

Conference Call Transcript

J Kumar Infraprojects

Q2FY18 Results

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Corporate Participants

Mr. Kamal J. Gupta
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Mr. Nalin J. Gupta
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Mr. Arvind Gupta
CFO

Questions and Answers

Moderator: Ladies and gentlemen good day and welcome to J Kumar Infraprojects Q2 FY18 Earnings Conference Call hosted by Edelweiss 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 an operator by pressing '*' then '0' on your touchtone phone. I would now like to hand the conference over to Mr. Parvez Akhtar Qazi from Edelweiss Securities Limited. Thank you and over to you sir.

Parvez Akhtar Qazi: Good afternoon friends. On behalf of Edelweiss Securities, I welcome you all to the Q2 FY18 Results Conference Call of J Kumar Infraprojects. Today, we have with us from the management side Mr. Kamal Gupta – Managing Director of the company, Mr. Nalin Gupta – Managing Director of the company and Mr. Arvind Gupta – the CFO of the company. I would now hand over the call to the management for their opening remarks. Over to you sir.

Nalin Gupta: Good afternoon everybody. This is Nalin Gupta; I am the Managing Director of J Kumar Infra.

To brief you about the Q2 results of J Kumar; we have achieved a financial top line of 317 crores for the Q2 17-18 as compared to 309 crores that we achieved in Q2 of FY16-17, having a top line increase of around 3% with an increase in EBITDA margin, EBITDA of 61 crores as against 56 crores for Q2 FY16-17 and the PAT is 23 crores as against 22.9 of the FY16-17 Q2. Half yearly results is 691 crores for H1 as compared to H1 FY16-17 of 713 crores which is mainly because of Q1 where we had some less top line. EBITDA is same of 124 crores as against 134 crores of FY16-17, PAT for FY17-18 for H1 is 48 crores against 52 crores of 16-17, this PAT margin remaining the same. The order book of J Kumar as of 30th September, 2017 stands at 8660 crores approximately and the net worth of the company is at 1420 crores. We can go ahead with the question and answers.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin with the question and answer session. We take the first question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Despite such a big jump in order book, it's not reflecting in the execution if you compare the 1H performance of YoY everything is flattish, so what is happening actually on the ground?

Kamal Gupta: Like last time also we spoke about this, you have seen that Q1 was sluggish because of non-availability of raw material which was the basic reason since the major works are in Bombay and in and around Mumbai, the quarries were closed. So people have to search for alternative means which we have already found, so Q1 was low and Q2 had some effect of that and plus monsoon that was the major thing. Like Q3-Q4 looks to be very good which we

are confident as last time also in Q1 results also we told you that Q2 also will be like almost flat but Q3-Q4 will be very good. Since metro lines will contribute in good amount because the tunnel machines have arrived I think which will be lowered in coming months, so tunneling will be started in Q4 in a big way. That will add up to the revenue very well and you will see very good hike in the numbers in Q3-Q4 and further.

Parikshit Kandpal: Based on the 1H performance what is the expectation revenue for the full-year now?

Kamal Gupta: Revenue expectation for full year as we told before also, we are very much confident 100% to achieve 1800-1900 Cr for the top line of 17-18.

Parikshit Kandpal: And for FY19?

Kamal Gupta: FY19 around 2300 Cr.

Parikshit Kandpal: If you can just give us the execution numbers for the JNPT project, any update on that, how is it progressing and what has been revenue booking during this quarter?

Kamal Gupta: JNPT has really picked up well now, all our issues have been sorted out apart from only one location that out of the total amount like about 145 crores land acquisition was pending which they have sorted the issue last month and they will be distributing money in another two weeks to all the villagers, so we are hopeful that by end of this month even that patch will be clear. So apart from that particular patch everything else is going in full fledged after monsoon, from October onwards. We will see good revenue coming from JNPT also in this coming two quarters. In Q2 the revenue from JNPT was H1 was around 140 crores.

Parikshit Kandpal: And for the metro projects how much will be H1 revenue?

Kamal Gupta: On metro it was around 353 crores.

Parikshit Kandpal: All put together?

Kamal Gupta: Yes.

Nalin Gupta: And if you want to breakup, Line 3 was 112 crores, Line 2 was 108 crores and approximately 50 crores for Line 7.

Parikshit Kandpal: There was some recent clarification from Supreme Court regarding the Hancock Bridge and others where we were L1, so any update on that so what did the Supreme Court say?

Nalin Gupta: In that case basically there are lot of hardship because of we had also received the call from some people whether they are political people or social workers that because of your case, there are lot of people who are suffering. So basically those tenders were not basic intention of order for us, it was just a matter of upsetness that injustice is done on us because of which we had gone to Supreme Court otherwise an order of 40-50 crores was not really bothering matter for J Kumar. So in this matter the honorable court has taken a call that pending the legitimate decision who is correct and who is wrong, only to give comfort to the people this decision has been given that let them go

ahead with the other vendor...to shortlist another vendor and go ahead with it for which we also did not object because we did not want the matter to be stretched beyond limits. So that's the call that honorable Supreme Court has taken and it honestly doesn't bother us.

Parikshit Kandpal: The standalone debt and cash if you can tell that much.

Arvind Gupta: debt figure is 560 crores in H1.

Parikshit Kandpal: And cash on books?

Arvind Gupta: 565 including the FDR.

Parikshit Kandpal: And how much is the FDR in this?

Arvind Gupta: FDR is near about 425 crores.

Moderator: We take the next question from the line of Rita Tahilramani from SBI Caps. Please go ahead.

Rita Tahilramani: If at all you could help me with the guidance of revenue from the JNPT project and metro project for H218 and FY19.

Kamal Gupta: For JNPT we are looking for a figure of around 280 crores for H2 and the next year it's around 450 crores.

Nalin Gupta: For JNPT we are expecting 285 crores from H2, followed by 450 crores for FY18-19, from Line 3 we are expecting a top line of 480 crores from H2 followed by 750 crores for 18 and 19, for Line 2 we are expecting 220 crores from H2 17-18 and around 42 crores from FY18-19.

Rita Tahilramani: And line 7?

Nalin Gupta: Line 7 we are expecting 70 crores for H2 FY17-18 and 150 crores for FY18-19.

Moderator: We take the next question from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Just wanted to understand last call we spoke about facing issues with quarries so has that issue been resolved or is it why our top line appears to be muted even this quarter despite very good order backlog?

Kamal Gupta: The issue is sorted in fact we have already identified other resources for that. Initially what was coming to Mumbai from Turbhe that was 40 km, now we have to 60 km, so that already is been identified and established. There should not be a problem for the top line raw material.

Nalin Gupta: If you look at the Q2 revenue you will appreciate instead of falling that would have been case like Q1 even the Q2 top-line should have gone down, rather there is an increase of 3% even after having an extended monsoon even till October. Number two, the raw materials as my brother has already explained, there was big shortage in the raw material which has totally been sorted out all the quarries which were earlier flooded because of monsoon have been opened up and now there is no shortage of raw material, labour, everything is in place. And that's why we could make at least 3% increase in the top line in Q2 and this H2 for sure because all the works are in place, casting

yards are fully operative and the work has started full-fledged. There is no reason of not achieving this target of 1800 to 1900 crores.

Prem Khurana: If I were to understand this correctly, you arrange these quarries on your own now than last quarter you spoke about Maharashtra government trying to buy some quarries and give you the access to these quarries. So given the fact that you're doing it on your own, there will be some change in your cost structures. So any thoughts there as in how would we compensate for this incremental cost that you would get to have because essentially there will be two causes, one is your distance because you were initially building in numbers from 40 km distance now you would have to travel another 20 km odd, so to and fro would be another 40 km. Even in terms of I mean you would have to spend some money to be able to mine some quarries. So would that be compensated or we would have to take it on our balance sheet and there could be some kind of compromise on margins.

Kamal Gupta: Prem, rightly pointed out issue but this effect of 20 km is negligible for your information because we also have an inbuilt clause price escalation in our contract that easily takes care of this. This impact is hardly 0.1% for the project. Secondly what we are doing now is the rock which we are obtaining from our metro-line 3 that we are giving to quarries and we are getting a rebate on that. That is also getting compensated.

Prem Khurana: So even the dumping issue is now.

Kamal Gupta: It doesn't effect on our bottom line because of that.

Prem Khurana: This quarter and specifically your margin seems to be on a higher side, so tell your specific reason, is it because of change in mix or was there any extraordinary numbers in this quarter?

Kamal Gupta: This time because there was less of material like more excavation and all there. The incoming was good from the project because your payment schedule wherein like you do particular thing and you get money where the outgo was less and incoming was more.

Prem Khurana: And on these how many TBMs come in and by when do we expect to launch these TBMs, any date in mind?

Kamal Gupta: We are planning to have five TBMs for Line 3, out of that two TBM from Delhi which are refurbished made new and ready to come to Mumbai. But because we had some issues of environmental in BKC which was sorted out 1.5 months back, that will take another three months for the shaft to be ready. So we will be getting the TBMs from Delhi after three months but two TBMs have already arrived, new TBMs in Bombay and by first week of December we are launching the first TBM and by mid-of December the second TBM.

Prem Khurana: 4Q would be very good in terms of revenues from your Line 3?

Kamal Gupta: Correct, so after this TBM operations will be starting in from Jan because 45 days it takes for the assembling and everything, so from Jan in Q4 we will start getting the revenues from the TBM.

Prem Khurana: You said the debt is around Rs. 560 crores odd gross I'm

talking about and it seems to be increased on a sequential basis, so last quarter the number that you gave us was around Rs. 470 crores odd. Why would this increase be there in this quarter you said that we worked more but then have not been able to book in our numbers or in revenues and which is why the debt has gone up?

Kamal Gupta: No, you rightly said like 475 Cr before which has gone to 560 Cr now, its basically increased because of the equipments, so we bought lot of piling rigs and TBM everything and it may further go on by maybe 100 crores because of the equipment, TBM....

Nalin Gupta: There are so much amount of work which has suddenly come up, so which piling rigs have become a big shortage. Piling rigs and all this we have to increase to be self-sufficient that's the reason and because of the TBM.

Prem Khurana: And any impact of GST on our numbers?

Kamal Gupta: No, it's not really having any major plus or minus effect. As a thing it's little beneficial but we were not losing anything.

Moderator: We take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: What was the order inflow in 1H?

Kamal Gupta: We were not looking also Parikshit for....

Parikshit Kandpal: So nothing was there?

Nalin Gupta: Nothing.

Parikshit Kandpal: Total mobilization advance, how much we have received till now and anything is pending?

Nalin Gupta: 670 Cr is received and another 130 crores is pending.

Parikshit Kandpal: These are interest-free advances?

Nalin Gupta: These are interest-free advances.

Parikshit Kandpal: For one year?

Nalin Gupta: No, not for one year. For JNPT only we have this clause of one year and fortunately we could get it extended by another one year, so even that is gone which was initially to be deducted in one year, now we will be deducting in two years and for all other purchases apart from JNPT, this money is to be deducted in sequential basis on prorata of the work like 85% of the work is completed the entire money will be deducted.

Parikshit Kandpal: And in JNPT how much advanced you have received?

Nalin Gupta: JNPT we have received 130 Cr.

Parikshit Kandpal: And pending?

Nalin Gupta: Nothing pending in JNPT.

Parikshit Kandpal: How much is the interest in it; is it the bank rate or what interest?

Nalin Gupta: Even this is interest-free but this we have to repay in one year.

Parikshit Kandpal: What is your approach on order booking now? We expect a big ramp up in H2 in the next year, so when do we see is the right opportune time to restart bidding and in building up the order book?

Navin Gupta: Now we will start looking for new jobs means as we are becoming stable, so now we will start looking for new job. So let's hope the next six months or something we will start bagging orders again.

Parikshit Kandpal: Anything like we are looking any number in mind like how much we should be...

Nalin Gupta: We will at least try to maintain our order book of 9000 to 10,000 crores, will try to bag orders...

Parikshit Kandpal: What is the position of debtors right now, how much are the debtors right now and you can just highlight on that on the working capital side?

Arvind Gupta: Debtors is right now Rs. 535 crores as on date.

Parikshit Kandpal: This was what last quarter how much was in 1Q?

Arvind Gupta: Q1 is there about Rs. 530 crores as on Q1.

Parikshit Kandpal: What is the unbilled revenue you would have executed the metro projects and all, so what is the unbilled revenue?

Arvind Gupta: We will revert on this issue.

Moderator: We will take the next question from the line of Manav Shah from Arjava Partners. Please go ahead.

Manav Shah: I missed the number on the metro revenue for H1.

Nalin Gupta: I have already given that; you want a breakup of the revenue?

Manav Shah: Yes.

Nalin Gupta: H2 or for FY18-19?

Manav Shah: H1 FY18.

Nalin Gupta: H1 we had a top line of 112 crores for Line 3, 108 crores for Line 2 and 50 crores for Line 7.

Moderator: We take the next question from the line of Amber Singhania from Asian Market Securities. Please go ahead.

Amber Singhania: Just wanted to understand what is the status of the Line 4 and 2B tendering? I believe that tenders are supposed to be getting cancelled.

Nalin Gupta: Right now, we are not clear about this factor because the tenders have been bided and it is still pending with MMRDA, so as of now we don't have any clarity about whether they are going to recall or whether going to award this, so it's still pending. The decision is yet to come.

Amber Singhania: But what was the reason for which they might consider it?

Nalin Gupta: They found the rates to be on the higher side.

Amber Singhania: If you can give some more idea about the large tenders which are supposed to come from in and around Mumbai and Maharashtra region, what is the status of that and out of which, which one would we be keen to bid for, be it Trans harbor, be it other projects?

Nalin Gupta: Right now Line 5 and Line 6 and extension of Line 7, these three metro projects of Bombay is expected to come up in 3 to 4 months' time. Again, Delhi metro, the orders for Phase-IV is expected to roll-on by next four months' time. The DPR has already gone to the government for approval and the tenders are already ready with them. So just as soon as we get the approval for DPR they will start calling for the bids.

Amber Singhania: And will be bidding in all these four projects?

Nalin Gupta: Of course yes, we will be and again Ahmadabad metro also you must have heard, they are going to extend the lines. And plus even Surat metro is going to be done by Ahmadabad Metro so even those tenders are under preparation. So within 4 to 6 months time Bombay, Delhi, Ahmadabad and Surat, four projects where already our presence is there those works will be taken up and J Kumar will go for it.

Amber Singhania: Could you also give some idea about the size of each of these projects?

Nalin Gupta: Each project would be ranging between 500 to 1000 crores for an elevated package and underground would be again close to 1000 crores approximately.

Amber Singhania: And underground would be Delhi one only, right?

Nalin Gupta: Underground would be in Delhi and Ahmadabad both and even in Bombay also there are certain sections where again undergone metro is expected. Moreover, the elevated corridor even railway department is planning a big project for entire this Churchgate to Virar section; they are coming up with the project of elevated stretch.

Amber Singhania: So that will be a separate line altogether compared to the current planned one?

Kamal Gupta: Yes. Churchgate Virar is coming, Churchgate-VT-Panvel is coming, lot of projects are there. The multimodal corridor is coming; there is lot of projects in pipeline in and around Mumbai.

Nalin Gupta: High speed railways coming between Bombay to Ahmadabad, so again that is there.

Kamal Gupta: That will take around 6 to 8 months' time to come.

Amber Singhania: Any update on this coastal road, is it happening or what is the status?

Kamal Gupta: Yes, tenders have come in; we have not bided for coastal roads.

Amber Singhania: Tenders have already been submitted?

Kamal Gupta: Yes.

Nalin Gupta: The price bid have to be submitted, RFQ has been approved, so RFP will be submitted in some time.

Kamal Gupta: It was done four months back only.

Amber Singhania: Is there any scenario in these metro lines which you shared, will that be similar to what Mumbai has done multiple packages, one person can get only one or two like that?

Nalin Gupta: Now that clauses have been removed and it is no more existing. It was just done because at the initial stages the department wasn't sure whether the contractors specially like who have taken up too many jobs will be able to perform or not. But right now they are seeing that J Kumar having the maximum share of these metros, still we are doing a very good performance for them so the confidence level is much better and they have removed these clauses. So now we don't expect this clause to come in.

Amber Singhania: So we can bid for more than four packages now or we can win more than four packages which was earlier clause?

Nalin Gupta: Yes and that four packages logic was who already have certain packages. So we had three so we could get one. So now if you talk about even two or three packages you are talking of 2000 crores, 3000 crores amount of order book.

Amber Singhania: Also if you can give some color about the CAPEX target for FY18 and '19.

Kamal Gupta: CAPEX for FY18 is like around 250 to 300 crores and for '19 there is not much CAPEX. We are looking only for 30-40 crores of maintenance CAPEX.

Amber Singhania: How much you have already done in first half?

Kamal Gupta: We have done 108 crores in the first half.

Amber Singhania: So majority will go in the second half only as such now out of these 300 crores. This one more clarification I wanted to know there was some news article about High Court ordering to stay the tunneling work because of some cracks in near the Dadar area and all. So what is the status of those and are they going to impact our execution any time because we are into the different packages altogether, so is there any linkages on those?

Kamal Gupta: First of all, Parsi Community thing is not in our package. That's in package number 2 and 3, so it's not at all affecting our work. Secondly of course like this tree cutting or noise in the night those things are there what people have objected and gone to the court. We have started work from 6 o'clock in the morning till 10.30-11 in the night and some places there is no problem to work day-night also. So wherever it's possible we are working in the night also. So I don't see any problems much from the court like they also want this project, government is very optimistic and positive about this project. So we have all the required support from the government and the judiciary as well.

Amber Singhania: Recent news articles were suggesting that High Court has

taken it very sternly that work should not be going on after 6 o'clock.

Kamal Gupta: 10 o'clock.

Amber Singhania: Will it have any impact on our revenue forecast for FY19 from these packages?

Kamal Gupta: No, it won't have much impact on our revenue. Our revenue will go up.

Amber Singhania: The numbers which you have shared for FY19 revenue from these large four projects is roughly around 1800 crores odd, so remaining 500 crores we are expecting from the remaining 1000 crores of order book apart from these metros and JNPT?

Kamal Gupta: Correct. We have some flyover projects going on like in Thane there are some flyover projects, in Bombay we are doing this 450 crores of Santacruz Chembur Link Road like New Mumbai there is some project, all putting together, Lucknow we are doing a project for IAS officers, so that will add up to the rest 400 crores.

Moderator: We will take the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: In Line 3 package 5, has the scope been increased because if I look at the other executed order book as on second quarter and the first quarter, it has actually increased by 10 crores and you are saying that the execution has already happened on that part. So is there any scope of work has increased and same with the Ahmadabad metro also?

Kamal Gupta: No, there is no increase in the scope.

Shravan Shah: Because the number says some...

Nalin Gupta: Ahmadabad metro there is an increase of around Rs. 40 to 45 crores for which approval has already come and the awarded work of 275 crores approximately which was for MEGA has already been completed by now. So only the 40-50 crores balance work is in progress which should be completed by March, so this fiscal year we should be able to complete Ahmadabad metro that we have already received 58 crores of topline from that.

Shravan Shah: This quarter in terms of the employee cost has gone significantly, so is there any reclassification from other expense to employee?

Nalin Gupta: It's basically because of the new jobs that has been taken up and all the people who are required to execute this project at the managerial level and staff level which is the major cost of the project are already on plate. So this will become as soon as the top-line keeps increasing by this H2, it will keep improving.

Kamal Gupta: And also there are some like lot of aspects have been added for this tunneling project which will be there for 2 years particularly, so that is additional 2 years which will subsequently been reduced after 2 years.

Shravan Shah: For the time being at least FY18 in FY19 this run rate will continue?

Kamal Gupta: No, this run rate won't continue because right now we are seeing these numbers as compared to the top line which is comparatively less but these numbers will remain same wherein the top-line will go up. So the percentage will come down drastically.

Shravan Shah: This first half in terms of the margin we did 18% kind of margin so at least for this FY18 our margin would be slightly higher than the earlier guidance of 16.5%?

Kamal Gupta: We are looking for 17% to 18% EBITDA only.

Shravan Shah: In terms of the balance sheet, the rise in inventory by 116 crores and other current liabilities also there is an increase of 154 crores, if you can just explain.

Arvind Gupta: Current liabilities increase due to the increase in the mobilization advance. That's why the current liabilities are little bit increased and for the stock point of view if you see working progress is also increased slightly by Rs. 19-20 crores. Total stock is increased by 23 crores that's it, not much for the Q2; I'm talking about the Q2.

Moderator: We will take the next question from the line of Tarang Agarwal, an individual investor. Please go ahead.

Tarang Agarwal: As you have given a guidance that in the second half we are expecting incremental revenue of 1160 crores odd and for H1 our revenues been 691 crores so that's like 170% odd of our current revenue. What I wanted to understand was is it because of monsoon that we were not able to execute and because of lack of monsoon now our execution will ramp up substantially or are there any other factors?

Nalin Gupta: Partly what you are saying is because of monsoon of course and also all these projects have now taken up shape like for all this we have milestone based payment schedule, all the casting work is in place so we cast the tunnel segments and we get 17 crores. So that segments are casted so we will be getting that revenue now, so there are lot of such milestones which we keep adding now. We are 100% sure that we will be able to achieve this 1100-1200 crores in this H2.

Kamal Gupta: Q2 is one of the weakest quarter for any company and Q3-Q4 has always been on the bullish side and this year all the work which gets hampered due to rains because of raw material, because of labor not getting sufficient work, because the utilization of labor is not even 50%, so everybody tries to maintain the labor availability at site but now as it's a full working season these six months we will be having one of the most strongest quarter that we will be seeing.

Tarang Agarwal: Do we expect a margin expansion as well because most of the work as Nalin sir suggested that milestones are on the verge of achievement as a result of which we will be able to book revenues. So my understanding is most of the work that is required has been done and there are just small dots which needs to be covered up. So are we expecting margin expansion in H2?

Kamal Gupta: Taranji in this there is no major change that you will be seeing because of it but yes it will be having some positive impact on the margins but nothing which we should say as a big very change, it will not be seen. But yes it will support the margin for sure.

Tarang Agarwal: The second question was with respect to the traction on the shell company issue. Has there been any traction because there has been no progress, no information in the news?

Kamal Gupta: But there is no change or no further any enhancement in the situation. Whatever queries have been raised by SEBI has already been replied by J Kumar and there is nothing pending from our end.

Tarang Agarwal: And they haven't gotten back, so basically what is the status right now?

Kamal Gupta: There is no further development on that.

Tarang Agarwal: Just to confirm for forecasted revenues in H2 FY18, JNPT is 285 crores, Line 2 is 220 crores, Line 7 is 70 crores, what about Line 3?

Kamal Gupta: 480 crores.

Moderator: We will take the next question from the line of Amit Jeswani from Stallion Asset. Please go ahead.

Amit Jeswani: I just want to ask are we going to be concentrated towards the metro side or we looking for Bharat Mala as is coming up, so Mumbai-Nagpur is there, so are we looking at those projects as well?

Kamal Gupta: No, metro will be the major focus, Amit no doubt about it. But we are also open for other flyover projects and structural projects where we are strong.

Amit Jeswani: You said that you would like to maintain your order book at 8,000 to 10,000 crores, right for the next year as well, so incrementally we will have to bid somewhere around 3,000 crores?

Kamal Gupta: You're right.

Amit Jeswani: And that would be more on the metro plus roadside?

Kamal Gupta: Metro and flyover is basically what our focus will be.

Amit Jeswani: When would this order book exhaust like by 3.5 years broadly by 2020?

Kamal Gupta: '21 end, four years down the line.

Moderator: Thank you. Ladies and gentlemen as there are no further questions from the participants I would now like to hand the conference over to Mr. Parvez Akhtar Qazi from Edelweiss Securities for closing comments.

Parvez Akhtar Qazi: Thank you everyone for attending this call. We would also like to thank the management of J Kumar Infraprojects for giving us this opportunity to host the call. Kamal and Nalin sir, would you have any closing comments to make?

Kamal Gupta: We'd just like to say that right now the projects have really taken up shape and we're happy to share that all the projects are working at full speed, so we will be seeing very good results in coming two quarters and for the year also. Thanks for all your support.

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Edelweiss Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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