

“Eris Life Sciences Q2 FY19 Results Conference Call”

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LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Eris Lifesciences Q2 FY19 Results Conference Call. 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 ‘*’ and then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prakash Agarwal from Axis Capital Limited. Thank you and over to you, Mr. Agarwal.

Prakash Agarwal: Thanks and good afternoon to all. I welcome you all on behalf of Axis Capital for the 2Q FY19 Eris Lifesciences con-call represented by senior management team; Mr. Amit Bakshi – Chairman and Managing Director and Mr. Sachin Shah – CFO. Over to you, sir.

Amit Bakshi: Thanks for taking out time. Welcome to quarter 2 results for this year. I will just quickly go through the numbers broadly. So, we reported a revenue of around 265 crores and EBITDA of 101 crores with the PAT of 86 crores. As I discussed in the last call that because of the GST pipeline filling last year, there was a robust sale, therefore what we are doing for the benefit of everybody is to compare these numbers with quarter 1 also. So, roughly from quarter 1, the revenue grew by around 6%, 5.5%, 6%, 14 to 15 crores and the EBITDA also grew by around 11 to 12 crores with an additional PAT growth of around 14 crores. That is how the number looks from Q1 to Q2. The number of people remained the same as quarter 1 around 1937 and the productivity for the quarter is 4.5 lakhs per person. I will now request Prakash to open for questions.

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 Anubhav Aggarwal from Credit Suisse. Please go ahead.

Anubhav Aggarwal: Just a general question on the company. You had Strides portfolio acquisition on one side and Kinedex and Amay on the other, while you are integrating all these acquired assets, how are you ensuring that this synergies which you earlier highlighted from Kinedex and Amay are actually being realized because those assets I am really seeing not performing as per the understanding I had, they showed on the sales or the margin because all the plans of shifting products from there to Guwahati etc, I am not sure whether they are really happening, may be

because of the higher project given to Strides, this is just one example, but how are you ensuring in the overall setup that the earlier total benefits are being realized in the way and the timelines etc.?

Amit Bakshi:

It is a good question actually. I will answer this question in two parts. One is from the synergy which seems to be your question. So, the plans of integrating this with our Guwahati got delayed which was because of the Strides came in which was the larger chunk and we wanted to get that insight first. So, if you can see, one part of the answer is in numbers, Anubhav, if you see that when we took the Strides portfolio, the gross margin reported were around 64% and when you see that integrated into Eris, now our COGS for the last quarter and this quarter remains at around 16%. So, both by reshuffling the portfolio, doing away with the products and the brands which didn't really have margins as well as scope of growth and then doing our bit in the synergies has resulted in the 16% COGS. Now going forward, this needs to be integrated in Guwahati. There is a substantial headroom, which lies once we integrate this with Guwahati because you also seen that our tax rate has gone up significantly during the last year to this year. These plans of integrating it with Guwahati are on way. I presume by the second quarter of the next year most of the production would happen from Guwahati and our work has already started there. We are putting up different lines, say for example, Softgel line which we need for one of the largest brands called ReNerve. So, that is all on the way but it is still sometime to really show it that thing to happen in the book. So, second quarter of next year is the time when we see this coming back. It will give us two advantages, one is our tax rate will again go down to presumably that 7, 8, 9% and second, we would have 10% of saving at the COGS level and this will happen once this expansion plan was charted out, it was charted out for all the three companies and Aprica, Kinedex as well as Strides. So, that is work in progress. We have done with the synergies whatever we could have from a third-party point of view, now integrating into Guwahati will need some enhancement in the capacity which is currently underway.

Anubhav Aggarwal:

Just taking that question further, why it has taken so long for making changes in Guwahati, I thought this will be even comparing with the third party, this should have been easier versus making changes with third party first. We are talking almost more than a year timeframe here?

Amit Bakshi:

Anubhav, that might not happen the way you think because between the two priorities of settling down the business and then moving, the settling down of the business becomes the

first priority and this is a low-hanging fruit, which anyway could have been done. So, that was the reason and we wanted to be little sure about the numbers going forward, so that our capacities are in place. So, that is precisely the reason why it had been delayed from your point of view, but in my point of view Anubhav, I find that this is not much of delay that possibly the course of business once you settle down in terms of the sales and how the brands are behaving, then it makes sense to integrate because that is the little longer time commitment which you take when you put up new facility or extent your existing facility.

Anubhav Aggarwal:

Sir, I just have one more question and then I will join back the queue. One is on this acquisition other than Strides, basically consol minus standalone, now revenues there are down 5% in the year-on-year on the first half, if I look at first half versus first half last year, adjusted for GST may be they are flattish or thereabout but just trying to understand the changes so far we talked about was more from making changes on the facility side, cost side, COGS, etc. What has gone wrong on the sales side because otherwise for the portfolio that we acquired both were decent growing and this flattish sales does not justify that?

Amit Bakshi:

Yes, I understand but Anubhav there is another point of view also and if you remember, I made this point couple of times earlier also. Look, I will answer this from Aprica and from Kinedex point of view. From Aprica point of view, there were therapies which were conflicting, therefore, we didn't look at it as a growth driver from even that point of time and our cost of acquisition was very thin if you remember. So, that was never a growth part for us both these businesses have turn profitable. When we acquired Kinedex, they were doing minus Rs. 20 crores EBITDA if I am right. So, both these businesses have done profitable, the topline growth has not come in. For Kinedex, we had to do a lot of management in terms of the portfolio. So, within these numbers, if you feel the top brands like Rosi, those brands have done very well. It is the tail brand which we have compromised and we think that the sales from the top brands is now around the corner in terms of ramping up. So, I expect these sales to ramp up in the next two quarters.

Moderator:

Thank you. The next question is from the line of Ashish Thakker from Motilal Oswal Asset Management. Please go ahead.

Ashish Thakker:

Sir, was there a substantial impact on the numbers from FDC ban for us?

Amit Bakshi: We would had an impact of say around, in the quarter gone by because it was only September, so we would have an impact of around 2 crores, 2.5 crores roughly because there is only one month which contributed, so may be Rs. 2, Rs. 2.5 crores was the impact for FDC, but as the sales move forward, we have seen that loss which we incurred has then been recovered from the brand which were approved. So, for example we got the maximum hit from the product called Triglomisave LS. Moving forward, we had seen more of the LS sales shifting to the Triglomisave which is an approved combination. So, I think by the end of this quarter, all the loss which we had made for LS would actually come back and sit in Triglomisave which is an approved combination.

Ashish Thakker: So, there is not much to worry about from this the FDC?

Amit Bakshi: No, not at all.

Ashish Thakker: Second question is on our newer initiatives like the nutrition business. What I wanted to understand is that over the past 2 or 3 quarters, would it be eating a substantial chunk of our EBITDA?

Amit Bakshi: So, what you are saying is, have we invested heavily in these businesses and is there a reflection of that in EBITDA? Ashish, the answer is no. Look, these products, the only investment which they would require is the people investment, not anything substantially more than that, so people are already in place. It is just about launching and revamping. We had our own set of difficulties in figuring out the product line and there was some back and forth in the stability data. So, the whole plan got postponed for, say 45 days, but beyond that there is no profit.

Ashish Thakker: Sir this nutrition business food, along with you also are willing to enter the cosmetology business, so as far as upfront investments are concerned, how have you planned them and how we should look at these two businesses now?

Amit Bakshi: The way we have planned it that we think that we should be hitting the market by the end of December in the nutraceuticals because as I told you our products had got a little delayed from a stability point of view. So, we should be launching this in December. I don't expect any great impact on the existing investment from an EBITDA point of view, so that you can consider as very neutral.

- Ashish Thakker:** And on your cosmetology business?
- Amit Bakshi:** Still some time, we have still applied it to the authorities. Couple of permissions are yet to come.
- Moderator:** Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.
- Dheeresh Pathak:** Can you give the sales that Strides portfolio contributed for 1H, that will really help us just understand the base business traction?
- Amit Bakshi:** Dheeresh look, I will answer the same question in a different way. The only thing is we haven't given the number separately, so we would like to take that forward, but if you see without any change, without any new product or launch, we have moved around Rs. 15 crores on a quarterly basis in revenue. That which is Rs. 5 crores per month more or less, so this 5 crores per month you can attribute to whichever way you want and I remember in the last call, we had certain discussions about how to split this business, but whatever assumption you had made in the quarter 1, just add 5 crores line to any of them because both of the business put together, you know the EBITDA, you know the gross margins, you know the productivity, so that 15 crores you add whichever way and that will give you a picture and we have also put the number in our presentation that it talks about Q and Q. So, in that presentation, you see that the chronic sides has grown quite strongly when compared to market.
- Dheeresh Pathak:** On that slide, I think this is slide number, whatever number, it is not there, but on that slide the subchronic and acute which is like 40% of our business, why we are underperforming the market on those segments?
- Amit Bakshi:** If you want me a little technical answer, then this data is putting Kinedex sales at 10 crores base, so there is a flaw in that data. So, they are putting the base as 10 crores and you know when we took the business, it was around 50 crores and this data puts it as a 10 crores run rate and that is where it is comparing, so it is an anomaly which will be rectified. So, that is one larger reason where you see acute, we are not doing as well as in acute as we are doing in chronic, but this data is overshadowing, it is overplaying it a little more. As far as the subchronic is concerned, now subchronic is largely our brands of V&M brands, vitamin and mineral brands, there we are catching by the month. So, I think this part is catching up very

well and it is a matter of time that the second part, which is a subchronic will start showing the better growth than the market.

Dheeresh Pathak: And sir when we had discussed last, I went through the IMS data and I looked at certain of the category molecules over a two-year period between Q1 FY17 to Q1 FY19 and what I found was in certain of our molecules likes Telmisartan where the brand is Eritel and Rabeprazole where the brand is Rabonik which are large part, which are quite significant of Eris, there we are underperforming the market growth rate by a reasonable distance. If that is the correct understanding, then can you give reasons as to why we are underperforming?

Amit Bakshi: So, internal data more or less support what you say, not as much as in Eritel, as much as in Rabonik, so Rabeprazole is the market where we had slipped and even internally, we have slipped for almost Rs. 1 crore and that is the reason that the acute part is showing a certain dissonance and we are correcting that part, but that acute slip which you are pointing out is real. The Eritel slip is not real, the internal data doesn't show something which is significant.

Dheeresh Pathak: And then just coming back again to that number that I was asking in my first question, so when we look at the standalone numbers, the published numbers, you can see that between 1H to 1H, there is about 100 crores of extra revenue from 360 crores to 459 or call it 460 crores, right, 100 crores of extra revenue and in the 1H of last year, there was no Strides, 100 crores of extra revenue is coming a) from Strides and b) from growth in our business except Strides, right and Strides was supposed to be anywhere between 160 to 180 crores of revenue on an annual basis. So, on a half yearly basis, it should have been anywhere between 80 to 90 crores of revenue. So, if Strides is not underperforming, then the base business extra Strides is giving just 10 crores of extra growth in the revenue?

Amit Bakshi: Dheeresh, you are right in your way, but the period which you are comparing is not the right period because second quarter was abnormally high for us and so if you look at the third quarter then, after the second quarter where there was a small part of Strides only for December, you see the third quarter numbers would be around 214 or roughly 215 crores, 207 crores, so quarter 2 last year was a very high quarter, it also had an Rs. 18 crores of other income which were shown as a top number.

Dheeresh Pathak: That we are not including sir, we are only looking at, we are doing excluding other operating income.

Amit Bakshi: Okay, good. So, it is only that the second quarter last year, there was a high dissonance there in terms of number. If you correct the second quarter to second, third and fourth quarter, then you will understand that on this 265 which we are talking right now or 261 on the progress, then you will feel that where that delta is going.

Dheeresh Pathak: And what is the reason for this decline in other operating income?

Sachin Shah: Yes, the operating income had 3 components last time which was one was the refund of GST which was standard this year and last year same. The other two parts which are not there in this quarter or the transition pay that we got when we move to that era which was the part of the stock. The excise being a part of stock, we had to reverse and the other was the value added because we were getting around 80, 88% of substantial value addition refund from the excise, under the excise regime. So, whatever orders we received to further excise, we had other operating income which is not there this time.

Moderator: Thank you. The next question is a follow up from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

Anubhav Aggarwal: Amit, on the core portfolio that we have ex of all the acquisitions, can you just talk about how are cardiac and diabetes portfolio growing and I am not asking quarter one to quarter two number, I am just asking first half to first half, how our cardiac and diabetes portfolio growing?

Amit Bakshi: So, I will take you to the IMS data, AICD data. The way the AICD reports is that the portfolio of Eris has grown by 10.6% in the month of September and the chronic has grown by 15% and September data I am having. It is there on my phone, so I am just reading out there which says that Eris Life Sciences, Eris which contributes 81 crores out of 104 crores is growing by 11% and if I cull out chronic out of this which is growing by 15%.

Anubhav Aggarwal: I was more interested in the split between how within this, now simplified question, do you think the trend which AICD is representing with your internal estimates, broadly they are in line?

- Amit Bakshi:** Yes.
- Anubhav Aggarwal:** Broadly they are in line?
- Amit Bakshi:** Yes, broadly they are in line Anubhav. Look, I will just try to simplify once again. If you look at the trends which are reflecting, look the reflection of Strides in the AICD data is around 19 crores on a monthly run rate and in that data, they are showing us, we are -1, 2% to +2% that is the range, but there the base is around 19 crores. In the Kinedex part, they have taken a base of 10 crores which is an anomaly which will get corrected. So, that blended growth which you are seeing at the top is coming from 2 parts, one is that Kinedex is showing some 45, 53% of degrowth because of the base of being having 10 crores monthly. The chronic part of which the total contribution is more than 60%, it is growing by 15%, so that is the breakup.
- Anubhav Aggarwal:** Just one data point. How many reps are promoting Strides acquired portfolio?
- Amit Bakshi:** If that was so simple Anubhav, then we would have given you the number. So, the Strides portfolio is sitting within the organization. The only team which we created for Strides outside the existing organization was the C&S team.
- Anubhav Aggarwal:** When you took this asset and after a quarter, you give out numbers that is approximately about 400 to 450 reps, see you took around 200 reps, but then you added another 250 reps, may be you took 250 and you added 200, so I remember the number around 450 reps with the expansion other than the two divisions that you had for C&S. So, is that broadly number still there?
- Amit Bakshi:** We had 1679 people last year and now we have 1937 people, so that means the total gross addition is around 258 people. That is all put together. So, in this 258, we had around 200 people, 215 people in the C&S where we culled out 3.5 crores portfolio on a monthly basis from Strides, and rest everything was put on our existing teams itself. So, the total addition of number had been 258 precisely.
- Anubhav Aggarwal:** So, it is not a 400 plus number?
- Amit Bakshi:** No, it is not 400 plus. 1679 goes to 1937.

Anubhav Aggarwal: I was thinking at a higher number. What do you say that? Just a directional question I am asking, I know it is difficult for you because Strides is now amalgamatory or let us say merge into company, but directionally you have about 15% margin which you are reporting for your Kinedex or I mean those kind of subsidiaries, very roughly would the Strides margin will be higher than this or lower than this?

Amit Bakshi: No. Strides margin cannot be compared with Kinedex margin. You look at after putting this together, we are reporting 38, 39% EBITDA, so Strides margins are comparable to the Eris margins.

Anubhav Aggarwal: So, you are saying they are much higher, significantly but that is the way to answer it. And just another way roughly, I know you are not giving the Strides number, but would you say the Strides annualized sales today, very roughly are the sub-hundred crores or more hundred crores?

Amit Bakshi: Annualized.

Anubhav Aggarwal: Amit, you are not understanding the problem that we are facing here. If you are not giving the number at all and it has been 1 year, almost 9 months of acquisition and it is impossible to analyse your company without getting that number.

Amit Bakshi: Okay, I can help you doing that whatever way I can. Last quarter I remember you said that in your view 18 has come down to 9. If the Eris growth is adjusted to whatever level you thought about the Strides number, if it was 15, it would have come to 8. That is what you said if I remember correctly. You gave it a 50% kind of?

Anubhav Aggarwal: I remember a number, let us say, what I have been on the back on my envelope I have been working and that says, per quarter Strides of roughly about 15 to 20 crores. That is the number I have in memory right now.

Amit Bakshi: So, you imagine that in this quarter we have added 15 crores from the last quarter. You are getting my point?

Anubhav Aggarwal: First I am trying to understand sir is that the right base itself I am working as well, so I understand if on a 15, 20 crores, I can add out of the 15 crores, may be let us say 10 crores

came from Strides, so that number goes to 25, 30 crores. That is what exactly I was trying to understand. Are we above 100 crores or below 100 crores?

Amit Bakshi: We are much, I don't know why are you not trusting the AIOCD number. See AIOCD is saying that at 18 crores the monthly, Strides is degrowing by 2% or 3% and then you minus all the other numbers, it is a very fair indication Anubhav. If you look at the data whether it is IMS or AIOCD, if it says that on the monthly run rate, 18 crores has become 17.6 crores, then it is a very fair number for you to estimate.

Anubhav Aggarwal: So, what happened in Strides is that, if I take the, let us say, adjusted for all the AIOCD discounts, even if Strides is doing 13, 14 crores a quarter, then our base business growth is very low. That is what Dheeresh was mentioning earlier.

Amit Bakshi: Yeah, so base business growth has been suffering because the whole industry has been suffering. If you look at the two H1s, the growth was when we talked about last year, Q1 FY16, Q1 FY17 and Q1 FY18, so last year as a whole, though base business was a slow business and that was true for across the industry and I have been telling you, Anubhav that look as soon as the growth has started coming back, we have started beating the market. It is only over a period of time, you will see that our growth rate to market is significantly more but when the industry suffers because we are a challenger, we will have a tendency to suffer more because most of our business will come from the consolidation of the industry. So, last year, for the base business for the industry has also been bad and for us also has been bad. If you are thinking that we have nothing to do with the market growth, then you need to rethink that part. As a contender, we need a higher growth of the market to beat that growth. In case if the growth of the market would become low, the chances are that we will slip higher.

Anubhav Aggarwal: Are we basically saying that Strides right now is more than 100 crores annualized?

Amit Bakshi: Yes, absolutely.

Moderator: Thank you. The next question is from the line of Ashish Thakker from Motilal Oswal Asset Management. Please go ahead.

Ashish Thakker: Sir, assuming that everything falls in place like this is that you are working towards integrating Strides and everything, is there still a scope for gross margin improvement from current levels, is there still a scope?

Amit Bakshi: In the second quarter next year. Once the production shifts into Guwahati, that is the time when we will get one more blip. Otherwise, still that point of time, I see no scope.

Ashish Thakker: So, if I see the cost base which was in Q1 and Q2, the cost base has increased, would this be like one time kind of investments and going ahead.

Amit Bakshi: Cost base means?

Ashish Thakker: In the sense that people cost and other expenses like, last year, the other expenses by everything at around 60 crores, last year per quarter 60 crores per quarter and now they are up to 75 crores per quarter in the first half. So, you feel these expenses will remain at these levels or there is a scope for these expenses coming off because you might not need higher investments going ahead?

Amit Bakshi: No Ashish, look this is the function of the number of people also. If you see we have added from 1679 to 1937 people, so 260 people on the base of 16 is around 17, 18%. That is the number of new people who have been added. So, the 17, 18, 20% additional expenditure will always happen, so more on this you should consider it to be steady state, it is only when there is a downtime, say the fourth quarter where the distribution gets little stifled up, you will see that coming down, but for all practical purpose, this is a very steady state kind of number.

Ashish Thakker: And one last question from my side, is it possible that we could end up showing like better EBITDA margins from Strides portfolio as compared to what we are doing currently?

Amit Bakshi: Yes, so look, Rs. 15 crores of additional sales has given Rs. 11 crores of additional EBITDA. Now typically that is what happens when you are at YPM of 4.5 lakhs and once the sales come up from here, every rupee which will be added, lot of that will come down because between Q1 and Q2, there is no moving part. Everything is same and you see a Rs. 15 crores sale going up. It is I think into Rs. 11 crores of an EBITDA jump with Rs. 2 crores of an HR minus, so almost 9 crores, 10 crores of EBITDA jump coming from there. So, this is the way the business is because the base productivity is 4.5 lakhs which is quite significant, so suppose if I

add 15 more crores in the next quarter, you will see the same thing repeating in the next quarter also.

Ashish Thakker: So, there will be a sequential improvement from here on.

Amit Bakshi: Yes, that's what we aim for.

Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Sir, just trying to understand the cash flow generation during the quarter, I see you put a presentation slide that you turned net cash positive, so a) what is the cash flow generation for the quarter and secondly what are the plans, I mean you mentioned last time the focus is on integration, but at the same time, are we still looking for more assets even you said that there is disruption in the last couple of quarters or years and may be some assets might be attractive?

Amit Bakshi: So, Prakash look, this is an easier answer. Sachin will talk about the cash flows, but yes we have prepaid some more loans which we said that we would be prepaying. So, look, we will have to keep on looking at opportunities which we will keep on looking in the present time, but you know these are far and few to come, but whenever we find something to our mind is good for the organization, we will go ahead and try to get that. So, that principle doesn't change and see how the sales ramps up to the profitability also. I am repeating, you know, Rs. 15 crores of sales addition that is because we are sitting on, matrices are quite robust, so it makes a lot of sense for us. You know we are cash generating company, so the cash has been generated on a daily basis, so we must employ that cash where we can get the maximum return, so that is the overarching philosophy. Sachin will answer you about the numbers.

Sachin Shah: Prakash, the treasury that we have gone up to positive 60 crores net treasury and net debt, from 9 crores this 31st March. So, this is the increase and we also had prepaid around 50 crores by 30th September and 25 crores more after 30th September. 75 crores are what we have prepaid the loan part, so exactly the net loan as of today stand at 250 crores only.

Prakash Agarwal: 250 crores?

Sachin Shah: Yeah because we pay 25 crores on 30 September.

Prakash Agarwal: And some colour on the growth outlook and also on the cost side, so as per last call you mentioned that you have done some front-ending of cost and clearly Q2 the cost has come down and we can see the sequential improvement in margins. So, how do you think the second half is going to play out, just rough colour would help?

Amit Bakshi: Because there had been disruptions in my mind, a good growth company for this year should show quarter-on-quarter growth and that is what we are trying to do because if you grow quarter-on-quarter by 5%, then you are preparing for good next year. So, we strive to continuously improve upon our numbers even in the next quarter. The fourth quarter will have a little bit of March overhang. So, we would like to better ourselves in the next quarter and then March, we might suffer something here and there and that's what the overall colour is, but quarter 2 you can consider, after so many quarters, the most stable quarter from all perspective. The costs are going to be sitting right now, in the same way I don't expect any cost escalation or de-escalation both from the fixed as well as the nonfixed part and there are 400, 500 people still who are there, the productivity is very low. They are ramping up the productivity. As soon as these things would start doing, then we are good to do.

Moderator: Thank you. The next question is a follow up from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

Anubhav Aggarwal: This time, just a question on the balance sheet, so the first half receivables are up significantly, almost 50 crores, our receivable days are also up. Can you just help there?

Amit Bakshi: Basically, when we compare to the March debtors, there is approximately 30, 35% increase of sales from March to September, so that reflects on debtors also. Major part is coming from there and some part is coming from extended credit days given to some of the debtors.

Anubhav Aggarwal: You are right, but days of sales as you said except credit, but 28 days has gone to 48 days, so the difference is largely extra credit?

Amit Bakshi: 29 days has gone to 40 debtor days.

Anubhav Aggarwal: And that is extra credit. Is that very normal?

Amit Bakshi: Normal and also compared to March, this September will be 30, 35% of increased sale of September with this March, so that reflects on debtors also.

Anubhav Aggarwal: Is there some seasonality here, like typically during the second half, the receivable days increase or?

Amit Bakshi: There is no seasonality in the business, but March is the most of destocking and all, so you will see lesser sales also and lesser debtors also. That was as on that date, so that's why it reflects on the lower side. Historically, it has been like this.

Anubhav Aggarwal: So, it is just extended period here to stay or this was just a temporary that you have to just give it?

Amit Bakshi: The extended part is not very significant, it is the comparison between March and September where the sales itself is around 35%-40% lesser, so that reflects on the debtor days also.

Anubhav Aggarwal: No, I was asking that receivable days that we have now, earlier 29, now 40. Is 40 the new norm or it was reverted to 29, 30?

Amit Bakshi: It should revert there and in the 31st March, it will come back to the same.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for your closing comments. Over to you sir.

Amit Bakshi: Thank you. Thanks for your time and it was pleasure talking to you and we will talk to you the next time. Thank you so much. Wish you all of you and your family members, your loved ones a very happy Diwali.

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