALYST: MR. PRASHANT TARWADI - VICE
PRESIDENT (EQUITY RESEARCH, INDIA OIL &
GAS) - AXIS CAPITAL LIMITED**

**MANAGEMENT: MR. RAVI CHAWLA - MANAGING DIRECTOR –
GULF OIL LUBRICANTS INDIA LIMITED**

**MR. MANISH KUMAR GANGWAL – CHIEF
FINANCIAL OFFICER - GULF OIL LUBRICANTS
INDIA LIMITED**

**MR. VINAYAK JOSHI – COMPANY SECRETARY -
GULF OIL LUBRICANTS INDIA LIMITED**



*Gulf Oil Lubricants India Limited
February 06, 2015*

Moderator: Ladies and gentlemen, good day and welcome to the Gulf Oil Lubricants India Limited Q3 FY 2015 Earnings Conference Call, hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Tarwadi from Axis Capital. Thank you and over to you Sir!

Prashant Tarwadi: Good afternoon to you all. On behalf of Axis Capital, I welcome all participants on the conference call of Gulf Oil Lubricants India Limited. Today, we have with us Mr. Ravi Chawla, Managing Director, Mr. Manish Kumar Gangwal, CFO, and Mr. Vinayak Joshi – Company Secretary. They will start with overview of the company performance and then we can switch to question and answer session. Thank you and over to you Chawla Sir!

Ravi Chawla: Thanks Prashant. Good evening ladies and gentlemen. Welcome to the third quarterly call for Gulf Oil Lubricants India Limited. Third quarter has actually been a continuation of our growth in terms of our revenues like we achieved in the second quarter. The third quarter has seen we have had gross sales of Rs. 276 Crores and net revenue of Rs. 243 Crores, which is actually a good 13% gain over last year’s similar quarter of Rs. 215 Crores and that is also, we have been able to take our profits positively. So basically the profit after tax we have seen that the third quarter we have achieved growth in that also and that is now looking like it has gone up from last quarter the PAT has gone up by 9% and that is again a positive direction for us.

The EBITDA margins also have gone up sequentially to 13.6%, as we look at this the gain is about nearly 30 to 40 basis points, 30 actually to be exact, and of course the third quarter was similar to the second quarter in terms of our revenues and third quarter, the channel sales got impacted expecting the prices to come down, so therefore we saw a softer sales in the channel but we are happy to report that B2B sales have done very well and in B2B we have seen a very good positive double-digit growth in the OEM and in our OEM factory fill, the Mahindra volumes again which are roughly 3% of our growth have continued and if we look at the overall revenue growth of 13% like we mentioned in the second quarter results, two-thirds of this is due to the volume growth and the balance coming from the margin enhancement which is also in terms of our both the cost and the mix.

Tractor sales of Mahindra as mentioned earlier again picked up. Also tractor sales increased in the quarter. So these are the positive things that have happened in the quarter. Certainly we are hoping that in terms of the quarter forward, which is normally the better quarter, the January, February, March quarter things will look up further, commercial vehicles activity though not gone up but there is a large sales happening of commercial vehicles as we know. In the market we have seen the market till December. Certainly, it will take the December results. We saw a



Gulf Oil Lubricants India Limited
February 06, 2015

gain of 58% in heavy commercial vehicles in terms of new products, new vehicles and YTD December the growth is 10% of heavy vehicles. So commercial vehicles overall grew 9%. LCVs did come down in December and also in the terms of year-to-month.

We are seeing a positive growth in passenger cars and, in scooters. These are again new vehicles not directly impacting us, but again improving the sentiment in terms of the auto market. Basically these have been the highlights. We have also had some other pressures, which Manish will talk about on the foreign exchange.

In summary, the crude oil reduction prices did have an impact in the channel market, which has grown very marginally for us in this quarter. As I was explained to in other forums, the reductions in crude oil prices and base oils will have a lag time impact as we carry both finished goods and raw material stocks. So this is really where there will be a lag time and of course any positive impact in that can only be factored once the computed pricing levels, demand factors play out. Generally as we know we do carry inventory of finished goods and base oil, again Mr. Gangwal can give you the figures in terms of how much we carry but roughly there is about close to 70 days stock combined of these two and therefore the lag time is there. Computed levels are okay now, but we can expect that there is some discounting may start in January.

So the quarter has again been a very positive quarter for us. We have seen both increase in our revenues and profits, so it has been a positive thing from the management point of view. Thank you.

Manish K. Gangwal: As Ravi had mentioned to all of you, the quarter has been a positive quarter for us again and our operational profits have been around Rs. 30.91 Crores and we have some impact at the PBT level on account of forex which is reflected in the finance costs for the quarter, which you will see as Rs. 6.246 Crores which is out of that nearly Rs. 3 Crores is on account of forex mark-to-market losses, but in spite of that we have been able to report a PBT of Rs. 27.6 Crores and a PAT of Rs. 18.23 which gives us an EPS of Rs.3.68 for the quarter and for the nine months it is Rs.11.23.

In terms of our other ratios the return on equity continues to be healthy at 39% to 40% and ROCE also is in the range of 47% to 49%. So with that we can take the questions from our investor community.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Pritesh Cheddha from Emkay Global Financial Services Limited. Please go ahead.

Pritesh Cheddha: Sir, could you give some idea on the market share and how they have moved for you?

Ravi Chawla: Overall as we see the market, the market seems to be still in a flat-to-negative kind of territory because of the commercial vehicle demand being lower. Of course we are now talking of the



*Gulf Oil Lubricants India Limited
February 06, 2015*

overall market. The Bazaar market where we operate the consumer side of it, which is basically the personal mobility of car and two-wheeler there is a positive gain there, so overall given our volume growth we expect on our market share which is around 6.9% overall would be up maybe 0.1-0.2%. So that is because we are growing faster than the market. Various segments of course we have a high presence in the new generation commercial vehicle segment and in the motorcycle segment where our share is close to about 8% to 9% overall. So that is where the market share has improved for us. The volume growth is still ahead of the market as we have estimated.

Pritesh Cheddha: Sir initially in your opening, you mentioned about what is the contribution of volume growth and the revenue growth?

Ravi Chawla: Roughly two-thirds, if you see the 13% growth that we have had, so it is about 7% to 8% would be the volume.

Pritesh Cheddha: Could you give us the base oil price during the quarter and at the end of the quarter and what it is currently?

Manish K. Gangwal: As we have mentioned in the last call, there is a lag effect of crude on the base oil prices, but over the quarter there have been softening and even in the month of January we are seeing some softening further on the base oil front, but again we are seeing a lot of competitive actions and price related segment wise price off in the market as well.

Pritesh Cheddha: Could you give the prices? What was it in the quarter? What was it in December? What it is today? Could you give the prices what was in the quarter? What was at the end of December? And what it is today.

Manish K. Gangwal: There are various grades of base oil. There are different levels and then there are group I and group II base oil. This is very difficult to give a price of base oil in terms what was it and then if the local prices are slightly different than overseas prices so there are lot of factors in the base oil.

Pritesh Cheddha: Let us say on a base of Rs.100 what would it be today? Sir, if it was Rs.100 in Q3 what is the correction that you have seen?

Manish K. Gangwal: From Q3 levels the correction would be further around 5%.

Pritesh Cheddha: From Q3 average?

Manish K. Gangwal: Yes.

Pritesh Cheddha: From Q3 average levels.



*Gulf Oil Lubricants India Limited
February 06, 2015*

Manish K. Gangwal: Yes.

Pritesh Cheddha: Thank you Sir.

Moderator: Thank you. We have the next question from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Dixit Doshi: Most of the questions are answered. Actually I just wanted to understand that you said it is a 5% correction from the third quarter average. If you can throw some light at how much it was let us say two to three quarters back and how much it is corrected in two to three quarters?

Ravi Chawla: If we take the peak of around July, August, September, then the prices have come down by nearly 25%. We have also seen an increase in the additive prices, which most of the people are talking about base oil and crude, so we have seen additive prices go up, packaging rates, so there have been other costs and also in terms of overall operations there is definitely labour costs and other things, which do come into play but yes, base oil has come. As we explained most of the companies like us are holding inventories of finished goods, plus the pipeline is there at the distributor stock. So we also have had to release some discounts to keep pace with the few of the price decisions made by the competitors in the last four months particularly. In certain segments, we have seen increased activities so we have either tackled it by consumer goods promotions or trade schemes or in some cases new product introductions with a lower price bands. So you know that is somehow getting and it is a competitive scenario, but generally would happen is that the B2B volumes are linked to formula also. So those prices also come down for us based on certain drops in base oil. We will have a lag effect of three months.

Dixit Doshi: Are you seeing a competitive pricing pressure in B2C model?

Ravi Chawla: B2C we are seeing the pressure. As I mentioned to you we are seeing selective moves in certain segments. We did see some of the public sector people announce some special incentive in December. So wherever we need to react to retain lower volumes we are doing that. So it is a kind of a selective mode, but yes overall we are not seeing it across the board.

Dixit Doshi: Can you just give us the breakup in terms of volumes let us say B2B model, like OEM model and B2C model?

Ravi Chawla: So our channel sales is through our distributors is about 75% of our sales and 25% will be a mix of OEM factory fill and industrial and direct customers. So basically we go by the channel split. We are not telling you the split in terms of automotive industrial because generally what would happen is automotive engine oil would also get consumed in the B2B channel.

Dixit Doshi: Do you have any segment in terms of like in two-wheeler, passenger and commercial vehicle breakup?



Gulf Oil Lubricants India Limited
February 06, 2015

- Ravi Chawla:** So we have roughly if we can take these three segments then roughly about 18% of our volumes is in the motorcycle segment. What we call as the car segment, we have roughly about 4.5%. The heavy duty diesel engine oil would be about 30% to 36%. Close to 40%, this will vary basically.
- Dixit Doshi:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Priyank Chandra from Dolat Capital. Please go ahead.
- Priyank Chandra:** Thanks for this opportunity. Sir, can you share with us the volume numbers for this quarter?
- Ravi Chawla:** Volume we mentioned to you, basically the breakup we have not been segment wise is something which we have not shared but overall our growth would be about 7% to 8% in volume.
- Priyank Chandra:** But Sir, we do not have a volume number for the last year also. So I was just thinking if we can have some idea on that? Like 7% to 8% I understand but I do not have the numbers for the last year also this quarter volumes.
- Ravi Chawla:** So our total annual volume is close to 70000 KL. So you can do the math.
- Priyank Chandra:** Thanks for that. Can you just share something about the Whitmore alliance that you had done in the month of December like how it is going to benefit your customers?
- Ravi Chawla:** Whitmore is a specialized company globally. We are based in the US. They manufacture specialized greases for mining applications and other industries. So this is really where we have been trying to bid for some mining business and this product is very specialized grease, which goes into very high temperature operations and it is basically this grease, which we will use as part of our offer to these mining customers.
- Priyank Chandra:** Sir, this product portfolio Whitmore was not available with Houghton International at all?
- Ravi Chawla:** This is a completely different. Houghton is more into metal working fluids. This is a grease made for high temperature operations.
- Priyank Chandra:** Sir, in your press release you mentioned that you have select consumer offers were announced for diesel engines. Is it being there only for the diesel engine or we have to assume that there has been some price discounts, which have been given in the personal mobility segment also as of how?
- Ravi Chawla:** It is a mix of these, but when we mention diesel engine oil these offers are mainly being made for our diesel engine oils which go primarily into commercial vehicles and tractors. So this offer has



*Gulf Oil Lubricants India Limited
February 06, 2015*

been especially put in the quarter also to counter competition, so only in diesel engine oils. Some of it will continue in January also.

Priyank Chandra: Some of it will be continued in January also.

Ravi Chawla: Yes.

Priyank Chandra: Thanks a lot Sir. I will come back if I have another question.

Moderator: Thank you. The next question is from the line of Romil Jain from Quantum Advisors. Please go ahead.

Romil Jain: Thanks for taking the question. Sir, just one question, I was just trying to understand how the market is going to grow going forward? What are the various growth drivers? Let us say on the volume side and on the pricing side?

Ravi Chawla: Volume we are seeing as you said a positive thing on the car and motorcycle segment, but a lot will depend on commercial activity, mining, other such manufacturing etc., auto industry going up, because anything to do with movement of goods is going to help various segments. Definitely if the economy improves commercial activity goes up, opening up of mining will certainly be one of the drivers because a lot of the consumption and also low consumption happens in infrastructure projects in moving around a lot of the materials which are involved, right from construction equipment. Personal mobility again figures are improving. As you know the industry sales have been good. Scooters are doing very well. So scooters are on the growth area where we are going to be launching our products shortly. So a lot of the areas will be linked to the economy overall and certainly that is something they are looking forward to.

Romil Jain: Going forward do you think that your personal mobility volumes are going to increase in the total mix or what is the outlook on that side?

Ravi Chawla: Actually we have a fairly healthy mix of motorcycle oil as we explain now, but one of the segments we want to focus on is the passenger car segment. So we will obviously have plans on that but at this moment we would not like to share the details of it.

Romil Jain: Sir, just last question as we know that the industry is moving towards much better oil like more semisynthetic and synthetic oil which is leading to longer drain levels, so in the industry of the personal mobility what kind of realization growth over a longer term let us say three to four years we can expect?

Ravi Chawla: Synthetic oils basically there are mineral based lubricants and pure synthetics. Pure synthetics are what we call PAO and Astral based. We already have mineral based synthetic oils. The classification of this oil gets kindly little bit blurred. So if you look at the various studies that is



*Gulf Oil Lubricants India Limited
February 06, 2015*

only going to be like 1% of pure synthetic which will come into the country maybe three years from now. So we are already marketing synthetic grades at the higher end of the diesel engine oil and the motorcycle segments. We see that we will be increasing our synthetics in mineral based in the passenger car motor oil as we have plans to enter and grow in that segment in a bigger way. Really the realization will go up with synthetics. Definitely we can look at least at a 10% to 15% increase in realization when these grades come in.

- Romil Jain:** Sir, just last question, the total lubricant market in the domestic crude would be how much?
- Ravi Chawla:** 2.2 million metric tonnes this is oil lubricants.
- Romil Jain:** Thank you. That was helpful.
- Moderator:** Thank you. We have the next question from the line of Harsh Mehta from HDFC Securities. Please go ahead.
- Harsh Mehta:** Sir, as you mentioned that there was increase in competitive intensity and softer sales channel because they expected price cuts and you also mentioned that there was some sort of discounting and promotions that was going on the Bazaar side. Sir, how would be the average discounting that is going on and whether the discounting starts only in January or it started in the Q3 as well?
- Ravi Chawla:** It has been selective and it has started from December.
- Harsh Mehta:** Sir how much of the discounting that Gulf Oil would have taken and on an average I understand that it is very selective, but on an average would it have impacted the revenue by a percentage or so or far lesser?
- Ravi Chawla:** Some of the schemes and other things they pan out for a quarterly scheme or a bimonthly scheme. So we have had certain consumer goods schemes we have given which is CG offers so since we have been selective to look at it from the holistic point of view, it is going to be part of and going to impact the overall margin we could earn. Certainly that that figure of course we do not as of now add because it takes two to three months to compute it when the scheme ends.
- Harsh Mehta:** Sir, on the B2B side, again you mentioned that there was some pricing action because it is more or less formula based, Sir have you taken price cuts in B2B or there are promotions over there?
- Ravi Chawla:** As we told you it is formula linked. Again the formula there is different for different various businesses, but basically it takes a quarterly sort of average. So we look at the pricing and then give an increase or decrease based on that. So the lag effect of that will probably come into the January quarter in some case.



Gulf Oil Lubricants India Limited
February 06, 2015

- Harsh Mehta:** Sir, how much would that be because now the base oil prices basically have come further down? So much according to you would be it?
- Ravi Chawla:** It is difficult for me to tell you because these formulas are fixed customer wise. So it would not be fair for me to give you a percentage. Of course it will go up and down. Some of our costs also are coming down in a certain trend. So it usually normalizes that.
- Harsh Mehta:** Sir, as you mentioned that there is a correction of 25% in the base oil prices from the peak level. I agree that the full impact of it would be felt in the first quarter or beginning FY 2016 and some would be felt in the fourth quarter as well. So how much do you expect the prices of the lubricants to come down, not just for Gulf Oil, but the entire industry prices or you believe that there is enough pricing power in the top five six players to maintain the prices that we have?
- Ravi Chawla:** We will have to be factoring in the competitive price level and demand factor that will play out as I mentioned earlier. So we at this stage cannot guess what is going to happen to competition. As we speak now we are assessing what is happening in the market place. So obviously everybody has a certain strength in certain segments. So really as of now it looks like we will have to wait and see in this quarter and if the crude and base oil continues to be we see that it is also increasing now. The crude has gone up in the last four to five days as we see and also there is an exchange rate which is again I think the rupee is now at 61.8. So we will have to see these play out and of course competitive pricing levels and announcements will have to be factored. So at this stage it looks like there is obviously the private sector and the public sector. So there is a play out which will happen and we hope that it is positive for everybody.
- Ravi Chawla:** Thank you. That is all from my side.
- Moderator:** Thank you. We have a followup question from the line of Pritesh Cheddha from Emkay Global Financial Services Limited. Please go ahead.
- Pritesh Cheddha:** I missed one part. You said in the contribution from two-wheeler is 18%, CV is 35%, what did you mention the number for passenger vehicles?
- Ravi Chawla:** It is about 4.5%.
- Pritesh Cheddha:** In your product portfolio offering is passenger vehicle side where there is some gap in product offering?
- Ravi Chawla:** We are working on that.
- Pritesh Cheddha:** You are working on it. On the market share what it should be let us say the total market share is 7%.



*Gulf Oil Lubricants India Limited
February 06, 2015*

Ravi Chawla: We are basically talking about automotive bazaar. So if you bring down the whole market without white oils we are close to 5%. What we do is the whole market if we take 2.2 million metric tonnes we take out the white oils and process oils because we do not have presence in that segment. So it roughly comes to 1.6 and then if you take the pieces from the petrol pumps and all that we do not operate so you can actually then take part of it the bazaar which is without the OEM workshops etc., would be close to about...

Pritesh Cheddha: Which means you are giving us the B2C market share completely?

Ravi Chawla: Yes, the B2C when we say 7% we are talking of the 75% volume which we do in the channel market.

Pritesh Cheddha: 7% share of it.

Ravi Chawla: Yes. So that is one. So it is a subset of the total market.

Pritesh Cheddha: When you said 18%, 4% and 35% you meant 18%, 4%, and 35% of 75%?

Ravi Chawla: That is overall.

Pritesh Cheddha: 18%, 4% and 35% is overall.

Ravi Chawla: So 18% is what we said motorcycle oils. Roughly about 37% to 40%, not 35% is diesel engine oils and the balance all is industrial oils and other grades we have. If you take the Bazaar trade or what we call replacement that is about 700 to 800 MMT kind of estimate of where we talk about the 7% market share.

Pritesh Cheddha: I did not get this number now 700 to 800 MMT?

Ravi Chawla: The total market what we have estimated whereas without white oils and process oils is 1600 MMT. Then from there the market which we have is again automotive and industrial, which is roughly around 70:30 so you can split that 1600 into 70:30 then this is actually an estimation. Every player will look differently at this market. When we talk about 7% market share we talk about replacement bazaar that means outside factory fill, outside dealerships, outside petrol bunks that is roughly about 700 to 800 million metric tonnes. There we talk about our market share of about 6.9%.

Pritesh Cheddha: Out of that 2.2 million tonnes within that the 700,000 tonnes is where you are talking?

Ravi Chawla: 700 to 800 is the estimate whatever we have.

Pritesh Cheddha: Is where you are talking about a 7% market share?



Gulf Oil Lubricants India Limited
February 06, 2015

- Ravi Chawla:** That is right.
- Pritesh Cheddha:** Pure B2C.
- Ravi Chawla:** If you take our market share without the white oils and process oils it will be about nearly 5%, 4.5%.
- Pritesh Cheddha:** My second question is on whatever the pricing action has happened in the market can you quantify the extent of pricing action?
- Ravi Chawla:** As I mentioned at this stage, there are different pricing actions on B2B. There are different pricing actions on the consumer market and the bazaar market.
- Pritesh Cheddha:** I want to know the consumer market because B2B I believe that it is typically back-to-back at its index.
- Ravi Chawla:** At the moment we do not want to share the figure because as a competitive forces on various discounting which goes in the market. So it does not make sense to share because it will also impact the competitive levels.
- Pritesh Cheddha:** But is it fair to assume that considering the market a significant part of the raw material price correction would have gone away in the form of pricing action on the B2C part?
- Ravi Chawla:** There is a lag time to we have stocks we already carry stocks of 70 days as mentioned to you. So most of the impact of the cost reductions will start happening in January. So as of now whatever stocks we had yes there is some impact of that on the pricing corrections and consumer offers etc. In January really we will have to wait and see what happens to the scenario around us to see how much is getting passed on. Slightly complicated because you will appreciate that is also a scenario what is playing out in the market. We cannot just quantify it. It is also related to the various stock levels of various goods.
- Pritesh Cheddha:** Lastly the other way round, considering this market considering the growth is a little bit soft and considering the fact that there are a number of players with fragmented market share is it fair to assume that a large part of the benefit that the company would have got in form of RM will actually be passed on to the consumer?
- Ravi Chawla:** Fair share of that.
- Pritesh Cheddha:** Fair share should be passed on and a certain share would be retained?
- Ravi Chawla:** Normally in the industry that is what is what happens.



Gulf Oil Lubricants India Limited
February 06, 2015

- Pritesh Cheddha:** Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Devang Mehta from Canara Robeco Asset Management. Please go ahead.
- Devang Mehta:** Just one question on the debt, if you can highlight debt figure? Can you highlight the debt number as of December 31, 2014?
- Manish K. Gangwal:** As I have mentioned in the past concall that our net debt was at the end of September was around Rs.90 Crores which during this quarter has come down to around Rs.73 to Rs.75 Crores.
- Devang Mehta:** This is after the reduced base oil price by 25%? This debt level is basically sustainable Rs. 70 Crores to 75 Crores?
- Ravi Chawla:** The current debt level is around Rs. 75 Crores, net debt whenever I am saying debt it is a net debt.
- Devang Mehta:** What would be the forex component of the debt in this?
- Ravi Chawla:** It is largely on account in the form of forex only, foreign currency loan.
- Devang Mehta:** So this Rs. 3 Crores hit on the interest cost that you have taken of the forex is largely pertaining to that.
- Manish K. Gangwal:** I mentioned in my opening remarks that out of the finance cost for the quarter, nearly 3 Crores was on account of rupee depreciation for the quarter.
- Devang Mehta:** Thank you.
- Moderator:** Thank you. We have next question from the line of Gaurav Agarwal from ENR Advisors. Please go ahead.
- Gaurav Agarwal:** Thank you for the opportunity. My questions are answered. Thank you.
- Moderator:** Thank you. We have the next question from the line of Parin Gala from Gandhi Securities. Please go ahead.
- Parin Gala:** Can you throw some light on your capex plans and the new plant which are coming up?
- Manish K. Gangwal:** Our current expansion in Silvassa is likely to be over by March and therein we have already incurred nearly Rs.44 Crore and we have already acquired our land for the second plant wherein we have incurred close to Rs. 35 Crores on land and the next two years we will be building up



Gulf Oil Lubricants India Limited
February 06, 2015

the capacity there, which we will be starting capacity of 42000 to 50000 KL and we expect additional capex on that account to be in the range of around Rs. 100 Crores.

Parin Gala: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the floor back to Mr. Prashant Tarwadi for his closing comments. Over to you Sir!

Prashant Tarwadi: Thanks a lot for Gulf Oil Lubricants Management for devoting time for this call. Thanks a lot to all the participants for participating in the call. Now, let me request Mr. Chawla for his final closing comments. Over to you Mr. Chawla!

Ravi Chawla: Thank you Prashant. First of all thanks to all the participants for today's call. Also thanks to Prashant and his team for organizing this. Again it is another opportunity for us to share with you the results and of course try to answer your questions to the best of what we can in terms of the business. I think the listing for our business has happened since July last year. So it is also a learning process for all of us and of course as we look at Q3 it is again reaffirmed the positive trend for our growth and of course hoping that economy also responds. There are certain new areas we have done well. We also see quite a challenge in terms of the oil price in the base oil questions and the base oil pricing. I think the industry is looking at positively in terms of growth factors. The budget we look forward to and certainly we see that when base oil pricing and raw material cost to come down the industry does gain partly and of course we would also like demand conditions to improve. So both volume gains and look at the positive trend for margins in the coming quarters. Thank you so much for all your understanding and patience.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.