"Panama Petrochem Limited Q2 FY22 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY22 Earnings Conference Call of Panama Petrochem Limited. This conference call may contain forward-looking statements about the Company which are based on the belief, opinions and expectations of the Company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode and anyone who wishes to ask a question may enter * and 1 on your touchtone phone. To remove yourself from the queue, please enter * and 2. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mahesh Narvekar - Vice President, Corporate Relations. Thank you and over to you, Mr. Narvekar.

Mahesh Narvekar: Good evening, everyone. Welcome to Panama Petrochem Limited Earnings Conference Call for Q2 and half year ended September 30th 2021. I would like to begin by expressing my gratitude to all of you by taking your time to join us. On this call, with me today, we have Mr. Hussein Rayani - Joint Managing Director of Panama Petrochem Limited and Mr. Pramod Maheshwari - Chief Financial Officer, Panama Petrochem Limited. Since this is our maiden earnings call, before we get into the business and financial performance of the half year, may I request Mr. Hussein Rayani - Joint Managing Director to share brief insight into our Company. Over to you, sir.

Hussein Rayani: Thank you everybody and I welcome you all on this call. Panama Petrochem, to give you a brief about our Company, let me start with little bit of a background about our Company. The Panama Petrochem was established in 1982. We are a petroleum based specialty oil producer, headquartered in Mumbai. The Company has an installed capacity of 240,000 metric tons per annum spread over 5 facilities including the manufacturing subsidiary in UAE. The domestic facilities are at Ankleshwar, Dahej, Taloja and Daman, employing over 250 employees with over three generations of hands on experience of promoters. The Company offers various petroleum specialty products under the brand, Panol. These products are vital for industries like inks and resins, textiles, rubber, pharmaceuticals, cosmetics, drilling fluids, power industry and other miscellaneous industry.

The Company has a very strong research and development center at our Ankleshwar unit which is a DSIR approved laboratory and R&D center and there is a conscious effort by the management to increase the contribution of value added products. These products are critical in various industrial segments, like to give you a brief of the various segments and our different products, we make rubber processed oils. These oils are widely used in the manufacturing of rubber products, both natural as well as synthetic rubber. The main product, I would say would be the manufacture of automotive tyres where these oils are used. The R&D has introduced a couple of new products in these segments which are environmental friendly. The Company is among the top in providing customized solutions in this segment and the sales from this segment contributes about 21% of the revenue.

Then we manufacture products for the textile industry. These oils such as the Antistatic Coning Oil and Knitting Oils are used for the texturizing of the yarns. These are highly effective in improving the antistatic properties as well as reducing the friction of machine parts. There are few players in these segments and the Company enjoys premium pricing in this segment. It constitutes around 19% of revenue. The ink and coating oils marketed under the brand name Panol, it provides a wide range of products for heatset, coldset, offset and lead based inks of various of petroleum distillates with controlled aromatics and boiling ranges. The Company has prominent position in this segment and it constitutes around 20% of revenues.

Cosmetics and pharmaceutical mineral oils and jellies, these are used as blending base for pharmaceutical and cosmetic products such as creams, lotions, hair oils, petroleum jellies, ointments, laxatives, etc. It also finds applications in many other industrial segments such as the polystyrene manufacturing, food packaging industry, protective coatings for fruits and vegetables, fruit preservatives, veterinary preparations etc. The petroleum jellies are used as a base for ointments, personal care, veterinary and other pharmaceutical and cosmetic applications. The product offered complies to national and international standards and pharmacopoeias such as the IT, BP, USP and EP.

The other product that we manufacture is the Transformer oil. These are ultra low sulphur and wax free naphthenic based and paraffinic based oils with excellent cooling characteristics, high solvency and low coercivity. These oils are used in the electrical transformers and because of its very high heat dissipation, it cools down the transformer and at the same time provides lubrication to the different moving parts in the transformer.

Then we make oils for industrial uses, industrial lubricants as well as automotive lubricants under the brand name Panol. We have introduced new set of products for the drilling industry such as the drilling oil. These fluids are used for very specific drilling applications for oil based muds. These are customized products, developed and approved by oil major such as ONGC and other international drilling service providers and the product meets the stringent requirements of OSPAR and LC50 standards. These are ecofriendly products with zero aromatic contents.

I have mentioned in the start, there is a conscious effort of the management to change the mix of products more in favor of value added products. A lot of our products are used as import substitutes, we cater a lot of multinational companies in India and the current government initiatives of Make in India, we provide a lot of import substitutes to these customers which not only are comparable in price and quality, but also we provide our customers with just in time delivery which has further helped us to increase our share of the value added products.

The Company exports to around 70 countries worldwide and the export constitutes around 45% of the revenue. The UAE subsidiary provides a good base to cater to the export potential of the gulf regions. The Company plans to increase exports to more than 50% in the future. The Company also plans to expand capacity by an additional 100,000 metric tons per annum over the next 3-year period. We have an excellent R&D facility at the Ankleshwar plant which introduces new products which are environmental friendly. New products are being introduced in the ink and coating, rubber, paint and the drilling and industry segments.

To sum up, we are a specialty oil producer with leading preferred solution providers in few of industry segments like textiles, rubber, drilling and inks. Our R&D team has introduced products which are clean and environmental friendly especially in the rubber process segment. Our goal is to be customized solution providers to varied industrial segments and increase the contribution from the value added products to 90% to 95% in future. This is about the Company's vision. Now, I hand over to Mr. Mahesh who will brief us about the latest financial performances. Thanks.

Mahesh Narvekar: Thank you sir. Now, coming to financial performance, the financial highlights for Q2 ending September 30, 2021, revenue from operations stood at Rs. 564 crores in Q2 of current financial year as against 326 crores in the Q2 of the previous year. EBITDA for the quarter was 83 crores against 28 crores in Q2 for FY2021. Q2 profit, net profit stood at 62 crores as against profit of 18 crores in Q2 during the previous year.

Financial highlights of half year ending 30th September 2021 is as follows. Revenue from operations stood at 1117 crores in first half of current financial year as against 486 crores in the previous year during the same period. EBITDA of the first half was 161 crores as against 38 crores in the first half of the previous year. First half profit after tax stood at 120 crores as against 22 crores in the first half of the previous year. The Company has also paid interim dividend at the rate of 100% that is Rs. 2 per share. This is all from my side. We can now open the floor for Q&A. Thank you.

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 Shankar Parekh, an Individual Investor. Please go ahead.

Shankar Parekh: I am an individual investor. My name is Shankar Parekh and I am from Delhi. Sir, I have two questions, my first question is, sir can you brief us on capacity expansion program and its source of finance and my second question is, would you please give guidance on operating margin in coming year's quarter?

Hussein Rayani: To answer to your first part, our capacity as on 2021-22 is 260,000 metric tons compared to 240,000 tons which was in the previous year, so we will have an addition of 20,000 tons in this year. Going forward, it the next 3 years, we have a plant expansion of another 90,000 tons to take the total capacity to 350,000 tons and the CAPEX for this plant expansion is about 100 crores which will be all through internal accruals. For the second question, regarding the guidance on the operating margins, we anticipate the EBITDA margins to be sustainable between 12% and 14% in the coming years.

Moderator: Mr. Merchant, may we request you to please unmute your microphone and go ahead with your question.

Zulfikar Merchant: This is Zulfikar Merchant here. I am an Individual Shareholder. I would like to ask two questions, it is regarding that what is the contribution from the export sales and does the Company enjoy pricing power in exports? And second question is, can you brief something about the operation of the subsidiary Company?

Hussein Rayani: The export contributes about 45% of the total sales and we are exporting currently in more than 70 countries world over. Regarding the subsidiary, the Panol industry, the subsidiary has commenced production in the year 2013. It has an installed capacity of 40,000 tons. Currently, we are working on 100% capacity utilization. For the Q2 to the 2021-22, the revenues from the subsidiary was about 139 crores compared to 125 crores in the preceding quarter and the PAT is about 12.8 crores compared to 11.9 crores in the preceding quarter. So this is, we are having very strong prospects from the subsidiary Company. This plant in UAE is situated in the Ras Al Khaimah Free Zone. We have dedicated pipelines running from our exclusive jetty into the plant and we can handle bulk liquid and waxes from this facility, so going forward we have a high prospect from this facility.

Moderator: Thank you. We will take our next question from the line of Akshay Shah, an Individual Investor. Please go ahead.

Akshay Shah: I have also two sets of questions, my first question is, it has been observed that our margin had been increased, so can you please explain that the migration from 6% to 7% to approx 13% margin currently and is it sustainable in future? One more question, I would like to know what will be the sales guidance for 2023 and 24 in view of 100% capacity utilization currently?

Hussein Rayani: We have seen an increased demand from our customers. We are in the domestic market, we are catering to a lot of multinationals and most of these companies have increased their production base in India and there is a very strong demand forecast from these customers. This is the main reason for the increase both in sales and profits. Most of these products are all value added products and import substitutes which these multinationals would otherwise import. So we provide them an import substitute at comparable quality and price. So this is the main reason. Also, I gave in my opening background there is a conscious effort from the management to change the product mix more towards value added and specialty products. The specialty segment now contributes about 65% of our total production and we have plans to further increase that in the coming years to 90%, so we feel there is a strong demand going forecast for our products going forward and with the increase in the value added product contribution, the operating margins are sustainable and are anticipated to be between 12% and 14%. In regards to your second question, we are continuously adding capacity on all our existing facility, this year we have increased about 15%, we have added capacity and going forward, we would be adding total about 40% more capacity addition on our existing facility, so we anticipate the growth in revenue to be between 15% and 20% in the coming years.

Moderator: Thank you. We will take our next question from the line of Ramesh Damani from Ramesh Damani Finance. Please go ahead.

Ramesh Damani: Hussein, I have been following your Company for few years now and my first question is that, it feels like you are operating at a different orbit now from over 50-60 crores profit, more like you can do about 200-250 crores a year, am I right in that assumption or just a pandemic released push that you are getting? My first question is that, secondly, just status of some higher value products, could you throw some light, you used to talk about something for the oil industry, something for the printing industry, can you throw some light on the high value products that you have?

Hussein Rayani: Thank you Mr. Damani and we really appreciate your guidance to us all these years. As you know, we have the management is more focused on value added products and we have been substantially increasing the product mix more towards the value added products. Also, we had seen that there is a steady transition from our existing customers and they have been demanding more of these value added products because there are environmental regulations being enforced currently and even the customers are very much well aware of what they are buying, so this is an awareness, there are regulations and we have been working very closely with our customers of these changing regulations. Our R&D team which is working in the R&D center at Ankleshwar unit is in continuous backend work to introduce these new products. A lot of these products otherwise are imported as I mentioned earlier which we supply to our customers, these are very specific dealer made products and we will be launching new products for new applications going forward. So there is conscious efforts, conscious management decisions to be more focused on the specialized products compared to our conventional products which are a little low margin products. So I would say the fantastic performance is not only due to the pandemic, but it is sustainable, we have a plan, we have set up products which are approved by our customers which we would be introducing going forward, so we are quite optimistic with our performance in the last couple of years and we will be quite focused to take and keep this run rate going forward.

Moderator: Thank you. Our next question is from the line of Dinesh, an Individual Investor. Please go ahead.

Dinesh: My name is Dinesh, I am from Chennai, I am an Individual Investor. I have had two questions, first one is, what is the effect of crude price on Company's sales and second one, what is the Company's policy on FX rate or FX cover?

Hussein Rayani: To the first part of your question, we are definitely dependent on the price of the crude oil, however, if the oil prices are within range, it does not have any major impact on the business because we have a pass-on price mechanism with our customers. Every month we have a price negotiation. If there are any changes, it is passed on to the customers. Also, our raw material which is the base oil is not directly and so spontaneously correlated with the oil price, we have 4 to 6 weeks of time lag, so if there are any changes in the oil prices, we can pass on to our customers, but yes, if there are very sharp fluctuations in the oil prices, it does have a positive or a negative impact on the business. Regarding the Forex, we are exporting about, 45% of our sales is from exports and this provides us natural hedge towards Forex and the balance of the open position, major part of it is forward contracts. So more or less we are quite covered on the Forex.

Moderator: Thank you. Our next question is from the line of Utsav from UVL Financial. Please go ahead.

Utsav: I have been tracking here for _**24.36**__ quarter-on-quarter results we talked about the revenue, during somewhere around 250 crores to 270 crores, __**24.47**___ or the current quarter, ____ 550 crores ____ is this due to the capacity having added or just we are operating 100% of the _**24.55**___ right now?

Hussein Rayani: Currently, we are working on more than 100%, this is due to the increased demand from most of our customers in the various segments that we are currently present. So we are seeing very positive demand forecast from these customers going forward and we are working on more than 100% right now, capacity.

Utsav: And is it sustainable or coming years down the line?

Hussein Rayani: Yes, we feel it sustainable and we see a lot of demand for especially as value added products as I explained in my earlier answer these products are otherwise imported and we have a very strong relations with our customers. We introduce a lot of new products for them. Of course, the opening up of the economy post the pandemic, there has been more increased demand, but we see that the forecast remains strong throughout the year and going forward and that is the reason we would be having 40% additional capacity in the next 3 years.

Utsav: The 40% that you are mentioning the capacity addition, right, when can we expect it start contributing to the revenue?

Hussein Rayani: It is phase wise, so each year we will be adding about 30,000 tons every year, which we will realize by the second half.

Utsav: You will be adding around 1 lakhs tons as you mentioned this year as you said?

Hussein Rayani: Yes, so we anticipate by the year 2024-25, the capacity will be increased to 350,000 tons.

Utsav: Any capacity addition, approx that you will be adding this year?

Hussein Rayani: Yes, this year we have added 20,000 tons. In the year 22-23, we have a plan to add another 30,000 tons. This year, we have added 20,000 compared to last year.

Utsav: 25 this year, 25 next year, right?

Hussein Rayani: Yes, this year we have 240,000 tons as on March 2021. In this year, we have added 20,000 tons, so as on March 2022, this will be about 260,000 tons and in the following year there will be another 30,000 tons plans to add capacity.

Utsav: And is there any track at what stage can we are right now or will it be commencing like in another 2 months or 3 months down the line, the capacity addition?

Hussein Rayani: Yes, the commercialization of the additional capacity would be from the second quarter of each year.

Utsav: Second quarter of each year, so like from September onwards, you can see that FY23, you will be approximately somewhere around 2,80,000 tons?

Hussein Rayani: Correct, that would be about 2,80,000 tons.

Utsav: And you have also mentioned in the volume growth also, right, what volume growth can we see at FY23? What volume growth will we expect?

Hussein Rayani: So we anticipate about 15% to 20% growth in volumes and revenues.

Utsav: 15 to 20%?

Hussein Rayani: 15 to 20%, yes.

Utsav: In the Q1 investor presentation that is released you have mentioned that you are increasing the proposed capacity addition to the you mentioned 50%?

Hussein Rayani: Yes.

Utsav: Currently, you are 40,000, you kindly take it to around 50,000 down the line?

Hussein Rayani: Yes, so next year, we have a plan to add 10,000 tons in our UAE subsidiary plant.

Utsav: Currently, you have 10,000 tons right?

Hussein Rayani: In the next year.

Utsav: FY23?

Hussein Rayani: FY23.

Utsav: So approximately 20,000 to 25,000 will be adding the Indian capacity and 10,000 to the UAE one?

Hussein Rayani: Yes.

Utsav: The clients that you are working with who are dealing with, we can see the increased demand coming in, what kind of clients are these like, can you name these clients?

Hussein Rayani: These are all multinationals. It would not be very, to name the client, but most of the clients are all MNCs in the different sectors and segments we are present.

Utsav: And does the coal pricing play a very important role in as you see the coal prices are increasing rapidly, but that did not affect your margins anyhow in the past 3 months or 6 months, so how does that play in?

Hussein Rayani: So we have a pass-on pricing mechanism, so any changes in the raw material price due to the oil price is passed on to the customers, so as long as range bound movements of the oil prices it does not have a major impact. Any very sharp fluctuations of course would have an impact on the business.

Utsav: That passed on immediately or like you said like one month or two months?

Hussein Rayani: Our raw materials usually have 4 to 6 weeks of time lag with the oil price, so we have enough time to pass on any of these changes to the customer.

Moderator: Thank you. Our next question is from the line of Kalpesh Parekh from JSN Advisory. Please go ahead.

Kalpesh Parekh: Basically, sir, couple of questions, one on this value added production contribution what we were talking, basically in this quarter, this contribution would be what, 60% to 65% type of levels or more than that has gone up?

Hussein Rayani: It is about 65% in this quarter from the specialty and value added product.

Kalpesh Parekh: And sir, in this quarter did we get any price hike? Is that price hike included in any of our topline in this quarter?

Hussein Rayani: As I told that we are having a pass-on pricing with our customers, so there has been some upward pricing on our raw materials which likewise has been we pass on to our customer.

Kalpesh Parekh: So but this is there in this quarter's numbers, it is there?

Hussein Rayani: Yes, because the oil prices increased in this quarter, so there was an increase in our raw material price also due to that and we have been able to pass on that to our customers.

Kalpesh Parekh: Sir, on margin's front what we are, probably we in this quarter were at something like 14.7-14.75 type of levels, which is higher than 14.1 somewhere in last quarter type of number, but still the guidance is in the band of 12 to 14 only, so are we conservative or probably we are factoring some amount of uncertainty as well?

Hussein Rayani: We are very conservative in our guidance, but this quarter we had an EBITDA of 14.73% compared to the previous quarter was about 14.07% and this is entirely due to the continuous change in mix of our value added products.

Kalpesh Parekh: So is this safer to presume something like 14% type of margins we should be able to sustain?

Hussein Rayani: Yes, absolutely.

Kalpesh Parekh: Given the current backdrop of strong demand scenario and probably we are also willing on cut to cut capacity type of levels?

Hussein Rayani: Yes.

Kalpesh Parekh: So sir, we are adding only 30,000 in next 2 years age, right, 30-30-30 type of levels?

Hussein Rayani: Correct, that is right.

Kalpesh Parekh: So by 25, we should be something like 350-360?

Hussein Rayani: 350,000, correct.

Kalpesh Parekh: And at that level probably our turnover can be something like 3000 crores type of numbers, should we presume?

Hussein Rayani: As I told you, we anticipate 15% to 20% year-on-year growth on the revenues.

Kalpesh Parekh: I think you are moving on great direction and probably in a right direction, so wish you all the best and let us hope we continue at the same momentum.

Hussein Rayani: Thanks for your wishes.

Moderator: Thank you. Our next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: Sir, first one specific question like FY20, our margin was around 5% which has now come to 14%, so any specific reason for that because prior to that it was very stable, so any specific reason that only last year, we have started adding specialty product or something else? This is number one and sir, more on a broader sense since I am new to this Company, if you explain like how we charge to our customers, like is it per kg basis some conversion cost the way we charge it or what is the mechanism of value addition that we do and pass, like charge to our customer, like if it is like oil, then how much do we add to that and then what is the pricing formula on that, so this is my first question basically?

Hussein Rayani: Regarding the EBITDA margins, if you will see historically if you have been tracking the Company we have had an EBITDA margin of between 8% and 9%. The reason was we have a higher share of the conventional oils in our products which are a little low value margin products between 6 and 8% and the specialty oils which bear about 10 to 12%, so we normally had an EBITDA margin between 8 and 9%, but that ratio of the conventional oils was more than 50% in the last few years, of course it is not an overnight change, we are working to get that product mix more on specialty because it also takes a lot of time to get approvals from the customers to get all the regulatory clearances, so we have been slowly and steadily increasing this contribution from these value added products which now stands more about 65%, so due to this change in the product mix, we are seeing reduction on the EBITDA margin which is now about 14% and going forward we have plans to further improve the mix more in favor of the specialty oils. A lot of new products we are on the stage of introducing to our customers which would be all in the specialty space. Regarding your second question, as I said we have about 12 to 14 or 14 to 15% of EBITDA margin we plan for specialty products and about 6 to 8% for the conventional oil, so this is the way we normally price our products based on about the EBITDA margin for specialty between about 14 to 15% and 6 to 8% for the conventional oils.

Subrata Sarkar: Sir, just one data point if you can provide like FY23, our turnover is around 1000 crores and now if you see last 12 months turnover, it is around 2000 crores, so sir, out of this 100% increase in revenue, if you can help us to understand how much is because of price change and how much is because of volume change, like if you can give us the figure like what was the volume at that point FY20 and now like last 12 months, how much volume we have done?

Hussein Rayani: So just to give you idea on the volumes, in the last year we ended with, for the 6 months of last year, the volumes was about 97,168 metric tons and compared to the 6 months in the current year, we have done a volume of about 132,761 metric tons, so there is around 35% increase in the quantity in the volumes, so it is not only because of the increase in price, but also the volumes and the quantities had increased.

Subrata Sarkar: So sir, after 40% increase in volume and 60% because of change in prices, is it fair assumption, sir?

Hussein Rayani: So the quantity increased about 40% if you compare the 6 months of this year compared to 6 months of last year and the change in product mix.

Subrata Sarkar: Now sir, just one question on the capital allocation like we do not have much of a date sir, now we are making very good profit, so like our cash flow is also quite decent now, so like what is our plan on that regard sir about the cash flow which we are getting, sir?

Hussein Rayani: As I told you, we have a net positive cash flow and all the capacity additions, the CAPEX will be through our internal accruals, so about 30% of the cash flow would be for the CAPEX, about

40% would be for the working capital, 20% would be for the dividends to the shareholders and about 10% will be retained by the Company.

Subrata Sarkar: Sir, just last question like the CAPEX plan which we have done for capacity addition till FY25, have we done any internal calculation like how much date we need to rise or do we require any date to fix this or like we can do entirely from internal accrual?

Hussein Rayani: We have been a debt free Company and we will be striving to remain and all the CAPEX required for the capacity addition will be all through internal accruals with no debt.

Moderator: Thank you. Our next question is from the line of Gaurav Dua from Sharekhan. Please go ahead.

Gaurav Dua: I just wanted to understand you just talked about 30-35% growth in the volume, that volume growth is it coming from the domestic market or from the international market and how is your domestic and international sales mix has grown or changed?

Hussein Rayani: In the 6 months of this year, the export sales have been about 49% compared to about 45% in the previous year, so the export market has been more positive. There has been further growth in the export market because of better realization also, so the export is about 49% in these 6 months.

Gaurav Dua: And sir, is the improvement in your operating margin also because of the increasing contribution from export, it is not only because of the increasing contribution from the specialized products?

Hussein Rayani: Yes, at the export market also we export a lot of these value added products, but export market has grown faster than in these 6 months, so it has.

Gaurav Dua: What I was trying to understand Hussein, for the same product is the margins better in the export market?

Hussein Rayani: Yes, we have a better realization from the export sales.

Gaurav Dua: So that means apart from improving the contribution from specialty product, you also have another sector which is the increasing contribution from export which can help on your operating margins, right?

Hussein Rayani: Yes, correct.

Gaurav Dua: So given the fact that both these levers are helping the margin, supporting the margin, why aren't we giving a more aggressive outlook on the operating margins?

Hussein Rayani: As I said, we are more conservative in our guidance, but yes, as I said the focus is on further improving and increasing the share of the specialty business and going forward we want to take that further both on the domestic front and also on the export front.

Gaurav Dua: And lastly, you said export is growing at a faster rate, which geography is growing, what are the clients there, if you could throw some light there?

Hussein Rayani: Yes, we are currently now exporting in more than 70 countries, so the geographic horizons have further expanded and we would like to take that further up to about 100 countries going forward.

Gaurav Dua: So in terms of the top 5 countries, where do you export, which would that be?

Hussein Rayani: So the major regions are in the South and Central America, in the African subcontinent and also a lot in the Asia Pacific region.

Gaurav Dua: So the clients of yours for export, are they multinational entities having operations there in those specific areas or these are the local companies?

Hussein Rayani: It is a combination, so we do also have a lot of multinationals which we are supplying because we already do supply to their Indian counterparts, so it is an extension of the business to their overseas manufacturing unit and also we cater a lot of private manufacturers in the various segments.

Moderator: Thank you. As there are no questions from the participants, I would now like to hand the conference over to Mr. Hussein Rayani for closing comments. Over to you, sir.

Hussein Rayani: Thank you once again and I would like to take this opportunity to thank each member of the Panama Petrochem family. I would like to thank everyone who had participated in this concall, for any further queries or information, please get in touch with our Investor Relation team and we will be very happy to answer them. Thank you very much once again and have a great evening.

Moderator: Thank you. Ladies and gentlemen, that concludes this conference. Thank you for joining us and you may now disconnect your lines.