



# “Kalpataru Power Transmission Q2 FY2018 Earnings Conference Call”

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**ANALYST: MS. BHOO MIKA NAIR – IDFC SECURITIES LIMITED**

**MANAGEMENT: MR. MANISH MOHNOT – MANAGING DIRECTOR & CEO  
– KALPATARU POWER TRANSMISSION LIMITED  
MR. KAMAL JAIN – DIRECTOR FINANCE & CFO -  
KALPATARU POWER TRANSMISSION LIMITED  
MR. MANOJ TULSIAN – WHOLE-TIME DIRECTOR & CFO  
– JMC PROJECTS**

**Moderator:** Good morning ladies and gentlemen, welcome to the Kalpataru Power Transmission Limited Q2 FY2018 Earnings Conference call hosted by IDFC Securities 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 the operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from IDFC Securities. Thank you and over to you Madam!

**Bhoomika Nair:** Thanks Lizann. Good morning everyone. On behalf of IDFC Securities, I would like to welcome you all to the Q2 FY2018 earnings call of Kalpataru Power Transmission and JMC Projects. We have the management today being represented by Mr. Manish Mohnot – Managing Director and CEO, Mr. Kamal Jain – Director Finance and CFO and JMC projects management by Mr. Manoj Tulsian – Whole-Time Director and CFO. I will now handover the call to Mr. Manish Mohnot for his initial remarks post which we will open up the floor for Q&A. Over to you Sir!

**Manish Mohnot:** Thank you Bhoomika. Good morning to you all and I am thankful to you for making yourself available to attend this call and for your continued interest on KPTL and JMC.

I am happy to inform you that we have delivered a good quarter with a robust EBITDA margin of 10.9% as against 10.7% in Q2 last year. Our finance cost continues to improve declining 26% over Q2 last year. Our order intake this year is very strong with an YTD number of Rs.5023 Crores. We continued to see some impact of GST on our revenue for domestic business in the Q2, which we believe is more temporary in nature. We are confident on delivering on our projected revenue growth target of 15% for the full year which implies that the next two quarters our revenue growth would be in the range of 20% to 25%.

Going into a little bit of details on the performance,  
Revenue - This quarter our revenue grew by 7% Y-o-Y which actually on a comparable basis is at 9.6% registered due to impact of excise duty. We have delivered an encouraging growth in railway business. It has grown by more than 50% and pipeline business which has grown by more than 24% Y-o-Y. While revenue for our transmission and substation business grew by 4%. Our EBITDA for the quarter was Rs.133 Crores, an increase of 9% Y-o-Y, the EBITDA margin expanded by 20 bps as compared to the previous year. Our interest cost as a percentage of revenue is less than 1.8%; on a Y-o-Y basis, our interest cost decline by 26%. Our debt level is close to our targeted level of around Rs. 700 Crores to Rs. 800 Crores. Profit after tax for the quarter stands at about Rs. 72 Crores as against Rs. 58 Crores in the corresponding quarter last year an increase of 24% Y-o-Y.

On the order book front our quarter-end order book was at around Rs. 9600 Crores. This is excluding the new orders of Rs.1814 Crores received in October and November 2017. We have L1 position in

excess of Rs.2500 Crores as on date. In our T&D business, we see a lot of activities in the international business primarily in Africa and CIS funded by India EXIM as well as other funding agencies. We have also seen new orders coming up in Middle East market although it will take some more time for that market to really pickup the way it was in the past. We believe the international markets offer a lot of opportunities for KPTL.

In the domestic T&D market, we are seeing increasing activity on the SEB side and we believe that a lot of tenders would come up from PGCIL also in the next few quarters. As indicated earlier railways continues to be a solid growth driver for us. Our order intake in railways business for the current financial year till date is more than Rs.900 Crores which supports our belief that railways will drive the engine of growth for KPTL at least for the next few years.

Our oil and gas pipeline business have seen an encouraging uptick in the ordering activity in this Q2, and the business so far has secured orders of Rs.1265 Crores in this year. We are very confident of a reasonable growth in this SBU over the next few years. In JMC, we achieved significant progress both on revenue growth and EBITDA margins. Our revenue grew by 24% Y-o-Y and our EBITDA grew by 27% Y-o-Y in this quarter. Our EBITDA margin at JMC has now reached the targeted double digit at 10% which is a 30 bps improvement over the same quarter previous year. Our PAT for the quarter increased by 109% and for the first year by 100% Y-o-Y. At JMC our order book is at Rs.6577 Crores and we are L1 in orders of more than Rs. 1500 Crores as on date. On our road BOOT projects portfolio, the reduction in overloading continued in Q2, leading to an average daily run rate of Rs.44 lakhs per day our share, which is still higher by 7% on a Y-o-Y basis. I would also like to bring to your notice that in terms of traffic Q2 sees the lowest traffic amongst the four quarters due to monsoon and Q3 and Q4 typically do much better than Q2.

As envisaged post the applicability of the GST from 1st July, the required amendments from the government contract is taking time which is leading to increased pressure on our working capital. We expect that by the end of Q3, we should return back to normal working capital levels. In Shubham Logistics, the utilization of warehouses has improved and we have delivered a positive EBITDA margin of 40% during this quarter in line with our guidance for the full year.

Our PBT at Shubham is still negative but there is a visible improvement. We will continue to put our efforts in improving our warehousing and allied business revenue and improve on the profitability. Thank you I am happy to take your questions now.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Renu Baid from IIFL. Please go ahead.

**Renu Baid:** Good morning Sir and congratulations for a decent set of results despite GST headwinds. The first question is to understand more on the revenue side. You did mention growth rates for railways as well

as pipelines. If you can just help us understand what was the absolute value in terms of sales for the first half and also in the T&D side the growth or to what extent it was driven by exports and where does it stand in the mix today?

**Manish Mohnot:** If you look at the projected revenue growth I had indicated earlier, we are confident of achieving what we had committed 15% plus for the entire year. If you look at the transmission business, it has grown by at least 4% in the first six months. Railways business for the quarter is at around Rs. 80 plus Crores as compared to around Rs. 54 Crores previous year same quarter. Pipeline business was around Rs. 72 Crores previous quarter, it is around Rs. 90 Crores in the current quarter. So if you look at both of this business they have grown by an average of 30% plus. As far as the substation and TL business is concerned that has grown at 4% to 5% only. So on an absolute number if you look at it, they were at around Rs. 980 odd Crores. They are at around Rs. 1020 Crores as of now.

**Renu Baid:** But broadly for railways we are on track for Rs. 2000 Crores of sales by FY2020 so there we do not see any slowdown or postponement in terms of the way the order and execution is lined up.

**Manish Mohnot:** We are on track of a good order book and a healthy revenue and profitability. Last year, we did Rs. 300 Crores railway and this year, we are targeting Rs. 600 plus and next year clearly we are seeing at reaching Rs. 1000 plus. 2020 would be very early for us to give a guidance on, but definitely the business has opportunities and it looks like we will do very well on that.

**Renu Baid:** Sir second question on the margin side, first half despite overall sales not being as strong, you have managed 11% margin comfortably. So as we see execution picking up in the second half or do we believe that overall margin for the full year would be in the range of 11.5% plus levels.

**Manish Mohnot:** I think our calculation says that margins would still be in the range of 11% itself given that there has been an increase in material cost and given that commodities price have gone up which all we had already factored at the beginning of the year. Our assessment is that margins would still be in the range of 11%.

**Renu Baid:** And Sir third and last if you can just help us understand what was the kind of investments as in you were planning some investments in SSL and also progress on the real estate project side and our plans on divorcement, how far are we on that.

**Manish Mohnot:** Let me answer this step-by-step, so on Shubham yet we had planned some investments, we have not done that as of now. We are looking at some structuring options and you should hear about that committed Rs. 70 Crores -Rs. 80 Crores happening in the next three, four months. As far as real estate is concerned Thana we have already sold 50%, 50% is leased out and we are looking at opportunities of selling this Thana property as indicated earlier. Indore projects have been launched successfully and we have sold approximately 20% to 25% of our residential flats there. We have seen a very good

sales and a very good feedback from people of Indore. We expect that we should be able to sell that entire project in the next 12 to 18 months.

**Renu Baid:** Sir in case can I ask one more question. You did mention of a reasonable healthy pipeline in the domestic and the international law can you help us quantify what is the kind of pipeline of orders. Especially from the PGCIL market because lot of inventors are concerned that PGCIL is shrinking so domestic might not grow for us overall. That is the last question from my side.

**Manish Mohnot:** On the domestic front, we have seen a lot more traction coming from SEBs as we had indicated earlier. On the PGCIL front we expect a lot of tenders to come out primarily on the BOT projects which have just been tendered out by REC and PFC and also some Northeast projects which PGCIL is going to come out very soon. So we expect reasonable orders to come out in the next two to three months from PGCIL also.

**Renu Baid:** Can we quantify what could be the value of these orders?

**Manish Mohnot:** PGCIL at least we expect Rs. 5000 to Rs. 6000 Crores worth of tenders coming up in the next two, three months itself and SEBs would be anywhere in the range of similar numbers of Rs. 5000 to Rs. 6000 Crores.

**Renu Baid:** Thank you so much Sir and all the best.

**Moderator:** Thank you. The next question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

**Ravi Swaminathan:** Hi Sir, congrats on good set of numbers. Sir you had mentioned about good ordering from Africa and CIS countries, what is it driving the kind of inflows from these countries, if you can throw some light, it would be really helpful.

**Manish Mohnot:** Sure. On the Africa continent there are two or three big drivers, the first and the biggest one which is very positive for us is the commitment of the Indian EXIM bank and the Indian line of credit to a lot of these African countries given the kind of focus on relationship between a lot of these countries. Second is a lot of funded projects coming up in different parts of Africa which continues to be as strong as the growth in the past - both Africa and CIS.

**Ravi Swaminathan:** And how big are these markets, are they as big as the Indian market in terms of size Africa, CIS put together.

**Manish Mohnot:** Today on international order book and the domestic order book is very similar when you look at the transmission business. So for us the international business looks like growing faster than the domestic

business in the last two, three years, so given that we believe the international business would still be similar if not bigger than the transmission domestic business.

**Ravi Swaminathan:** And would we be executing substation orders also on this or is it just transmission.

**Manish Mohnot:** No it is both transmission and substation a significant component of orders coming from substation also. A lot of them are orders where lines and substations are combined in different parts of the world.

**Ravi Swaminathan:** And Sir we have seen, seeing some traction in terms of railways and are these railway orders, being bid out through PGCIL or is it like separately being bid out which is driving the inflows for us.

**Manish Mohnot:** So on the railway front we have tenders coming from RVNL, CORE as well as PGCIL. Primarily the RVNL orders are more on doubling tracks or increasing the new tracks for some of these orders whereas CORE and PGCIL are more on electrification of railway lines.

**Ravi Swaminathan:** And PGCIL every year they spend around Rs. 20,000 Crores so will this be inclusive of this railway spend, what is your sense or is it like excluding this railway spend they will be spending Rs. 20,000 Crores on transmission.

**Manish Mohnot:** I would not be exactly able to comment on their spending but definitely in the next three to six months, we will see a lot of tenders coming out from PGCIL.

**Ravi Swaminathan:** Thanks a lot for answering my questions.

**Moderator:** Thank you. The next question is from the line of Mayank Goyal from B&K Securities. Please go ahead.

**Mayank Goyal:** Thanks for the opportunity and congratulation on a good set of numbers, my questions are pertaining to JMC projects. Sir firstly can you just tell us in which sector did you receive the Rs. 292 Crores' worth of order inflow this quarter.

**Manoj Tulsian:** Rs. 300 Crores order is actually a mix bag from residential and also industrial, and one government project in commercial, all three are different.

**Mayank Goyal:** And Sir just wanted to understand now that we kind of stayed away from bidding in roads that is primarily the EPC NHAI projects and everything for quite a while now but with the recent announcement happening in the road sector and a lot of orders expected to come from roads, what will be approach of our company now towards the road sector, are we looking to selectively bid for support projects maybe to a certain to maintain our margin trajectory and if so can you throw some light on what kind of projects are you already looking at in the pipeline in terms of the project size or something.

- Manoj Tulsian:** On the road side actually , last almost two to three years we are concentrating more on the international arena and mostly on the African belt and now that yes there is so much of opportunity which we see also coming in the country we will be open for that on a selective basis. We are already doing one project of road in India but we are very selective because we also want to make sure that our margins are protected. I think that size of the pie would be so large that all of us can participate happily into that at some point of time.
- Mayank Goyal:** And Sir just if you could... this road project that you mentioned it is one that you are bidding for or this is already in the order book and under execution.
- Manoj Tulsian:** One is under execution, we are also executing two right now in Ethiopia and one is lined up in Africa at this point of time. On the domestic side, we will open up in another six to eight months and we will have enough opportunities.
- Mayank Goyal:** Yes because my minor question is clearly towards your view maintaining order inflow guidance so you guided for Rs. 4000 Crores' worth of order inflows in FY2018. It has this been half the year and we have put about 1000 Crores' worth of orders, so this remaining Rs. 3000 Crores primarily from in the near-term we will continue to look at the metros and the building segments and infra or we would be actively using roads also because of the number of opportunities that is coming down in road segment.
- Manoj Tulsian:** First thing is that we have declared orders of Rs. 1000 Crores but we also have a strong L1 position of more than Rs. 1500 Crores at this point in time, some of them have taken time to get converted because of GST applicability because most of those contracts are also undergoing changes to get it compliant with the GST norms. So if you add up the same we are already at Rs. 3500 Crores plus and with the type of bid pipeline which is there both on international and domestic, we feel that this year there should be anything between Rs. 3200 Crores to Rs. 3500 Crores.
- Mayank Goyal:** And just Sir one more question just on this, just a bookkeeping question Sir, how much equity have we invested so far in your road assets this year and how much would you be investing in FY2018, the remainder of FY2018 and 2019.
- Manoj Tulsian:** This year we have invested around Rs. 35 Crores and as I see the next six months we need to possibly put another Rs. 30 Crores.
- Mayank Goyal:** So that is about Rs. 60 Crores, Rs. 65 Crores which you had guided last time also.
- Manoj Tulsian:** Yes we will be within that range. Next year seems to be much better I do not have the ready numbers right now because we are able to see some good growth on the traffic side. This year it is not reflecting in the revenue because the overloading charges which we were able to get in last year has

come down. In a way they have trade off to each other but I think it is a good sign for the road projects to see a growth of anything between 7% to 8% on an average and if this continues then next year numbers would be much better plus on two of our large projects we are also doing a 5x25 which is a temporary mismatch of our revenue cost.

**Mayank Goyal:** Which two projects are these Sir?

**Manoj Tulsian:** These are the two large projects which we have, one is our Rohtak Bawal and the other one is Rewa-Hanumana, one almost done 5x25, the other one we just started the journey so I think that will take another six months. So these two 5x25 and revenue growth for next year will ease out pressure on the cash flow.

**Mayank Goyal:** Thanks sir, if there is any question I will get back in to the queue. Thank you sir.

**Moderator:** Thank you. The next question is from the line of Subramanium Yadhav from Subhkam Ventures. Please go ahead.

**Subramanium Yadhav:** Sir my question again pertains to JMC. Sir on the back of the strong numbers in H1 of 22% growth would you like to guide us for how would be the number in H2.

**Manoj Tulsian:** We are on a good execution growth this year and I think this will continue in H2 also. So earlier we have said 15% plus now it looks like it will be 20% plus for the full year.

**Subramanium Yadhav:** Sir and on the order inflow front why are we so conservative means earlier we were guiding for 4000 now you are turning around 3500 we are already L1 in 1500 plus 1000 Crores of inflow already happened so 2500 already happened so are you seeing the second half to be very bleak kind of a thing or you are being a bit conservative on this number.

**Manoj Tulsian:** I think you have answered rightly the second part of it because what happens that one or two orders where we were L1 at the beginning of the year have gone for re-bid.

**Subramanium Yadhav:** Okay the metro one you are telling?

**Manoj Tulsian:** No. It was on the international side, so that is the reason that we have slightly muted the guidelines and it is also taking time for conversion because of GST now the recent amendment in GST again which has just happened a week back may further delay some of these orders getting converted.

**Subramanium Yadhav:** And Sir on the other expenses part this quarter it has declined by around Rs. 10 odd Crores. Is this there new normal or is it kind of a one-time kind of a thing.

**Manoj Tulsian:** Sorry.



**Subramaniam Yadhav:** Other expenses has come down to around Rs. 32 odd Crores this quarter. Normally it used to be around 42, 40 kind of a number so would that be a new normal for us around Rs. 32 odd Crores.

**Manoj Tulsian:** No you should actually look at the six month average.

**Subramaniam Yadhav:** And Sir on the BOT front what is the status, is the management thinking is still to sell the asset or kind of put in more money and revive the project?

**Manoj Tulsian:** See we have continued to look at all the options and as we have stated that till that happens whatever we can do best for all these road projects in terms of reduction of cost, working on improving the traffic revenue or reduction of interest cost, all those things we are trying and doing it.

**Subramaniam Yadhav:** But the thought process is for selling right.

**Manoj Tulsian:** Yes that is also an option which we will continue to evaluate.

**Subramaniam Yadhav:** And Sir this quarter the debt has increased largely because of working capital or has been gone into the BOT asset only.

**Manoj Tulsian:** No it is purely working capital. In my last call also I had mentioned that we had the apprehension post 1st July when GST comes in to play we have to get all these government orders done up again that is taking its due time because they go through that rigorous process of first of all understanding which all deductions have happened from the pricing point of view, service tax, VAT everything, then they have to go through their committee so you understand the government process. We had mentioned that at that point in time we were apprehending that the borrowings will go up because of working capital pressure, which has happened. Now we are assuming that by December end most of the contracts should get amended. If that happens then possibly by January, the working capital level will come back to its level.

**Subramaniam Yadhav:** Thank you.

**Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

**Aditya Mongia:** Hi everyone and thanks for the opportunity. I will start with my questions. The first one is on the pipelines, Mohnot sir I think we have given a number of Rs. 1265 Crores as the ordering so far and is that correct sir.

**Manoj Tulsian:** No it is around 1050 odd Crores orders declared right?

**Aditya Mongia:** I am talking about the pipelines orders.

- Manoj Tulsian:** Pipeline order is close to around 1500 Crores plus.
- Aditya Mongia:** And this is basically KPTL orders so essentially...
- Manoj Tulsian:** Are you asking for JMC.
- Aditya Mongia:** I am talking about KPTL...I am just trying to clarify with the numbers for the pipeline order.
- Manoj Tulsian:** One second I was taking of JMC just one minute.
- Aditya Mongia:** I am talking of pipeline orders, not the pipeline.
- Manish Mohnot:** Aditya our oil and gas pipeline order as of now is around Rs. 1400 odd Crores – Rs. 1300 Crores to Rs. 1400 Crores and we are L1 also in a few more projects, so that is the status of oil and gas pipeline as of today.
- Aditya Mongia:** So these are order inflow?
- Manish Mohnot:** Yes that number as you rightly said is 1250 Crores.
- Aditya Mongia:** This is order inflows won in the first half or YTD is what you are saying.
- Manish Mohnot:** Yes.
- Aditya Mongia:** So I would want to know these are fairly large numbers so from your perspective a specific opportunity which are working out well for you and let us say prospects going forward if you could highlight.
- Manish Mohnot:** So on the oil and gas pipelines we have seen a lot of opportunities coming up from clients like GAIL, ONGC, HPCL and GSPL so we are seeing a lot of projects coming driven by the LPG trunk lines which are just being built by all these with the large PSUs in the oil and gas industry. Also a lot of private sector expansion coming up by a lot of players including Reliance and we are seeing orders coming from there also. So given the kind of visibility of orders we believe that the next 6 to 12 months, we should see a lot of orders coming on the oil and gas pipeline division.
- Aditya Mongia:** If you could just comment on the hit rates and the pipeline and the railways segment for you and within railways if you could talk about doubling, tripling and electrification separately that will be good.
- Manish Mohnot:** Sure the hit rates on our oil and gas pipeline division is anywhere in the range of 15% to 20% of the tenders we have bid in the last six months. As far as railways division is concerned again it is more in

the range of 15% to 20% in the last six months. As far as the focus on the railways segment which you had specifically asked between RVNL and CORE, we continue to focus on both electrification as well as expansion of existing line but today's order book 75% plus is electrification and then only 20%, 25% which is more expansion of existing line.

**Aditya Mongia:** This clarifies. The next question was more on the PGCIL orders in the sense I would just want to get a sense from you from a land acquisition perspective has anything changed in your scope for PGCIL orders or is it broadly this thing that you play of a sedentary role.

**Manish Mohnot:** We definitely have seen a big portion of this a lot of government, state and central as far as ROW and land acquisition is concerned on road transmission, oil and gas as well as railway project, there is definitely a big positive movement in the last couple of years on this aspect while the case of we still have projects where we get stuck on this at specific locations driven by a lot of factors but a lot has changed and the projects which used to be stuck in the past are much lower as compared to today. So right now we do not have many projects which has stuck because of ROW and land acquisition issues, we used to have a lot more in the past.

**Aditya Mongia:** Sure Sir I will get into the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Renjith Shivram from ICICI Securities. Please go ahead.

**Renjith Shivram:** Just wanted to understand in KPTL the other expenditure was low, so is there any Forex in that?

**Manish Mohnot:** No I do not see there is any specific Forex expenses in the other expenditure it might be a small component but as Manoj indicated earlier I think we need to look at our half yearly basis so I do not think there is any specific Forex expenditure which has come into other expenses. Kamal is there any Forex which is come in other expenses.

**Kamal Jain:** Mainly because of earlier there use to be a VAT and the service tax which is now I think it is net of GST to some extent there is an impact on other expenses.

**Renjith Shivram:** So these kind of things – this is sustainable kind of trend for other expenditure or we have to?

**Kamal Jain:** There will be an impact due to the VAT and service tax but to some extent it depends upon the freight and insurance, sometimes if long distance supplies are there then the rate in the insurance can go up but it will be a sustainable trend.

**Renjith Shivram:** And sir I just missed out on your revenue breakup you had given like how much is from railways and T&D for this quarter and first half.

- Kamal Jain:** T&D for the first half has grown by an average of 4% to 5% as far as railways and pipeline business is concerned that has grown at an average of 25% to 30%. Railways has grown by more than 50% and pipeline has grown by approximately 25%.
- Renjith Shivram:** So T&D will be like what quantum for the first half.
- Kamal Jain:** In terms of absolute number?
- Renjith Shivram:** Yes.
- Kamal Jain:** In terms of absolute number T&D would be around Rs. 1020, Rs. 1030 odd Crores.
- Manish Mohnot:** Rs. 1035 Crores.
- Kamal Jain:** Rs. 1035 Crores, thank you Mohnot.
- Renjith Shivram:** And railways.
- Kamal Jain:** Railways is Rs. 88 odd Crores and pipeline division is also similar number.
- Renjith Shivram:** Okay Sir thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir my question pertains to JMC project just some sense on your EBITDA margin that you might be looking at and set out.
- Manoj Tulsian:** This year we have almost reached around 10% EBITDA margin and we should be in to that region.
- Deepak Poddar:** So basically Q2 is generally consider to be a lean quarter so we are still doing 10.5% and so second half the execution I guess would be better than what we have done in the Q2, but we are still looking at 10% kind of range.
- Manoj Tulsian:** Yes.
- Deepak Poddar:** And debt outlook?
- Manoj Tulsian:** That by year end I think the debt would be maybe around Rs. 40 Crores to 50 Crores above last year debt.

- Deepak Poddar:** And this is at the standalone level?
- Manoj Tulsian:** At the standalone level.
- Deepak Poddar:** And at the console level?
- Manoj Tulsian:** At the console level it should be at last year level.
- Deepak Poddar:** That is it from my side.
- Moderator:** Thank you. The next question is from the line of Ashutosh Mehta from Edelweiss. Please go ahead.
- Ashutosh Mehta:** Hi Sir. Good morning. Thanks for the opportunity. Sir, I have two set of questions pertaining to KPTL. First one is if you just see on a from the last two quarters, we have seen a kind of sharp depreciation in our cash and cash product due to which the net debt is going up so what explains that part and secondly what is our L1 pipeline in our KPTL.
- Manish Mohnot:** Let me answer the easier question first the L1 pipeline in KPTL is in excess of Rs. 2500 Crores as of date and which we believe should all get converted in the next two to three months and this is as of date as of today. As far as the cash in, cash out component is concerned, there are two or three aspects. One aspect which we discussed earlier is the expect of GST where a lot of tenders are now getting, we are doing a calculation again right from scratch in terms of the input credit, which was a different thing in the past and all our government clients are asking for all the details and auditor certificate on that. So there is clearly some stuck up of debtors on government projects which is happening because of this GST finalization of the new contracts that is one. Second there are also some investments which have gone into our BOT projects the two BOT transmission projects which you won in the last year, so there are some investments which have gone up there also. So if you look at it, primarily the increase in working capital has happened because of these two reasons.
- Ashutosh Mehta:** Sir in that perspective so what is the balance amount of equity that needs to be invested in the BOOT transmission?
- Manish Mohnot:** In the two transmission put together, we need to invest around Rs. 300 Crores over the next two years.
- Ashutosh Mehta:** Fine. Thank you sir and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Abhineet Anand from SBICAP. Please go ahead.
- Abhineet Anand:** My first question is can you share JMC consol, what would have been the profit for the first half or something.

- Manoj Tulsian:** JMC console first half our total profit is almost quits at PBT level.
- Abhineet Anand:** Pardon.
- Manoj Tulsian:** Again this is quits at PBT level so which is like the PBT of standalone and the losses at the SPVs are almost similar amount.
- Abhineet Anand:** So we are breaking even at the PBT level.
- Manoj Tulsian:** Yes.
- Abhineet Anand:** Second is on Shubham we said that we plan to have an investment of Rs. 70 Crores, Rs. 80 Crores now that we are EBITDA positive what is the strategy going forward, is it just the debt reduction or is it something else?
- Manish Mohnot:** I think the main intent of this investment would be to repay our commitments on our existing loans primarily it would be driven for that so because we have loans which have all come for payments, so it would be kind of replacing for debt reduction also.
- Abhineet Anand:** So we can assume that going up 2019, this could be a negligible debt company?
- Manish Mohnot:** No it would still have a good debt but going into 2019, it would at last be PBT positive also so they will be get up their own requirements as far as the long-term commitments and debt as well as interest are concerned.
- Abhineet Anand:** Thanks that is it from my side.
- Moderator:** Thank you. We will take the next question from the line of Bhavin Vithlani from Axis Capital. Please go ahead.
- Bhavin Vithlani:** Good morning everyone and thank you for opportunity. My first is to Manish could you give us the color on the BOOT projects and transmission what is the strategy of the KPTL in the long-term what kind of portfolio we want to build and if you could also give us the flavor of the competitive intensity in the BOOT space because we understand the recent PGCIL bid was like 40% below the others. My second question is onto Manoj if you could highlight on the BOOT space and if you could give us some traffic numbers for the four projects and what we understand is Wainganga project there is a possibility of it getting converted to a six lane, so any possibility of us getting an exit from that project.
- Manish Mohnot:** Let me take your first question. On KPTL as we have indicated in the past, we will be selective in bidding for transmission BOT portfolio, selective in the sense while we assess all the projects which

come through but selective looking at our available cash flows because we are going to do projects where we can deploy some of our surplus cash flows over a period of time and also projects where we have returns which are higher than our normal core business or which are reasonably good from a long-term perspective. So we will be selective we have no plans to bid for any big projects in the current year getting to next year we will again revisit our strategy on that. As far as the competition intensity is concerned, I think this space was very competitive in the past, will continue to be competitive. The edge comes in your ability to execute the projects at a reasonable price given that we understand the business inside out. So it does not come by compromising or return but it comes on right estimation of the contract price and how fast you can execute the project. So we will be selective and the space still continues to be very competitive with PGCIL, Sterlite, Adani, ESSEL all of them being into a very competitive mindset. Manoj, second question on the roads.

**Manoj Tulsian:** On the BOT growth , this year the traffic growth is close to around 7% to 8% on all the projects taken together some of them have done much better, we are growing in two digit and some of them are in single digit.

**Bhavin Vithlani:** On the Wainganga project any we have and understand four to six laning so is it possible for us to...?

**Manoj Tulsian:** Yes that project is going for six laning and the details are already there on the website of NHAI.

**Bhavin Vithlani:** So what could be way forward for JMC?

**Manoj Tulsian:** JMC may or may not participate in that, however we are still evaluating the same.

**Bhavin Vithlani:** So would we get the equity back or if you could give us a flavor what happens in case we abstain from bidding?

**Manoj Tulsian:** So I think there is a lot of strategy involved in this entire process of bidding over the next two months we would not be able to comment on what exactly would be our strategy in terms of bidding or equity return or any of that, a specific formula on the NHAI website and guidelines. My request would be if you could look at that you would have a lot more clarity on that.

**Bhavin Vithlani:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.

**Abhijeet Vara:** Sir your order inflow plus L1 position till date is Rs. 7500 Crores plus I think the earlier target was Rs. 7000 Crores order inflow for the full year, what would be the revised guidance now?

- Manish Mohnot:** So we are just sticking to a guidance of Rs. 7500 Crores to Rs. 8000 Crores for the current year because in the past also we have seen sometimes L1 converting to actual might take some time. So as of now we are still sticking to the guidance of Rs. 7500 to Rs. 8000 Crores of order book for the current year, new order inflows.
- Abhijeet Vara:** Second question Sir is you are sticking to 15% topline growth guidance, so the ask rate for second half is nearly 25% or 28% from the topline. Do you think it is achievable Sir especially because of the GST transmission issue is behind us?
- Manish Mohnot:** We are still confident of achieving the 15% targeted growth rate for the current year and I had mentioned that in my opening speech also, which implies that a 25% growth for the next two quarters and we have just revisited all our numbers and very confident that will be in that range for sure. As far as GST is concerned, a lot of projects which we have got finalization done on revised contract while this post GST but a lot of government projects, they are still in the process. So the GST would primarily impact the working capital and cash flow. It might not as much impact revenue in the short run.
- Abhijeet Vara:** Was there any revenue recognition which got deferred because of GST in the current quarter.
- Manish Mohnot:** No it is not about revenue recognition getting deferred it is clear that because of GST revenue has come down because a lot of projects earlier were tax inclusive which would get in to revenue plus excite also was coming in revenue and cost both now in the new environment none of this taxes into this come into revenue so clearly to the extent of taxes and GST, revenue has got reduced forever. It is not only for a time period of this quarter or next quarter it is getting into the future also.
- Abhijeet Vara:** Sure sir I will get back into the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Sir my question is with respect to JMC, so first one was on working capital side, mentioned earlier in your remarks, there has been an increase in your working capital cycle because of GST implementation, but if I were to look at our balance sheet numbers, if I were to look at receivables so far in our inventories, receivables have come down on over the first half and revenue on inventories have not increased that much and on payable side also we have seen some favorable movement only so if I were to do a calculation we seem to have done almost Rs.120 odd Crores of free cash from there three variables of working capital, but despite that our debt has gone up by around Rs.25 odd Crores, net debt so where would have the money been parked, the increase have seen in debt, a part of it has been invested and I understand in BOT assets and then what would explain the rest Rs.90 odd Crores kind of number?



- Manoj Tulsian:** See actually this is mainly towards the uncertified revenue what has happened is that since from July we have continue to do our work in big clients. The client has not yet certified the same so it has not got converted into receivables, so that is why you are seeing the receivable numbers have come down but the certification went up tremendously in the month of June because all of the clients wanted to close all the earlier issues before GST and after GST nothing has happened, so that is the reason and where in most of the cases somewhere we are getting 60% ad hoc payment, somewhere 70% somewhere zero, so which has put all these pressure on the working capital. As far as Capex and the SPV funding is concerned, if you really see there have been internal accruals which has been able to fund that.
- Prem Khurana:** Sure, okay. But then Sir given the fact that some of your payers kind of went a little slow on execution because they were not sure what kind of GST number would be approved, anyway at least in your case, you have not slowed or gone slow on execution. So do you see any risk to your numbers in terms of the GST getting approved from your clients because you are not sure what kind of number would they approve and therefore you have spend the cost there.
- Manoj Tulsian:** most of the discussions are at a level where we are very sure about what could be the final numbers and accordingly those had been plugged into our September results so we do not see any surprises coming on the negative side as far as the numbers have been declared.
- Prem Khurana:** And Sir on the inflow side you have lowered your guidance from Rs. 4000 odd Crores to Rs. 3200 Crores, Rs. 3500 Crores. So is it fair to assume that the growth that we would get to have next year could be someone lower than what we are targeting for this year because the inflows are not to the extent of what you were initially anticipating for FY2019.
- Manoj Tulsian:** Slightly earlier to comment on this. At this point of time, we are fully concentrating on this year's execution because last two three years we had very muted growth and this year we were very sure that we will grow at 15% plus, we have proved that we are able to do 20% plus and despite that, if you see in Q2, the numbers reported are net off both VAT and excise duty impact. So on a comparable basis, we really see the quarter would have grown by actually 30% and for next year also for pipeline, right now, the order book is good so we are surely assuming that we will continue to grow well next year also.
- Prem Khurana:** Sure and Sir just one last from my end any change in our cash break even given for BOT SPVs and in last quarter, you spoke about \$400 to \$450 million of international opportunity so any progress there?
- Manoj Tulsian:** Cash breakeven on BOT has not changed significantly because this year we got traffic growth but then the overloading charges came down, they almost traded off with each other; however, we have got reduction on interest rates on most of the projects so which will start getting reflected from October onwards.

- Prem Khurana:** And the international opportunity is \$400 to \$450 million.
- Manoj Tulsian:** International opportunities are still there. As I mentioned somewhere previously in a call itself that one or two bids where we were L1 has gone for rebid otherwise the order book would have been very different right now but the pipeline is very good and we are participating in many African countries on the road projects and water projects.
- Prem Khurana:** Sure Sir. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Jaikant Kasturi from Dolat Capital. Please go ahead.
- Jaikant Kasturi:** If you could give the L1 position for the railways, overall it is around Rs. 2500 Crores?
- Manoj Tulsian:** As of now our railway division I do not think that as of 30th September we had L1 which got converted. As of now yes there is a large project in railways L1 which is around Rs. 700 odd Crores.
- Jaikant Kasturi:** Sir and in terms of Capex guidance for the rest of the year.
- Manoj Tulsian:** Capex plan which we had targeted Capex in the range of Rs. 80 to Rs. 100 Crores for the year out of which we have done around approximately Rs. 30 Crores for the first six months so believe we would be on track to incur the balance Rs. 50 odd Crores in the next six odd months. So we should be in the range of Rs. 100 Crores Capex for the current year as far as KPTL is concerned.
- Jaikant Kasturi:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Charanjit Singh from B&K Securities. Please go ahead.
- Charanjit Singh:** Sir I just wanted to understand we have seen a great deal of success in the African market basically so what is driving this strong order inflow from Africa plus in terms of the competition we are seeing in that market who are the players who are excessively participating and how do you see the outlook going forward?
- Manish Mohnot:** So on the African side we see a lot of competition coming from primarily the Indian players, the large Indian players in the transmission and substation space and also a few players from Middle East. So we normally have six to eight bidders bidding for and it is a very intense competitive market. Our strategy in Africa has been very different than as you seen over the last five to six years we have looked at each of these countries from a long-term perspective got into creating a relationship and a set up which is more looking at long-term and even that we are seeing some good traction in terms of opportunities and in terms of an advantage of being early movers. So with that I think our order book

has reasonably grown and as far as the growth is concerned, majority of the clients are very happy with the delivery and we have finished a lot of projects on or before schedule. Given all of these still we believe that, that is a market which we will still have good opportunity for the next two to three years at least.

**Charanjit Singh:** And Sir if I look at the overall order backlog what proportion would be fixed price contract right now and we have also seen the rise of private in our overall domestic transmission order backlog; how do you see the margin and the execution profile and that fixed price.

**Manish Mohnot:** On totality in our order book, our variable and fixed would be approximately 50%, 50% variable, 50% fixed given that as you rightly said a lot of private sector as well as BOT projects are primarily fixed in nature even on transmission but at the same time and we have said that at the beginning of the year also, we have inbuilt increased commodity price into our budgets for the year and hence this would not have a significant impact on the margin for the current year. As far as private sector opportunities are concerned, we are seeing a lot of opportunities in the TL BOOT space and that is an area which we will continue to focus from an EPC...

**Charanjit Singh:** Sir the last question would be on Shubham logistics, how do you see the second half panning out and do we foresee any kind of increase in the capital infusion which we will have to do into Shubham logistics?

**Manish Mohnot:** Typically for Shubham logistics always the second half has been better than first half given the crop season which nearly comes up, the harvesting happens now and now everything would get into the warehousing space. So we are very confident that the second half would be approximately 20%, 30% higher as compared to first half in terms of revenue and given that a lot of them are fixed cost in nature we believe that we should be an target of a healthy EBITDA for the current year. PBT will still be negative in the current year and we have targets to make sure that in the next year it would be positive. As far as equity commitment is concerned I do not think we need to put in more than the Rs. 70 Crores, Rs. 80 Crores which we have committed in the past because by doing that at least for the next three years, we believe that they will be in a very positive healthy cash flow and then will not need any support to repay the existing debt.

**Charanjit Singh:** Thanks a lot for taking my questions that is all from my side.

**Moderator:** Thank you. The next question is from the line of Mayank Goyal from B&K Securities. Please go ahead.

**Mayank Goyal:** Just one question relating to JMC. Sir how much capex has been done in the first half of this year and how much are we planning in the second half of FY2018 and FY2019.

- Manoj Tulsian:** First half we have done 45 Crores and second half right now the numbers look like anything between Rs. 30 Crores, Rs. 35 Crores.
- Mayank Goyal:** And for the next year FY2019.
- Manoj Tulsian:** We have still not done our planning. We will come back to you maybe after a quarter.
- Mayank Goyal:** Thanks a lot Sir that is it.
- Moderator:** Thank you. The next question is from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.
- Subramaniam Yadav:** Sir just on the followup on the order inflow which you have guided around Rs. 3500 Crores. Sir would it affect our execution for next year in FY2019.
- Manoj Tulsian:** Right now we do not see that as a challenge because of the size of order book which we have and for sure 3500 is a cautious number because if one or two large projects click which we have, the numbers can be significantly different also. So we do not see a challenge for next year.
- Subramaniam Yadav:** So can we maintain this 20% growth rate next year also.
- Manoj Tulsian:** Hopefully but slightly early to say
- Subramaniam Yadav:** And just one more thing sir the other income this quarter was a bit higher at around Rs. 7 odd Crores if you can clarify anything one-off in that or...?
- Manoj Tulsian:** No mostly there are some one-off like we got income tax refund and there was some interest component which is a one-off item.
- Subramaniam Yadav:** Can you quantify that thing?
- Manoj Tulsian:** That is around Rs. 3.Crores out of that.
- Subramaniam Yadav:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Abhineet Anand from SBICAP. Please go ahead.
- Abhineet Anand:** Just on JMC is there any slow moving order in the JMC order book and what is your feel on the real estate market in the Bangalore circle?

- Manoj Tulsian:** Out of the total order book, slow moving orders are to the extent of around Rs. 250 odd Crores and in terms of Bangalore market, we are getting mixed feeling it is not that the market is not growing, we are also getting orders from them but we have been maintaining since last one year that we see it is not at the same level of traction which used to be around couple of years back, however having said so, the order inflow continues to be good and since at least we work with the best of the developers there, we have still not seen any challenge in terms of our own growth.
- Abhineet Anand:** Some of the players like Oberoi suppose if they move to NCR as one of the opportunity area versus Bangalore road is there an opportunity lost or something of that is in Bangalore or we see a lower demand there?
- Manoj Tulsian:** No demand is slightly muted but if you see most of these developers who had land banks even in west or north we will get to here...Puravankara has come up in the west and they are also talking about something in north, similarly even Prestige, Embassy so most of these developers now are looking at entering these geographies or so, then they have land banks.
- Abhineet Anand:** Okay. Thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Sure Sir. Thanks for taking my followup question. The first one was on this order that you highlighted which is L1 for you really which is Rs. 700 Crores, is it single order that you are talking about?
- Manoj Tulsian:** Yes it is a single order in an international geography. We just become L1 a few weeks ago and we expect that this order may materialize in the next three to four months.
- Aditya Mongia:** Sir secondly wanted to check with you that on the pipeline side of things if I recall correctly, the time in pipeline will be through kind of have a large share in execution, we had trouble from sometimes then partly because of GAIL partly otherwise. When you are seeing this sort of orders coming from pipeline segment, do you envisage margin which is similar to T&D or how do you kind of think so it and also the execution timeframe for these pipeline orders?
- Manish mohnot:** I think on a margin perspective the pipeline division is now very similar to T&D. They are also generating margins more in the range of 10% to 11%. As far as the execution timeline is concerned typical pipeline projects are more in the range of 18 to 24 months and so this entire order book, which we have now should get executed in the current and next year.
- Aditya Mongia:** And railways would be slightly longer execution period or similar?

- Manish mohnot:** It is a mix... a lot of our electrification jobs are more in the range of 18 to 24 months but a lot of track expansion and this long-term projects are more in the range of three years.
- Aditya Mongia:** Sir I ask these questions because the way I see through it considering your guidance on revenue and order inflows you would be having a fairly reasonable backlog to be allowing you to do a 20%, 25% growth in next year, your comments on the same.
- Manish Mohnot:** It will be too early for us to comment on the next year growth we should be ready with this as we get into the next quarter, given that a lot of orders are still at L1 stage, so just give us a few more months and we should be able to comment on that for the next year.
- Aditya Mongia:** Last question from my side. On the African side of things, I recall at the end of FY2017 this number of share in backlog of African orders was inching towards the 40% mark, now it has become 26% and do you think concentration in Africa by itself is risk and you would want to stop somewhere?
- Manish Mohnot:** No I think primarily it has driven by the opportunity which we see in this space today given that the last two years, we have not seen Middle East growing so much a lot of orders as in terms of percentage has come from Africa itself. So it is clearly driven by the opportunities at a given point of time. So once we have Middle East picking up again which at least in the last six months you see some traction, you would see on totality this 26% might be lower and Middle East might be higher. So it is just about timing and kind of opportunities at a given point of time.
- Moderator:** Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.
- Bharat Sheth:** Hi congratulations Manish Ji and Manoj Ji both of you. I have got a question for both of you. One see in railway we are understanding that again lot of re-jigging is happening in order size of the order and all and electrification side, they want to expedite so Manish Ji can you give some color on that how do we read into this.
- Manish Mohnot:** On the railway side electrification, we would have seen a lot of comments lot of press releases by railways in the last two to three months where we have ambitious plans on electrification. Last year at railways we have had an electrification target of 2000 kilometers. This year, the target of 4000 kilometers and we believe that this target is going to be much higher getting into the next year. So we definitely seeing a lot of traction from railways on electrification and clearly, if you look at our order book today a lot of projects are linked to that plan strategy of the government. So we believe that over the next three to four years this would be a good growth engine for KPTL given that the kind of skill set required for electrification we already have and we have done more than 1000 kilometers of electrification in the last two years. This will be a big opportunity in the domestic and we are also looking at opportunities on the international front.

- Bharat Sheth:** Sir one side, they are talking of increasing the tender size from earlier Rs. 50 Crores, Rs. 100 Crores to Rs. 200 Crores, Rs. 300 Crores and Rs. 400 Crores so how competitive scenario your landscape looks like in that kind of thing?
- Manish Mohnot:** Bharat Bhai I think that the reality of the Indian environment is that there is nothing which comes without competition whether it is railways, oil and gas, or power transmission, there is definitely a lot of competition in that space but given the quantum of work there definitely is a possibility of having a reasonable order even in the competitive environment.
- Bharat Sheth:** And Manoj ji can you throw some light on how this impact of RERA on our construction business real estate construction can happen?
- Manoj Tulsian:** See I can only say that these are going to turn out positive for our type of EPC business and there would be larger discipline and which we have already started feeling from the developers now when they talk to us with respect to payment on time or with respect to even progress. So for sure these are very positive signs for EPC players like us.
- Bharat Sheth:** That is all thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** My question was in JMC project, firstly congratulations on achieving double digit margin this quarter and I wanted to understand what is that that is driving revenue or margins for us and where is it likely to go in the near-term?
- Manoj Tulsian:** Good question but very difficult question also. I think a lot of efforts have gone into improving and working continuously on margin improvement and it is a journey which we have traveled. So there is no single reason which I can give to you saying that this has changed the profile and it has not happened over one year if you really look at, it is something which has culminated over last four to five year of effort. The only thing is we want to continue with the discipline what we have reached now and make sure that we are at least at these level of margin going forward.
- Ankita Shah:** Sir if you can in terms of segment if you can highlight which segment is showing good traction in terms of margin expansion that will be helpful?
- Manoj Tulsian:** If you really see our business mix, our business model has not undergone any major change. We continue to do the same amount of business between our infrastructure and factories and building. It is just the improvement which the company has worked in the last four, five years in terms of the bidding strategy, in terms of estimation, in terms of process control, which has yielded this results.

- Ankita Shah:** Also I wanted to understand sir you have opportunities in the private segment in domestic geography, where are we looking... opportunities in the private side?
- Manoj Tulsian:** On the real estate side which is our bread and butter both on residential and commercial. We have been very selective in choosing the business partner and that has also helped us quite a bit in the last three, four years. We have been working with the best of the developers and as we have mentioned earlier, also we are become very choosy and selective in terms of starting a relationship with any new developers unless we were very sure. In the earlier regime, pre-RERA regime, I would say we needed to be very sure about the funding opportunities, the behavior of the developers, the market reputation the type of sales, which has already gone on the posits and so there are various parameters based on which we evaluate a particular new customer before we try to engage with them and we would continue to be there but post-RERA I think some of these things challenges are mitigated in terms of funding of the projects and the discipline from the developer's side in completing the projects on time but we will continue to work with A class developers only.
- Ankita Shah:** Got it and just one last thing how much infusion would be required over the next two years say to support BOT projects?
- Manoj Tulsian:** Well I think you all can be positively surprised next year in terms of BOT infusion because for the type of hard work that has gone into it and I mentioned somewhere in the call that we are also looking at 5x25 on two of our large projects which will remove the temporary mismatch ,which continued for the last two, three years in terms of revenue, interest obligation and a positive traffic growth, which we are able to see this year. If that continues with the other efforts which we have taken in terms of also reducing the rate of interest, next year can be a good positive surprise in terms of cash flow for the BOT.
- Ankita Shah:** Sure, we will wait for it Sir. Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Markets Securities. Please go ahead.
- Amber Singhania:** Hi Sir, thanks for taking my questions. Most of the questions have been answered. Just one thing I wanted to understand, PGCIL has slowed down considerably so far primarily because GST impact inclusion took time for them in their bidding documents and all. Now is everything is sorted out from PGCIL and generally we see that SEBs follow... so we have not yet seen PGCIL tendering starting yet in a larger way. Are we confident that SEBs tendering will pickup pace significantly before PGCIL on that part in the second half?
- Manish Mohnot:** So lot of things are sorted out as far as the pre GST contracts are concerned at PGCIL although finalization of the contracts are still happening, we are confident that in the next month or so



everything will be sorted out as far as PGCIL and SEBs are concerned in terms of the old pre-GST contract. As far as the contract post GST I think there is complete clarity at all SEBs as well as other PSUs in terms of the new tenders and hence the new tenders as far as the SEBs are concerned, we are not seeing low traction. We are seeing enough traction happening on that and that should be a good driver for us for the future.

**Amber Singhania:** Do we see a significant pickup in Q4 or this will spill over to Q1 next year in terms of the order inflow from these entities?

**Manish Mohnot:** My gut feeling is that you will see a lot of tenders coming up in Q3 and Q4. Some of them should get finalize in Q4 but some of them might even spill over to Q1 of next year.

**Amber Singhania:** That is all from my side. Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen that was the last question I now hand the conference over to Ms. Bhoomika Nair for her closing comments.

**Bhoomika Nair:** Thank you everyone for being on the call especially the management for giving us an opportunity to host the call and also answering all the questions very patiently. Thank you very much Sir.

**Manish Mohnot:** Thank you very much Bhoomika and thank you everyone for being on this call.

**Moderator:** Thank you. Ladies and gentlemen on behalf of IDFC Securities that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.