

Operator

Ladies and gentlemen, good day and welcome to the Jain Irrigation's Q2 FY14 Earnings Conference Call hosted by IDFC Securities Limited. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. (). Please note that this conference is being recorded. I now hand the conference over to Mr. Nikhil Vora of IDFC Securities. Thank you, and over to you, sir.

Nikhil Vora, Analyst

Thanks, Inba. Pleasure to invite you to this Q2 FY14, earnings conference call of Jain Irrigation. We have with us, as always, the senior management team of Jain Irrigation, Anil Jain, Managing Director; Manoj Lodha, CFO, and Pradeep Tibrewala, Senior VP, Finance and Investor Relations. I'll request Anil ji to make the opening remarks first on the numbers and also the way forward and then we will open the floor for Q&A. Over to you, Anil ji.

Anil Jain, Managing Director

Thanks, Nikhil. Welcome to everybody on this call, as you might have seen the results, we had a very good quarter in terms of revenue, in fact 33.5% growth on standalone India number basis, which is quite good considering that this is one of the weakest quarter we have normally, because of the monsoon rains and during this period of time, there is not much demand for either pipe or drip irrigation.

So keeping that background in mind, I think the revenue growth has been really very good. Within that, the domestic business in India still grew 20%, but the export grew about 80%, from 138 crores to about 250 crores and domestic business grew from 490 to about 591. And when you look at the breakup of this growth in the current quarter, MIS business, I believe now is in back on track and should consistently maintain good level of growth; it grew about 20%. The PVC pipe business grew less than the last quarter but last quarter it had grown phenomenally well and we expect that that growth should come back in the later part of third quarter and fourth quarter.

But another piping business which we have grew very well, in fact almost three times, it moved from 56 crores to close to 169 crores. Our plastic sheet business also has grown with depletion of inventories in our US and European operations and that grew 65%, but this is smaller part of our business. Last quarter, first quarter of the year fruit business had not done that well, but this quarter we had really good export numbers in fruit where export grew from 27 crores to 64 crores and overall fruit business grew from 62 to 96, registering about 56% growth in the current quarter.

So these have been major highlights in the quarter in terms of the businesses which have grown and the product. Export remains very important part of this and now if you look at combine this quarter along with the first quarter quickly, exports have grown almost 60% for the entire first six months and we expect to maintain the similar growth rates for the rest of the year.

Domestic business for the first half is about 15% growth in totality. All in all, we have done about 1,875 crores for first six months, as against about 1,500 crore last year, registering about 24% growth for the entire six months. Now when you look at this growth, let me share with you where we see how things are going to pan out in terms of revenue going forward. As I already said micro irrigation the busy season starts now. We kind of lost one month in October because of extended rainy season, as you know almost all over India rains continued almost till third week of October due to the, even on a return monsoon there were lots of showers.

But we expect now business to pick up and as we speak things have started already picking up. Same applies to the piping business and we have some good orders in hand in both of these businesses. In micro irrigation business especially, we think there would be lot of good opportunity in sugarcane business in state of Maharashtra, for the reasons which we have explained earlier in the year as well.

We have good orders in hand for fruit pulp exports as well as domestic orders. And therefore we feel that this revenue performance of ability to grow business more than 20% -- somewhere between 20% and 30% would be continued in the second half as we have achieved this 24% in the first half. So, that's quite positive. Total order position is about 1000 and odd crores, out of which fruit and

onion alone is close to about 400 crores because these orders you get once a year, but our pipe and irrigation business orders, lot of those come from dealers and they are on rotational basis, so as we supply, we get new orders. But even in that business we have got INR500 and odd crore of orders in hand. In terms of our consol numbers, our overseas businesses grew about 7.5% approximately, which was in line with what we did also in the first quarter.

There is not much different to talk about there in overseas business, I mean whether it's about EBIDTA margin, whether it's about their revenue, it's in that growth phase of about 7 to 10% in terms of revenue and EBIDTA has also been around 7% to 8%; that is where that business stays. Some of our -- these businesses have their seasonality factor, so we might see higher growth in some of the even overseas businesses in later part. And -- but all in all, we expect that business to grow about 10% on revenue basis. When you combine both businesses consolidated as well as standalone, for the first six months we have grown 18% while in this particular quarter, we grew about 24% [ph] on a consol basis in totality.

Now, in terms of our overall balance sheet scenario, we have been very focused on accounts receivable and they have been going down. In absolute amount, receivables were down by almost 70 crores in this quarter, but what was even more important that the government related receivables came down almost by 120 crores, the subsidy related receivables. So, that's a big plus and now the left out government receivables and this is on net basis, even after doing the new business, is almost about close to 500 crores, which once upon a time, six quarters ago or so was close to 1,200 and odd crores, and it is down to now 500 crores. And we expect to bring this down at least by another 150 to 200 crores in the remaining two quarters, current and the fourth quarter of the current fiscal.

As these debtors come down therefore we expect then MIS business to be also more profitable. As before we look into the margins, one has to also realize that in the new business model we have where we are going with more cash business, we had indicated to marketplace earlier that our EBITDA margins will come down because we will be -- we will start saving on the interest and working capital. So on net basis, it should not impact but on a gross basis EBIDTA will be lower than what it used to be. And that is what is happening naturally.

But apart from that what has impacted us in the current quarter on margin was that very high polymer cost. Our raw material consumption went up from almost 53% to 58% or so, overall for the company, partly due to higher raw material prices and also the partly the fact that we have done far more pipe business which has lesser value addition, so there the raw material consumption is higher.

So because of both of this there was this impact of 5% in RMC. But as we go along into the second half as the micro irrigation business picks up and the fact that polymer prices have come down since their peak in August and hoping that rupee will remain stable and better fixed cost absorption, we hope to improve margins going forward and bring down this 5% increase which has taken place.

In terms of EBIDTA margins, we clocked about 16% EBIDTA margin as against 19.3 on Y-o-Y basis compared to last year. This reduction in 3.3% partly as I said is due to the changed nature of the micro irrigation business, partly higher raw material or energy cost during this period. And in this particular quarter, also the fact that we have lesser sale in general compared to the remaining three quarters, so that also impacts.

So we hope that in the remaining six months, margin should improve suitably, they will never go back to what were those earlier margins because of change of business model but they will become better than what they were in the first, let's say, six months. And overall, keeping that in mind we should get better level of EBIDTA going forward.

Another point to look into has been the ForEx situation. As everybody is aware, rupee behaved in a very volatile manner during this particular quarter. It had grown as high as 68 to 69 and now it is closer to about 63. Now, compared to June -- June end closing, RBI reference rate for dollar was like 59, 69 and it went down to 60 to 77 end of September. Now, this reduction of almost INR3 has impacted us on M2M basis and we are taking this M2M impact to P&L which has affected us, and that is where you see the huge mark-to-market notional debit related to ForEx which is in place. As I explained, just to refresh some of the new investors which might be there on the call that most of the impact is coming from long-term loans which have to be repaid over next 10 years. On an average repayment is not more than about \$20 million plus and we should have a net foreign exchange earning about \$40 million to \$50 million a year in foreseeable future every year.

So on a cash basis this is not going to impact us negatively but on mark-to-market basis last quarter as well as this quarter it has affected this quite a lot. As a management we've been also looking at what else we can do to improve on this apart from increasing export as a matter of business strategy is that we are trying to also see whether we can reduce our imports and reduce the cost there on one end so that we can increase the net foreign exchange which is out there.

Another thing which has also affected us during this period of time is that with company's lower credit rating we had also this dollar based financing in working capital and so when -- what happens is that when you take dollar based working capital finance and when you export, when you receive money you receive that also in the dollars, so sometimes that rupee depreciation benefit do not accrue to you. Now, as we go along, as we move forward into the second half and maybe next year, we are slightly

changing the way we are going to borrow working capital as well so that all this benefit of export and rupee depreciation benefit should ultimately accrue to our bottom line.

In terms of -- and another thing we are now seriously evaluating as the rupee has stabilized is that what kind of hedging mechanism we can use as we go along. But we would like to remain prudent in trying to see how this can be hedged. While we are hedging this naturally in terms of building business model which is more related to export and if rupee remains at the current levels or around those, we think hereafter you will not see any more of this lot of M2Ms and if rupee does appreciate we will start writing back some of this M2M losses which we've done.

In terms of interest cost, as one could see, it is somewhat improved compared to the same period last year. Last year we had almost INR102 crore of interest, now it is down to about 97. So last year it was almost 16% of revenue, now it is down to about 12% of revenue. If you look at the first six months, interest last year was almost 205, now it is about 195. So last year it was 14% of revenue, now it is about 11% of revenue. And in the second half, with the interest cost we expect it to go down further -- we expect -- and the revenue to go up. So for the whole year, finance cost might be closer to between -- somewhere between 7% to 8% as against almost about 10% plus last year.

So, in that sense, while we might have some lower EBITDA margin, but we are going to save on a percentage basis definitely on the interest cost. Therefore, we will try and compensate the net margin there. We have maintained between June and September, debt level almost to the same level despite 33% growth in revenue and we expect that as we move into the third and fourth quarter, we'll maintain the level of balance sheet where it is by improving further efficiency in working capital and that way repay some of the debt and further reduce the interest cost as well.

Our debt equity ratio is around 1.3 as we speak and we are hoping that with further improvement in working capital as well as additional earning in the remainder of period, we are hoping or at least our internal target are that we want to bring down debt equity to at least 1 to 1 while maintaining this growth, that's what company is striving for.

In terms of overall challenges in marketplace, any big variation in oil price, any disturbances in Middle East or further steep decline in rupee will impact possibly our margins. But I think in terms of balance sheet, we feel we are very solid now. In terms of revenue we feel also that we have a very solid situation. So I believe what we started 1.5 years ago, almost six quarters ago, this whole discussion about changing our business model and so on and so forth we are coming very close to the end of that whole process where revenue now is back on track 20% plus for the whole company and for micro irrigation.

Our receivables are in control and they are going down almost every quarter in absolute amount, so days outstanding sales are in fact coming down even faster. Inventory for us, it's seasonal like this quarter, fruit inventory went up by substantial amount, 175 crores, but that will get -- go down by March. So inventory, we should be okay by the end of the fiscal year and we should maintain that there.

So, balance sheet we are fine; revenue growth with the orders in hand plus some of the businesses, which we have been negotiating with our customers, which we expect to come through, gives me confidence to say that revenue growth, as well as balance sheet, we think we are very fine.

In terms of margins, we are addressing as I said the polymer issue. We have done some increases in the price in the micro irrigation, but real impact, one will see through the full season, between now and April or May. So, one would not be able to see that impact. We have started buying some power directly from private suppliers to reduce the power cost, because in Maharashtra where we have a major manufacturing unit, power cost has gone up considerably over last one, one-and-a-half year, and we are trying to address that issue as well.

Our other expenses, whether it's the people cost, whether it's SG&A, all are in control or within our normal norms. So improving product mix, addressing the polymer issue and changing the power cost is the way we are trying to improve our EBITDA, and increment in price in especially micro irrigation business, wherever we can get it, would be the way we are looking forward to.

In terms of our overseas businesses, as I said, we expect for the whole year those businesses in terms of operating basis, not to lose money or not to gain, so hopefully even post depreciation, they should have about no profit, no loss. But as I said earlier also, we are making some changes to shift some production to India, all of that process takes time, but good part of that will get completed during current fiscal.

So while our overseas EBITDA is 7% to 8%, our medium-term objective is to take this EBITDA to close to about 12%, and at around 12% we think we will be okay. So our next year target is to try and take it to 10%, and year after from 10 to 12 in terms of overseas business. And add that 12% EBITDA, then that business can start contributing at the level it is, somewhere 50 crores to 100 crores to our parent net contribution, in terms of earning.

Beyond that, in terms of balance sheet issues or long-term loan repayments, we have hardly about 50 crores a quarter loan repayments now, every quarter. So that's within -- we don't have any stress in terms of any big payments or any such issues. We don't have any big ForEx payments or anything like that. So we are not facing any of those issues unlike few others. So our focus and

concentration is ensuring that this lot of revenue growth we see now that it -- it is coming by further improving working capital efficiency and it should come with additional margin than what we have been able to achieve in the first six months. So this is the overall situation and me and my team now will be very happy to take any questions anybody might have. Thank you.

Operator

Thank you very much sir (). Our first question is from Amit Murarka of Deutsche Bank. Please go ahead.

Questions And Answers

Operator

Thank you very much, sir. (). Our first question is from Amit Murarka of Deutsche Bank. Please go ahead.

Amit Murarka, Analyst

Yeah. Hi good afternoon sir.

Anil Jain, Managing Director

Yeah.

Amit Murarka, Analyst

Just a few questions from my side, first of all can we get the revenue receivables breakup for MIS in different segments like projects and other segments that you used to give?

Anil Jain, Managing Director

Overall MIS in terms of the dealer is about 200 crores.

Amit Murarka, Analyst

Okay.

Anil Jain, Managing Director Amit Murarka, Analyst

520, okay. And secondly on this new businesses of green energy and tissue culture which were growing at a very high rate in the past have now started seeing majority so, I mean in terms of revenue decline or such things. So going ahead, can we expect that these businesses are though with the low base effect growth that we had seen in the past?

Anil Jain, Managing Director

Partly this could be a seasonality scenario and also somewhat, what one would call in solar especially we are trying to consolidate in the current year because we grew very rapidly in that business, it was growing 40, 50% every year for last four years. Tissue culture seasonality issue, but for the whole year I would expect tissue culture business continue to remain very strong growth. If you look at higher CAGR, tissue culture has grown 46% and solar has grown about 68%. So as against that, I would expect then to still maintain very high growth rate, but they may not be that 50% or 60%, but I think they will continue still grow this 20% to 30% growth rates.

Amit Murarka, Analyst

Okay, okay. And regarding inventories, inventories have risen further, so is this again a seasonal thing or there is something more to that?

Anil Jain, Managing Director

No, it is just the seasonality. As just talked about the fruit pulp also little bit of the pipe inventory went up as -- because they are expecting a strong quarter in the current third quarter.

Amit Murarka, Analyst

Okay.

Anil Jain, Managing Director

But it's just seasonality. In normal course between now and March most of that will get liquidated.

Amit Murarka, Analyst

Okay. And then just lastly, last question being in MIS, because of the raw material cost pressures are we expecting some contract need renegotiations in the different states now?

Anil Jain, Managing Director

We have already increased in Maharashtra and Gujarat two places and some other states like Andhra, we are in process but in Andhra as you know there has been some delay due to the government not functioning there due to Telangana et cetera, so that might happen by December. But otherwise Andhra, Karnataka, Maharashtra, Gujarat, MP and two -- our two major business states are Maharashtra and Gujarat and both places we are already done.

Okay. That's all from my side. Thank you.

Anil Jain, Managing Director

Thank you.

Operator

Thank you. Our next question is from Arya Sen of Jefferies. Please go ahead.

Arya Sen, Analyst

Hi, good afternoon sir. Firstly what was the EBITDA margins in the MIS business this time?

Anil Jain, Managing Director

The EBITDA margin in MIS business was approximately around 22%.

Arya Sen, Analyst

And what was it for the first half, if you could just remind it?

Anil Jain, Managing Director

First half is about 23%.

Arya Sen, Analyst

Sir and secondly, what was the growth in domestic MIS in the second quarter and in the first half?

Anil Jain, Managing Director

The second quarter domestic MIS was about minus 4%.

Arya Sen, Analyst

Okay.

Anil Jain, Managing Director

And for the first half it almost did same as last year, it's minus 1% or so.

Okay and sir in terms of states, where was the slow down and where was there growth, I mean if you could just give some indication?

Anil Jain, Managing Director

In second quarter, we have grown in like as I said, we have grown in Maharashtra, we have grown in Karnataka, Gujarat these places and other states some northern states we have grown, but some remaining southern states we had a negative growth. Also places like MP, Rajasthan which are going through this whole election scenario, there we had a slower growth because of the obvious reasons.

Arya Sen, Analyst

And what is the sort of guidance for full year growth in domestic MIS, if I were to sort of just look at domestic business?

Anil Jain, Managing Director

Domestic business for the whole year we should be positive in double digit growth.

Arya Sen, Analyst

Okay, you are still expecting 10% plus growth for the full year.

Anil Jain, Managing Director

Yeah. For the full year.

Arya Sen, Analyst

Okay. And also I just wanted to check what is the absolute value of domestic MIS sales in the first half?

Anil Jain, Managing Director

The first half absolute amount is about 515 crores or so.

Arya Sen, Analyst

Okay. And sir, were there any one-offs in the PE pipes business this time, I mean, there was a very significant growth in that business in the second quarter?

Anil Jain, Managing Director

Lot of that went into telecom application, but I really don't see it is just one-off because we are seeing more orders coming in at least they are under negotiation. We are also like L1 in couple of tenders by various national authorities So we see that at least for next two years or so as that now the whole telecom sector has somewhat stabilized from problems they were facing last two three years and it looks like next two, three years that demand will continue to come.

And as that demand slows meanwhile, we hope that rest of the infrastructure project, especially the related to water also take off again. And therefore, while this particular quarter was significantly high we think PE pipe business as such looks to be in a good positive territory. Last year we had almost no growth in that business so we are feeling quite positive about that business now.

Arya Sen, Analyst

So what is a sustainable growth in that business you would say?

Anil Jain, Managing Director

It should be difficult right now to say any specific particular number because first half it has grown 80% but PVC pipe is growing right now close to 24, 25%. I would expect PE pipe if some of these orders do materialize as we are under negotiation, would maintain that north of 50% for this year and maybe next year.

Arya Sen, Analyst

Okay. And also on the consolidated side, I mean your gross receivables have come down for the standalone but for consolidated it has remained largely flat on a days of sales basis. What is the reason for that, I mean any issues in the -with receivables in the subsidiaries I mean why has that not come down?

Anil Jain, Managing Director

No, there is no issue there. As I said, we are bringing down receivables because they are extended receivables we had in India, right, in micro irrigation business et cetera. But in overseas we have very stable business model, so as the business has grown, the receivables start remaining stable or growing only that much.

Arya Sen, Analyst

(Technical Difficulty).

Anil Jain, Managing Director

And also all these get translated here in the rupee depreciation. So you might see some increase due to the rupee depreciation, but there is no real as such increase per se.

Arya Sen, Analyst

Okay and last question from my side, the INR645 million from sale of wind assets, is that reflecting in the balance sheet for September?

No, that transaction will get completed now so it would get reflected in the current quarter.

Arya Sen, Analyst

Okay so it's not reflecting in the balance sheet yet. Okay that's all from my side. Thanks a lot sir.

Operator

Thank you. Our next question is from Abhijit Akella of IIFL. Please go ahead.

Abhijit Akella, Analyst

Hello, good afternoon sir, thank you so much for taking the questions. First of all just on the domestic MIS revenue, would it be possible to have a revenue breakup sir between projects and retail business and institutional?

Anil Jain, Managing Director

In terms of overall business of micro irrigation, which you are talking about, you wanted break up between retail and --?

Abhijit Akella, Analyst

Retail government projects and institutional?

Anil Jain, Managing Director

So, we don't have that type of break up really speaking. But I would say most of that was retail this quarter, very less business of project in the quarter which we just passed by.

Abhijit Akella, Analyst

Okay and regarding the institutional business in Maharashtra, the sugarcane opportunity, when would you expect that to start contributing.

Anil Jain, Managing Director

It has started now already as we speak, because during the rainy season of course there is no business but it has started now.

Abhijit Akella, Analyst

And any growth expectations you could share with us for that part of the business?

So -- but partly that is also done even though it's institutional business, we have to use our dealers and so on and so forth. So, overall Maharashtra, this 2Q Maharashtra business grew 25% for us and last year it didn't do that well. So I expect Maharashtra to continue to do well in that sense and should maintain that around 20% growth rate with the help of this also sugarcane business.

Abhijit Akella, Analyst

Okay. Also just on the EBITDA margin for MIS which you said was 22% this quarter, would it be possible to breakdown the margin between domestic and exports?

Anil Jain, Managing Director

No, we don't really track it that way and we have never tracked it that way. But this is the level of overall margin which we have.

Abhijit Akella, Analyst

Okay. But would it be fair to assume that exports would be closer to the 10 to 15, 10% to 12% kind of range, whereas domestic would be much higher?

Anil Jain, Managing Director

No, we have good margins in export. In fact domestic would be somewhat lower because as I said during this particular quarter

polymer prices were there at life time high. And any price increases which we've passed on to our customers in Maharashtra, Gujarat or so on, they are getting affected really into the busy season now.

Abhijit Akella, Analyst

Okay sir, one last question from my end. The tissue culture revenue if you could just share for this quarter and the previous year's corresponding quarter?

Anil Jain, Managing Director

This year tissue culture was about 18 crores this quarter, and it was almost same amount, little bit 17.9. It was 18.2 this year, 17.9 last year. But if you look at the first half, it was 47.6 crore tissue culture and last year it was 38.9, registering about 22% growth.

Abhijit Akella, Analyst

Thank you sir. I'll come back in the queue for any more questions.

Anil Jain, Managing Director

Thank you.

Thank you. Our next question is from Viraj Kacharia of Securities Investment Management. Please go ahead.

Viraj Kacharia, Analyst

Yeah. Thank you for taking my questions. I just have two questions, first is on the -- if you can give some lever on the industry outlook for MIS -- domestic MIS business for FY '14 and going forward?

Anil Jain, Managing Director

In terms of MIS business there are two parts. One, due to the impending elections which are happening now into three major states like; MP, Rajasthan, et cetera. There is going to be a slowdown in that because of the -- this whole Election Commission code of conduct and what not. And once the new government comes, stabilizes, things will start moving faster in those areas again. We are seeing good growth possibilities in Maharashtra, Gujarat as well as Karnataka and maybe some northern states.

Overall, in terms of industry, looking at what has happened in terms of government finances as well as the higher polymer prices et cetera, I believe compared to the earlier years of edi [ph] growth the industry this year will be growing but subdued growth will be there. But post all these elections and maybe next year's general elections, the year after industry might go start again growing at those significantly high growth rates, because of also change in the product mix and readjustment of the various manufacturers as well as the dealers and farmers to this new business model of more cash.

It would take another one, one-and-a-half year for that to settle down. And thereafter you will see again a very high growth rate because water is short and potential, the penetration is still very low. So we remain extremely buoyant and excited about the long-term growth opportunity, but we think it would be another one, one-and-a-half years in domestic market, before it goes back to those 30% every year type of growth levels.

Viraj Kacharia, Analyst

Okay And second question is on the balance sheet part of -- for Jain Irrigation, if you compare the balance sheet of different players in the domestic MIS (inaudible) players, the balance sheet is much more robust or it's much more sound compared to Jain, so what's the underlying differentiating factor?

Anil Jain, Managing Director

I mean, I do not know, I have not seen the balance sheets of other competitors myself, but we have been addressing our balance sheet issues. We have a extremely aggressive growth rate between 2003 to 2012, we were growing almost 30% every year. Every

product has a certain life cycle, the way it goes.

This period of 2003 to 2011, 2012 was the one where we grew very rapidly and our thought process was that we must reach maximum number of farmers, because once a farmer uses drip irrigation and he gets those value added benefits and productivity and he starts making more money, then lifetime his -- he will come back and always do more micro irrigation.

And one successful farmer in a village will make another 20 farmers to follow and do and make that investment. So we went ahead with that thought process and there was also government support to it, and margins were also quite good. And based on that we went ahead with the growth. So we are focused on revenue and margin, but we were not that focused on cash flow looking at the life cycle of that particular product and concept.

Now, as we have moved on, on a high interest regime within the country and also that our base is no more small it's -the base is quite high, because what we have done nobody else did historically in any other country in the world, this kind of rapid growth which we managed. Now we have decided to focus on the -- changing the business model where we improve balance sheet considerably, reduce our receivables and inventory and at the same time work to ensure that farmers have access to capital and we have floated the NBFC.

So, all what we have done, we are already seeing lot of good results because growth is back and receivables are coming down and you will see that every quarter going forward. And as I said, as the farmers accept this new business model which they have already done in Maharashtra, Gujarat is already efficient, Karnataka is starting and so on, we expect that by March 15 or so our balance sheet would also be quite nice.

I can't comment about what others are exactly doing, because some of others might have a better balance sheet, because they give lot of cash discount to their customers or their dealers, but then I have heard that people might -- you might say balance sheet is better, but their EBIDTA is 7% or 10%. So, you have to have a right balance between margins you make and the balance sheet you want to have and also build business in medium term as well as long term.

Viraj Kacharia, Analyst

Okay. Just one last question was on the -- recently one of a major global competitor, John Deere, they announced and looking for strategic options for their water irrigation [ph] unit. So, just wanted to get your understanding of how you view this particular part.

Anil Jain, Managing Director

I mean John Deere water -- John Deere is a very large agriculture equipment company. They had invested into this irrigation business, they bought various companies around the world. Similar time we also acquired overseas entities. And thereafter in their own way, they are a large equipment company and maybe the irrigation did fit into that particular portfolio because selling equipment out of your showrooms or large ticket size equipment they're different.

In irrigation, it's a small ticket business. It involves going to the field, doing the work with the farmer, doing lot of hand holding and so on. So, it's -- we do not know their precise thinking and reasoning, but from what we understand from press or otherwise that they are looking to look at strategic possibilities of what they can do with their business. So, most of their business is in US, Europe, Australia, and Latin America. They do not have much business in India as of now.

Viraj Kacharia, Analyst

And would Jain be interested given your increased focus on increasing the export element?

Anil Jain, Managing Director

We already have overseas businesses in these geographical territories through the acquisitions which we have made. We do exports out of India into places like Africa. So, one has to wait and see what's going to happen in marketplace. But as I said, we are really right now very focused on improving balance sheet. So, as long as we can achieve that focus of balance sheet and revenue growth, then only we might look at any opportunity, otherwise we will remain focused on what we are doing right now.

Viraj Kacharia, Analyst Operator

Thank you. Our next question is from Manish Mahawar of Edelweiss. Please go ahead.

Manish Mahawar, Analyst

Yes. Good afternoon sir. I just wanted to know what is our debt reduction target for the second half so because if you look at the March 31st, 2013 to now, almost six months, debt has remained constant. So what is our target as on 31st March 2014?

Anil Jain, Managing Director

We have spoken earlier of a target of INR500 crore of debt reduction. Between March and now some of the debt has gone up, mostly it was related to this ForEx change, rupee depreciation. But we expect now in the remainder half of the year as some of our inventory depletes and further we recover the receivable. We have already made lot of loan repayments in the first half. So, there is not much of that also left now. So our target is to meet the target we have set for ourselves that we should reduced that by about 500 crores.

Manish Mahawar, Analyst

500 crores in this year. Okay and sir just can it possible to give a EBIDTA breakup for across other segment like MIS piping and you agro processing (inaudible) divisions?

Anil Jain, Managing Director

I think we already spoke about the MIS.

Manish Mahawar, Analyst

Yeah.

Anil Jain, Managing Director

And the EBIDTA of piping, generally it remains in that about 6% to 8% range.

Manish Mahawar, Analyst

Okay.

Anil Jain, Managing Director

While the onion quarter-to-quarter EBIDTA change is based on seasonality, but it's usually about this 12% to 15% type, while the fruit EBIDTA is somewhat higher which we have seen traditionally depending on the export and the yield we get and so on. So that will remain at the higher side, more than 25% as it has been in the past. But that's how it

Manish Mahawar, Analyst

Okay. And sir just two more questions. One thing is, you have given this your order book break up I think 1,000 crores, I think 400 crore you said is fruit right sir?

Anil Jain, Managing Director

Yeah.

Manish Mahawar, Analyst

And the rest is sir?

Anil Jain, Managing Director

Rest would be within pipe and micro irrigation, about 300 in micro irrigation, about 200 crore plus in pipes.

Manish Mahawar, Analyst

Okay MIS, okay and sir just for some guidance, CapEx for the year because already we did in a consolidated basis 120 crore of CapEx?

Anil Jain, Managing Director

We have said that our total CapEx in the current year including maintenance CapEx will not exceed 200 crores in total, India as well as the overseas, together we will stay within that number.

Manish Mahawar, Analyst

Okay, means second half will be lower number?

Anil Jain, Managing Director

Yeah.

Manish Mahawar, Analyst

Okay. Sure sir thanks.

Operator

Thank you. Our next question is from Girish Achhipalia of Morgan Stanley. Please go ahead.
Hello.

Anil Jain, Managing Director

Yes Girish, how are you?

Girish Achhipalia, Analyst

Sir thanks. Thanks for taking my question. Just one question on the proportion of sales. What is the proportion of sales in MIS that is coming under the new business model in the first half?

Anil Jain, Managing Director

I mean, I didn't get your question to be honest, exactly what you're trying to ask?

Girish Achhipalia, Analyst

So you mentioned that either through cash discount or through MBSC route, the sales that are made, primarily I think mostly the sales in Maharashtra I would imagine, right?

Anil Jain, Managing Director

Maharashtra sales are on cash basis, even sales in MP everything we do now is for example on a cash basis. So, that way, even Karnataka we've moved on cash basis with our dealers, so it may not be just NBFC, because NBFC as I said is still small and it will really pick up now. But even without NBFC we have decided to start selling only on a cash basis in so many places.

Girish Achhipalia, Analyst

And sir you mentioned second half margins be better than first half in MIS, sir?

Anil Jain, Managing Director

Yes.

Girish Achhipalia, Analyst

Okay. Thank you sir.

Anil Jain, Managing Director

Thank you.

Thank you. Our next question is from Hemant Patel of Axis Capital. Please go ahead.

Shiv Nanda, Analyst

Hello.

Anil Jain, Managing Director

Hi, hello.

Shiv Nanda, Analyst

Hi sir, this is Shiv this side, just two three questions I have. Sir, as per my knowledge, I felt the MIS prices were regulated, I mean regulated by state authorities, is that right?

Anil Jain, Managing Director

It varies from state to state, two states like Andhra and Gujarat had specific agreed pricing with all the suppliers and same price with all suppliers. While other states had a kind of what you call a free pricing mechanism. Within that last year Maharashtra had floated a global tender but that was limited to the last year where there was certain prices based on the global tender but at this year, there is no global tenders, so it's again free pricing.

Shiv Nanda, Analyst

Okay so Maharashtra is free pricing and you do not expect that to change, right?

Anil Jain, Managing Director

Unless they come back with that whole concept of global tender. If they do then it will be, but as of now they haven't.

Shiv Nanda, Analyst

Okay and sir, I have just -- we interacted with some farmers recently in Maharashtra and apparently the soybean and cotton output hasn't been too great or it is not expected to be too great this year. So, do you expect that to impact your demand, I mean going into the second half and for the rabi season?

Anil Jain, Managing Director

The soybean and cotton which is not -- the output is not good because of this extended rain has impacted. Now this is a kharif crop and that is not where we sell the product, we sell the product mostly in rabi crop where farmer needs irrigation and where they have dry fields. So we will be capturing the next cotton season, between let's say late February through May, June where farmers would be planting before the month or (Technical Difficulty) irrigation or whatever else. But their income levels are impacted now?

Anil Jain, Managing Director

The demand there, let me complete -- the demand there is not only driven by what happened in the earlier season but more driven by the prices of cotton which are going to be. So if the price of cotton is anywhere above INR3,500, two, three seasons they are going to INR6,000. So there was a mania of white gold at that time.

But even at around 3.5 I think it makes sense for farmers. So depending on the price we expect the demand to be there. But having said that I think generally prices of various agri commodities are on the higher side and based on that we expect farmer to have good demand.

Shiv Nanda, Analyst

Oka, okay, sir. Also sir, I mean I just went through your press release and you had mentioned that you're intentionally pulling out of states, southern states like Tamil Nadu, Karnataka and AP I mean historically they've been big revenue drivers for you.

So I am just thinking if you want to drive your revenues at 15% per annum for the foreseeable future, where is this growth going to come from? I mean I just want to know whether are you -- just leave out exports are you considering or are you looking at new avenues for growth, new states which could fulfill this 15% per annum internal target, because I don't think Maharashtra and say Gujarat will be sufficient to grow your revenues on a sustainable basis?

Anil Jain, Managing Director

I think we are going to continue to grow in Karnataka a lot because we are getting lot of project business there, one. Second, across various places, and even in places like Tamil Nadu or Andhra Pradesh while temporarily we are taking the decision till the time the receivables there are in line where we expect them to be. And there also, wherever we can do cash business we are already doing cash business.

It is not that our sales has stopped in those states, we are doing certain amount of sales, and still bringing down our old receivables constantly into those states. Andhra hopefully, this whole Telangana issue get sorted out, the state might come back and start doing things much better, because last few months there is almost no administration in that area, and that is also a reason where we are going slow there. But Maharashtra is doing very well and apart from sugarcane because it has been made mandatory and so on, we see a lot of growth in sugarcane in Maharashtra alone over next three years. Gujarat is doing well, we expect Rajasthan to continue to do well, just started slowly but surely doing well in Punjab, Haryana and some of these Uttarakhand, some of these northern states.

We also have another application what we call Green Houses, where we provide irrigation system along with the tunnel houses to take care of the change in the weather and so on. That business is also growing well for us in hilly states, because there they don't have flat land and they have extreme changes in their seasons.

And the project business which we have talked about earlier where we are providing this end to end solution where water conveyance through pipe and then efficiency use at the end with the drip. And we have done those projects in five different states over last three years, and lot of new projects are now under design, under tender and so on and so forth in each of this area. And that's also part of our micro irrigation business. So, I feel very certain that this growth rates of this, not 15 maybe definitely 20% plus (Technical Difficulty) domestic business, next they are there. Meanwhile, we in a sense we are a company with a global nature, and we are selling our product in almost 100 countries either out of India or through our subsidiaries. And there are big growth spots whether it's Africa, whether it

Shiv Nanda, Analyst

Yeah.

Anil Jain, Managing Director

So, we are not just focused on domestic India market while this is the best and the largest market. And despite what has happened in the country for last two years things have slowed down and there are lots of issues, we think the market is so big that all of us including our competition can sell 5, 10 times more, penetration is so low. We need to address this whole -- how this farmer can get capital in his hand to be able to make (Technical Difficulty). And that's what we are trying to change the model what we had earlier. Once the new model in place another next 10 years we see very solid growth because water is the limited quantity available and you need to produce more. And unless you use drip there is just no way out here.

Shiv Nanda, Analyst

Right sir, right. Sir just one last question, I just -- do you have some sense on what your long term sustainable level of debt is going to be say by FY '15, FY '16? Do you have internal targets on that, given your CapEx and your working capital improvements that you have envisaged?

Anil Jain, Managing Director

I think what we -- as I just now at the start I said that we want to maintain our debt level to -- we are trying to hit one to one already in the current fiscal by FY '14. And going forward at least in '15, we see because we already have built capacity, we see reduction from one to one to less than one. Now in the past or last 5, 10, 15 years we have been even one to three. But going forward, we think we want to maintain this balance in the growth and balance sheet issues where we would like to ensure that we do not go beyond this one to one level.

So '15 and '16 we see reduction from one to one further but thereafter let's say a large CapEx comes we go with the new growth on. But in the new business model which we will have, which would require much less investment in working capital bias on our balance sheet would allow us to maintain high level of growth rate, new CapEx and still not cross one to one, that's our internal target.

Shiv Nanda, Analyst

Okay Sir.

Operator

Mr. Patel --.

Shiv Nanda, Analyst Operator

Thank you very much. Ladies and gentlemen, may we please request you to limit your questions to two per participant so everybody gets an equal opportunity to ask their question. We will take our next question from Rohan Gala of Subhkam Ventures. Please go ahead.

Rohan Gala, Analyst

Hello.

Anil Jain, Managing Director

Hello.

Rohan Gala, Analyst

Good after noon sir. Sir on the MIS part sir, this first half you have done roughly around 700 crores and with 21% margins EBITDA margins, the next half would be similar numbers or little higher than this?

Anil Jain, Managing Director

The next half will be higher in terms of sales and we have because also for higher sales, better capacity utilization and product mix, we expect even better margin in both.

Rohan Gala, Analyst

So roughly you can -- you mean to say roughly you can end the year at around 24%, 25%?

Anil Jain, Managing Director

I don't want to predict those margins but I would say they will be better than what we have achieved and typically our MIS sales are usually 40%, first half 60%, second half -- sometimes it could even change, but that's how historically it is.

Rohan Gala, Analyst

Okay 40, 60. Sir one more thing sir, sir this interest const, sir your debt has been increased, like if I see March data like it was around, roughly around 3,600 which has increased to almost, on the consolidated basis it almost increased to 4,100 but your interest cost has come down.

So is it the reason because of the debt restructuring which you have done or --?

Anil Jain, Managing Director

As we move forward, we expect to continue around this journey while interest right now is coming around 95 crore per quarter. As we go along, we expect that every quarter interest would be actually lower than what it has been.

Rohan Gala, Analyst

Okay. So that will definitely help the margins?

Anil Jain, Managing Director

Yeah, yeah. definitely.

Rohan Gala, Analyst

Sir one last question. Sir, on the fruit-end [ph] business, the onions, the price have increased so will that impact your margins going ahead?

Anil Jain, Managing Director

Our processing season is January to June for onions. So this current increase we don't buy during this period of time.

Rohan Gala, Analyst

Okay.

Anil Jain, Managing Director

Most of the increase is also applicable to this red onions which are more table variety, while we use the white unions for the processing. And third part is that, by the time we start buying we expect that the full this kharif crop will be out and prices should be back to normal. That's what our expectation and our surveys show.

Rohan Gala, Analyst

Okay. So not much impact due to this increase?

Anil Jain, Managing Director

No, not as of now. We will know more in January, February if something more happens but as of now there have been because of the wet seasons, the farmers couldn't harvest the onions and some farmers lost whatever was already above ground because of the rains. And that has resulted into this very high prices in short term. But while people are talking 80 to INR100 a kilo at retail, at wholesale it is still 20 to INR30 a kilo and not 80 to INR100 a kilo. And as the new crop comes in fully out of kharif, by the time when we start buying in January we expect prices to be normal.

Okay. So sir last question. So out of this MIS 700 crores half yearly, how much is to the new business. Like the new cash on credit on a absolute numbers, like out of 700 crores?

Anil Jain, Managing Director

I think good part is now, as I said, is going on a cash basis.

Rohan Gala, Analyst

So, roughly around --

Anil Jain, Managing Director

Parts of this would be project, part of this is sales in places like Maharashtra. Even Gujarat it may not be on cash basis but we recover money in 90 to 120 basis, so it would fit in into the similar criteria. So, we have now limited amount of sale which is purely where one will have to wait for one year or two years to collect. That sale we have considerably reduced, so it's becoming less and less as we go along.

Rohan Gala, Analyst

So but no -- no absolute numbers you can give?

Anil Jain, Managing Director

No, it's very difficult to measure it that way.

Rohan Gala, Analyst

Okay fine sir. Thank you sir, thank you a very much sir.

Operator

Thank you. Our next question is from Abhishek Jain of JHP Securities. Please go ahead.

Abhishek Jain, Analyst

Yeah. I have two questions. My first question is how much inventory we are holding right now?

Anil Jain, Managing Director

Inventory is close to about 1,300 and odd crores.

Abhishek Jain, Analyst Anil Jain, Managing Director

Yeah.

Abhishek Jain, Analyst

Okay, second thing sir when you look at like Karnataka business right now, like there is the Karnataka government has said they are going to spend more than 10,000 crore every year on irrigation. How big is this opportunity for Jain Irrigation and what is our current business and how we'll grow Karnataka business in next two years or three years down the line sir? And how we are going to manage our receivables on the state in Karnataka especially in Karnataka because earlier we had some issues there?

Anil Jain, Managing Director

First of all, in Karnataka we never had issues. We had more long receivables in places like Andhra, Tamil Nadu.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

Even MP but Karnataka has always been good.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

Second, there are two types of businesses within Karnataka, one is the retail business where we sell through the dealer for horticulture and some other crops. Then there is the sugar cane which is institutional business.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

And third is the government project business where government is converting lot of normal irrigation schemes into schemes along with the micro irrigation. Now government of Karnataka has announced when they got elected that over the next five years they are going to spend almost 45,000 crores on irrigation.

Okay.

Anil Jain, Managing Director

Now, irrigation does not mean everything is in drip irrigation. But they also announced and if you see their press release and their program that they are going to put lot of emphasis on micro irrigation within irrigation.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

So, we feel very confident that with the good work which we have done, last year we completed another project there along with

general irrigation plus micro irrigation of 170 crores that is doing very well. We are L1 in one of the large tenders there already.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

And we are also working with ICRISAT and others into a Bhoochetana program in Karnataka on a PPP where we are going to cover four districts to see how best all the water resources in those districts can be converted to efficient irrigation. So, based on all that, we are very bullish about Karnataka and because of their stable policy and budget allocations, we think business will grow very rapidly. Now, today Karnataka just purely as a drip irrigation, standalone retail business is a small part, it would cross 100 crores or so on.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

But with the projects, it can really jump up and based on all what I have said, we think the growth in Karnataka business for us will be maintained around 50% plus basis.

Abhishek Jain, Analyst

Sir like if Karnataka state government has announced 90% subsidies, especially in drip irrigation. So don't you think that will impact our receivables, what is our collection days in Karnataka sir?

In Karnataka, what has happened now is that they have put everything through electronics, so the computers and so on.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

So whenever you sell goods via your dealer to the pharma, everything is already entered in computer and you get paid on FIFO basis. So unlike earlier times where things will get processed by the various departments, the file will move to 50 tables and all that that is no more there through this whole electronic stuff, things are very efficient. So all in all we expect in Karnataka our receivables will remain on the lower side and not on the higher side anymore.

Abhishek Jain, Analyst

Sir last very small question. What are our export margins right now?

Anil Jain, Managing Director

I mean as I said, we don't really track or talk about margins separately for export and domestic.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

But during this period, I would say export margins have been higher than domestic.

Abhishek Jain, Analyst

Okay.

Anil Jain, Managing Director

Because domestically polymer price was really very high.

Abhishek Jain, Analyst

Okay, thank you.

Anil Jain, Managing Director Operator

Thank you. Our next question is from Kirti Dalvi from ENAM Asset Management. Please go ahead.

Kirti Dalvi, Analyst

Good afternoon sir.

Anil Jain, Managing Director

Good afternoon.

Kirti Dalvi, Analyst

Sir just you have thrown enough light on the margin side, but would it be possible to get, what were our EBIDTA margins in the second quarter, because I think this high RMC must have impacted our pipes business a lot, so the range could have been different for the last quarter?

Anil Jain, Managing Director

You mean?

Kirti Dalvi, Analyst

PVC pipes and PE pipes?

Anil Jain, Managing Director

We were just slightly around 6%.

Kirti Dalvi, Analyst

6%, in both businesses sir? PVC and PE?

Anil Jain, Managing Director

Combined.

Kirti Dalvi, Analyst

Combined put together and probably for onions and fruit pulp?
As I said, onion has been between the 12% to 15% while fruit has been north of 20.

Kirti Dalvi, Analyst

Okay and sir what about our tax rate, where do we see effective tax rate for the current year and the next year? Because there are certain benefits which we are getting on the solar side also. And I think the losses must be having some deferred tax benefit as well.

Anil Jain, Managing Director

This year I think we will fit into MAT.

Kirti Dalvi, Analyst

Okay.

Anil Jain, Managing Director

And we have to pay really a cash on the taxable income.

Kirti Dalvi, Analyst

Okay.

Anil Jain, Managing Director

Next year it looks like that because we will have certain (Technical Difficulty) depreciation also.

Kirti Dalvi, Analyst

Sure. So, 15% to 20% would be the range sir?

Anil Jain, Managing Director

20%.

Kirti Dalvi, Analyst

20%? Okay. And sir what were our solar business, I mean revenues this quarter?

Anil Jain, Managing Director

This quarter solar was about 42 crores.
42 crores. Versus last year's?

Anil Jain, Managing Director

Almost same. Last year was 45, this year 43.

Kirti Dalvi, Analyst

And H1?

Anil Jain, Managing Director

H1 we did about 65, which was almost same as last year.

Kirti Dalvi, Analyst

And margins in solar and tissue culture?

Anil Jain, Managing Director

Those combined together are at north of 25.

Kirti Dalvi, Analyst

25%. And we do see going forward this margin sustaining in these two businesses.

Anil Jain, Managing Director

Yeah. Yeah.

Kirti Dalvi, Analyst

In spite of probably lower sales what we have seen it in the first half.

Anil Jain, Managing Director

Yeah. Because in second half sales will increase.

Kirti Dalvi, Analyst

Okay. Okay. Thank you sir and wish you good luck.
Thank you.

Operator

Thank you. Our next question is a follow up from Abhijit Akella of IIFL. Please go ahead.

Abhijit Akella, Analyst

Thank you so much sir. My questions are already answered. Thanks.

Operator

Thank you. Our next question is from Amit Murarka of Deutsche Bank. Please go ahead.

Amit Murarka, Analyst

Hi. Just wanted to get a sense of how is the NBFC business being doing. You given the loan book, but can we expect those -- here to

be faster given that the setup is already complete.

Anil Jain, Managing Director

Yes. I think they have done hardly 14 odd crores in the first two quarters of business, but in second half we are expecting them to do at least more than almost close to 100 crore plus business, so -- and next year would be substantially more. So, they are well geared up, but anything new you start it takes time, especially in rural area.

So, it has taken its own time and we wanted to be very prudent because the thought process are not just shifting receivables from one balance sheet to another, we wanted to create a very robust model where they can grow on their own and be a sustainable banking business of providing access to capital to the farmer and do it in a very good credit quality. And as I said earlier, we used to rely just on the government subsidy assignment as a security for us, while the NBFC gets from farmers postdated cheques, they get some mortgage on the land, they get hypothecation on irrigation system.

So we have built a very robust business model and we have gone little bit slow, but I think second half you will see by March end they would have done far more business than what they have done in the first half.

Amit Murarka, Analyst

Okay. Thank you. Just amount of debtors now?

Anil Jain, Managing Director

Sorry.

Amit Murarka, Analyst Anil Jain, Managing Director

Amount 75 crores, it's about only 75 crores.

Amit Murarka, Analyst

Okay, thank you.

Operator

Thank you. Our next question is from Siddarth Madhav of Principal India [ph]. Please go ahead.

Unidentified Participant

Yeah, good afternoon sir. Sir just wanted to check whether you have taken any price increase in piping division and can you also quantify that.

Anil Jain, Managing Director

The prices are either increased or reduced in piping division almost instantly when we get the raw material price increase (Technical Difficulty).

Unidentified Participant

Okay. And sir, in MIS you said that in Gujarat and Maharashtra sir we have taken the price increases, sir, can you also quantify what it was 5, 6%?

Anil Jain, Managing Director

Because this is -- there are like thousand different components which go into this but depending on the component it was I think on an average about 8% to 12%.

Unidentified Participant

Okay sir. Thanks sir and all the best to you.

Operator

Thank you. Our next question is from Viraj Kacharia of Securities Investment Management. Please go ahead.

Viraj Kacharia, Analyst Anil Jain, Managing Director

No, structurally speaking, all the budget provided by central government for micro irrigation has been fully utilized. All the budgets provided by most of the state governments has been fully utilized. In fact, in places like Maharashtra or even Karnataka and even Andhra, the demand is far more from the farmers than what the budgets can provide. So the issue is not -- issue is the process getting everything completed but as I said, now even in Maharashtra stuff is moving through whole this computers and electronics.

It has already happened in Karnataka, Gujarat is already online. So as more and more states go through this whole online system, I think things will become efficient where states who promise and make budget allocation can use them also effectively in a quick manner in terms of administration and in terms of disbursement with all this -- their policy now to directly lend to the farmers, give money in his bank account.

This is going through a sea change over last one, one-and-a-half year and maybe in another year things will settle down and with this new business model things will be efficient. So, if at all in terms of subsidy, the constraint is on the budget side, it's not on the demand side.

Viraj Kacharia, Analyst

Okay. Thank you very much.

Operator

Thank you. That was our last question. I now hand the floor back to Mr. Nikhil Vora for closing comments.

Nikhil Vora, Analyst

Thanks, Inba. Thanks to all the participants for being on the call and thanks to Anil ji and Manoj ji for being on the call. Anil ji in case you want to make any closing remarks?

Anil Jain, Managing Director

No, Nikhil, thanks. We have a lot of work cut out for us for the remaining five months because October was slow due to the extended rainy season. But apart from that we feel very bullish on the underlying revenue possibilities into various streams of our businesses. We have to just remain focused on see where we can improve on either product mix or cost so that margins can be improved from where they are now.

Nikhil Vora, Analyst

Thanks Anil ji.

Anil Jain, Managing Director

Thank you.

Nikhil Vora, Analyst

Yeah, thanks. Thanks a lot.

Operator

Thank you. Ladies and gentlemen on behalf of IDFC Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.