"KEC International Limited Q3 FY-21 Earnings Conference Call"

January 29, 2021

MANAGEMENT: **MR. VIMAL KEJRIWAL – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, KEC INTERNATIONAL LIMITED**
MR. RAJEEV AGGARWAL – CFO, KEC INTERNATIONAL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the KEC International Limited, Q3 FY 21 Results Conference Call. We have with us today from the management, Mr. Vimal Kejriwal – Managing Director and CEO, Mr. Rajeev Aggarwal – Chief Financial Officer.

As a reminder, all participants lines will be in-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. Please note this conference is being recorded.

I now hand the conference over to Mr. Vimal Kejriwal, Managing Director and CEO. Thank you and over to you sir.

Vimal Kejriwal: Thank you Vikram. Good morning to all of you. I welcome you all to the Q3 Earnings Call of KEC. I hope that you and your family are safe and healthy during these difficult times. Let me start with an update on the overall performance for the quarter, and then talk about each of the respective businesses.

We have achieved revenues of 3289 crores for the quarter with a growth of 7% vis-à-vis Q3 last year, despite a challenging environment. The growth has been led by a robust execution in our railway and civil businesses. The growth could have been higher, but for the intermittent COVID challenges faced at some international locations, especially Brazil, and the impact on our three ongoing projects in DMRC, RRTS due to environmental NGT issues and the farmers agitation, which created a huge pressure on the cement and steel availability, further accentuated by the shortage of steel in the market. We are ahead of schedule in many of our projects. Concerning the sharp increase in commodity prices such as steel, aluminum, and zinc, we have taken a conscious call, not to continue fast tracking executions in some of these fast track projects till the prices stabilize. Although we have started seeing a reversal of the price trend in the last few days and availability of specially of steel has started improving. Notwithstanding this, considering our current order book and L1 position, we are very confident of a good growth in Q4 and also for the full year. Despite the intermittent COVID challenges, we have delivered an EBITDA margin of 9.1% for the quarter. The margins have been marginally impacted due to cost & time escalations in Brazil amidst the pandemic, along with an overall increase in commodity prices globally.

We have a achieved a PBT margin of 6% and a PAT margin of 4.4% for the quarter aided by a significant reduction in interest cost and optimization of the tax costs. Our YTD order inflow standard at Rs. 6827 crores which is largely contributed by core T&D business, especially in the international market. We are pleased with our good order inflows in the international T&D market. If we add the L1s which we have, then the L1s plus the order intake for the year are actually higher than the L1s and the order intake for the corresponding period of last year. We also have a very strong order book of close to Rs. 18,000 crores as on date along with the L1 position of over Rs. 6,000 crores. contributed equally by our T&D and non-T&D business.

Our net debt as on 31st December 2020 stands at Rs. 2,644 crores, which is largely in-line with our targeted average borrowing levels of Rs. 2,500 crores for the year. With concerted efforts we have brought down our interest costs consistently over the last few quarters, both in absolute terms as well as at percentage to sales. Our interest costs for the quarter as percentage of sales have been brought down to 2%, which is a reduction of 60 basis points vis-à-vis last year and a reduction of 19% in absolute terms.

Now coming to the specific businesses:

Our core T&D business has witnessed a progressive ramp up across all project sites in domestic as well as international locations. There have been intermittent challenges due to COVID in some of the projects in international locations in the form of delay in approval of visas, work permits and stringent quarantine guidelines. These have caused a lag in the startup execution of some projects. The overall tender pipeline continues to be strong in international T&D especially in SAARC, Middle East and Africa. In case of domestic T&D the revised bidding of Green Energy Corridor projects Phase II tenders have been concluded for most of the schemes for this month and bidding for the balance schemes and process of award is expected to be concluded in the next few weeks. The reverse auctions, among the developers for the first few packages has already been concluded. We are well placed with quite a few packages with the winning developers, and we expect to start receiving the EPC orders very shortly.

I am pleased to share that our recently acquired transmission tower manufacturing facility in Dubai has been commissioned in Q3. We have already announced our first supply order secured from other EPCs. We have also received approval from some of our existing international clients for tower supplies. In SAE Brazil, the pandemic seems to be under control in Q2, with the gradual decline in number of cases. However, it is against threatened with the rise in number of cases in Q3. Amid fears of a second wave underway in that country. This has led to a severe shortage of raw materials, thereby delaying execution of the EPC as well as tower supply projects.

Further, the steep depreciation of Brazilian Real for the last year has also impacted the revenues post translation this year. These challenges have also resulted in a significant time cost escalations, which have impacted the margins severely. In spite of all the challenges, we have successfully energized one EPC project in December 20 and work on the new EPC project which was secured some time back has already commenced. We expect to complete the two old EPC projects in Q1, Q2 next year.

As far as the Essel project is concerned, I am pleased to share that the favorable order from CERC for transfer of ownership has been received and the project is expected to restart within this quarter. Our railway business continues its high growth trajectory as it clocked a revenue of over Rs.800 crores for the second consecutive quarter with a robust growth of 44% vis-à-vis Q3 last year. In-line with the growth strategy, the business continues to expand its portfolio in the technologically enabled emerging growth areas of metros, DFCC and high speed trains. I am happy to share that we have already secured orders aggregating to ~Rs. 500 crores from these new growth areas, including orders for metro electrification works from DMRC, ballast less track work for Kochi Metro, Kochi Metro signaling a telecommunication work for DFCC and construction of a depot com workshop for the Delhi Meerut RRTS corridor. These orders have enabled in transitioning the railway business from a conventional EPC player to a technology player. Further, the business has expanded its client portfolio by securing its first private order on a composite doubling project, which includes track linking signaling and telecommunications and overhead electrification works.

The railway tender pipeline continues to remain robust with a blend of conventional technologically enabled emerging areas as well as international opportunities. Though the pipeline is robust, we are still witnessing or delay in awards, as the tenders under evaluation has scaled up to over Rs. 6,000 crores currently, with the continued thrust on execution and an order book plus L1 of ~Rs. 7,000 crores, we remain confident that railways will continue its growth trajectory. Our civil business continues to demonstrate exemplary performance, as it registered a robust revenue growth of over three times vis-à-vis Q3 last year.

The business continues to make good progress in entering new and strategic growth areas. After our first orders in the FGD and warehouse segments secured an H1, we have now secured breakthrough orders in the fast growing chemical and water pipeline segments. We have also secured repeat orders in the cement and residential segment and our LLC in the first order, in the public spaces segment. In addition to these areas, we continue to look for opportunities in data centers, oil and gas pipelines, hydrocarbon and urban infra segments. With the robust order book plus L1 of 3500 crores we are confident that this business will continue to be one of the key growth drivers for us going forward.

In cables after a muted H1, the business has rebounded strongly with a revenue growth of over 20% this quarter vis-à-vis Q3 last year. The business is progressing well on the development of additional new products and is on track to commercialize a few new railway products in Q4. Further with the capacities of railway catenary conductor and a signaling cables have been augmented in Q3. We expect a good growth of the business through these new products and expanded capacity going forward. The profitability of this business, however, has been under pressure due to a steep rise in the raw material prices such as XLPE, PVC, etc. I'm also happy to share that over the last few years the cable business has been instrumental in bolstering the supply chain of our railway business through backward integration, leading to enhanced certainty of supplies and better control over cost and quality. We have commenced supply of railway cable products in the market for which we are seeing a good demand.

In solar, we are on track with the execution of the 20 megawatt carport project for a reputed automobile manufacturer. The first section of the carport has been commissioned already; we have also secured an order for a 13.6 megawatt rooftop solar project from a corporate client for its various plants. The execution of the existing smart city and defense projects in smart infra are on track. Additionally, the business is well placed in a new project for constructing an integrated command and control center and installing other smart city components. With a robust order book plus L1 of ~Rs. 24,000 crores, we are confident of concluding the year with a good performance.

Thank you very much. I'm happy to take your questions now.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have our first question from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: My first question is with respect to order inflow, so what would be the kind of order inflow growth that we can expect next year, given the kind of pipeline that we have in others, in FY22 what would be the kind of order inflow growth, and what is the kind of quantum of orders which are there in the green energy corridor orders?

Vimal Kejriwal: So green energy corridor, as I mentioned, the first few auctions have already happened. And the winners are yet to be officially announced, but we obviously know who the winners are. And fortunately for us, we have had pre bid tie ups in some of the packages. So, as I mentioned that as soon as the winners are officially notified by REC, which is normally a week or 10 days from the auction, the auctions are just going on and one of them has just got concluded yesterday, the next one is the next week. So my best guess is that, in the next 10, 15 days we should start receiving the EPC orders, that's on the timeline. As far as we are concerned, my view is that as EPC we will probably get anywhere between Rs. 1000 to Rs. 2000 crores of orders should come to us from this segment. So, that's on the green energy corridor. Order book for next year is difficult to say right now, but I can say that as of today, even today we have another 30,000 crores of tenders to be bid, apart on 30,000 which we have already bid. So, we see pretty good tender pipeline, if you ask me an idealistic figure, ideally I would love to have an order intake of almost Rs. 17,000 to Rs. 18,000 crores. I would love to take it, but as of now it is very difficult to comment what would be the order the intake for next year.

Ravi Swaminathan: Got it sir. And in terms of margins, so basically margins have been at around 9% over the past few quarters, largely attributed to the commodity prices. If commodity say stay at the same place, what could be the kind of margin trajectory that we can have, can we go back to 10% is there enough room for that?

Vimal Kejriwal: So Ravi, there are two things, one is the commodity price impact has come for KEC generally only on this quarter, that also towards the end of the quarter. The basic impact on margin has been on account of the problems which we are facing in Brazil, had Brazil problems not been there, or standalone KEC we are in double digit margins in any case. So that is what we have to keep in mind. So we do expect that the Brazil problems would probably get over by let say Q1 or so. So, that's on that part, commodity prices if they continue in the same format then we do have a challenge okay, because the prices have really shot up. Although as I said, the prices have started coming down and now that government has allowed the use of secondary steel in place of primary steel, we have already seen at least in the secondary steel market a Rs. 3,000 to Rs.4,000 correction, primary steel also started coming down, but the availability has gone up. The other good part is aluminum has started coming down. So, our estimate is that the metal prices will start coming down, if not in Q1, definitely in Q2 with the onset of monsoon. But as I said, we have started seeing a more benign trend in all the commodities and also on availability. Difficult to guess today on what is going to be the impact, but as I said, primarily the impact is more on the SAE then today the reason for 9% is not that much of the metal prices today. Tomorrow, it may be but not today.

Ravi Swaminathan: Got it sir. And final question is with respect to working capital sir. So it has increased quarter-on-quarter a bit from 132 days to 144 days. Should we read too much into this or de-stabilize?

Vimal Kejriwal: No, I don't think you should read too much in it. There are two broad reasons for it. One is, obviously with the metal price is going up, we had done some stocking, et cetera. So you will find that the inventory levels have gone up generally across the business and secondly, one or two of our large customers had some issues in payments during the last two weeks of December, which now they are paying. So to me, it's more of a temporary and a strategic blip, nothing to read on it. And the other part if you would understand Ravi is that, with interest costs going down, we have been becoming a little bit more liberal with our inventory, stocking and other things and payments, etc. so that's the reason. So we are actually keeping in mind the overall interest cost, rather than the overall working capital we're not very strict with the working capital as much as the interest cost.

Moderator: Thank you. We have Next question from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.

Swarnim Maheshwari: So, sir two set of questions first, in your opening remarks you mentioned about that there were some cost overruns in couple of Brazil projects. So, what's really the drag like and what's the execution status on these projects, so when are these expected to get completed?

Vimal Kejriwal: So, Swarnim, if you look at Brazil, what has happened is, the President of the country refused to recognize COVID as a national problem. Somebody said it's like a corporate sneeze it will go away. So because of that, the government has not given any contractual relief on any contracts to anyone. It's not even considered as a as a force majeure in Brazil. Because of this what is happening is that, you do not have any contractual relief on the time delays, on the cost which have been incurred in COVID. Unlike in India, and other countries where the government's declared it as a force majeure, they gave you time relief, they made payments to you, so a lot of things have happened. In Brazil, all that is get is expected to be absorbed by the contractor, obviously you're negotiating with the client and we have already seen some claims coming in, but that's one primary reason. The second reason is because of the COVID and just before

COVID if you remember there was Vale dam burst, because of which the availability of steel and the prices of steel and the logistic cost have really hit the roof. Even this quarter, again, the steel producers have been asking for a significant increase in the prices. So these two factors have come and hit. One is the execution cycle and also the cost of the projects. Now, we had three historical projects which have been going on for some time. Now, as I mentioned in the last call, one of them was supposed to be completed that has got completed in the first week of December and has been handed over to the customer and has been charged. The other two projects, we expect that one of them will get completed in Q1 and the second one by early Q2. So by early Q2, the older projects will be over. We now have three projects which have already announced, which we have signed up, there will be one more where we are close to signing a contract which is in our Ll. Work on one of them has already begun a couple of, a month back. The two projects will start by March, April or so and the fourth one will also start in Q1. So, we expect to start seeing normalizing of operations in Q1 in Brazil, but obviously there would be some negative impact continuing till that time, from Q2 onwards we should start seeing, sort of normal results coming out of Brazil.

Swarnim Maheshwari: Okay, right sir. And sir the other thing was that, again you mentioned that there were three big projects in India and which had some NGT issues, so are these really big projects and have these been resolved or this is, like this can also linger on for another quarter or two, how's the situation over there?

Vimal Kejriwal: So, we have got three metro /RRTS projects in the city of Delhi. So, one of them is facing some problem on account of the shifting of trees like what we have in Mumbai Aarey and all that. So, there was some issue going on, that issue is not that severe should get resolved, when I also mentioned environment it is the typical Delhi of December, November with smog and the stubble burning and all that. So, the clients were saying that we need to be very careful with what is happening on the sites with daily environment inspections and all that. So, clearly the work had slightly slowed down with the stringent requirements of the Delhi Municipal Corporation and all that. More than that, the other problem which we are still facing, last few days the sites were closed because of the Republic day and the Kisan Andolan which was happening. We had a serious issue and constraint on the supply of cement and steel which were blocked, most of the borders were blocked. So material coming into Delhi was because our yards and all that are in the city of Delhi. So, off late we are seeing some easing of, but what I tried to say over there was that, our revenues and all could have been better had this not happened. But, I don't think we are worried about a significant impact, the NGT issue on tree cutting and all that is under resolution, it's a matter of time that it gets resolved. Environment issue is now no longer there with, the smog and all getting cleared and all that. So the projects would be normally would be back to a fast track execution, but the normal execution is going on, let's be very clear. It's not that execution has slowed down significantly, but the fast track planning which we are going on, has slowed down for the last couple of months.

Moderator: Thank you sir. We have next question from the line of Priyankar Biswas from Nomura. Please go ahead.

Priyankar Biswas: Sir, my first question is regarding this T&D excluding Brazil. So, what I see is that the execution levels are broadly similar to the second quarter levels and if we adjust the Brazil out of it. So, are we facing ramp up issues in India or is it abroad and what are the issues we are facing on the ramp up and if you can just highlight, are there any logistics constraints we are facing because there has been a sharp increase in ocean freights as well. So if you can elaborate on that?

Vimal Kejriwal: So Priyankar, India we are not facing ramp up issues. India, if you have been noticing my last few calls India T&D has not been growing very well. That's one portion of our business which had not been growing because the India T&D market by itself has been pretty slow. Now fortunately, with these orders of green energy corridor and with the Essel problem hopefully getting now resolved, we will see a significant ramp up happening in India T&D from Q1 or even maybe from March. So, I will not say India T&D is facing any problem on ramping up, it's just the order book itself, but if you look at by itself India T&D with whatever orders we had this quarter we did very well. The problem which we are facing is international side specially on Africa and a little bit on the Middle East because of the large restriction which they are having on account of COVID in sending people. If you look at our order intake, a large number of orders have come from the international market and off late because of COVID and all that we've had some delays in mobilizing people, sending people, etc, which has basically caused a little bit of a delay in the international revenue except SAARC. SAARC doing very well and the major increase which you see in freight and all that, logistic cost is because our dispatchers, especially to Bangladesh, Afghanistan in all these countries have gone up significantly during the quarter, which is why there is an increase in the freight rate. As of today, I don't see let's say large impact of any freight increase cost, the cost was going up but nothing to reflect significantly.

Priyankar Biswas: Okay, sir that I understand, so that's fine. Sir second question, if I may. So can you just give me a broad ballpark idea, like how much of your order book, let's say would be of a fixed price contract nature. The reason I'm asking is, in the last one month of the third quarter, we have seen the steel prices rising up and you had also discussed about availability and those issues. So if, even after this correction also it's still quite high versus the average of 3Q levels. So, we need to persist there, so I was just trying to assess how much of a margin impact we can still face, let's say in the fourth quarter?

Vimal Kejriwal: So, difficult to give a number because why I'm saying that even if the order book, let's say broadly, I'll say international T&D broadly, I'll say excluding some countries in SAARC where we have a price variation, most of the orders in international T&D would be on a fixed price. So, that is a number may be Abhishek can later give a number to you. But what you have to understand is out of that, if you generally take steel, when we take T&D and I'm just giving you a general number, when we generally take steel today, steel around is normally around 15% to 16% of our T&D order. So if you take a very broad look and say that, I have today out of my

Rs. 18,000 let's say if I have Rs. 10,000 crores of T&D order, I'm just giving you a number or Rs. 9,000 crore, out of that 16% would be broadly steel. Okay, but those are the sort of numbers which you can look at. The other thing, you have to look is that, all this steel and all that will have to go over a period of six months, nine months or maybe even 12 months, which is why I said at the start of my address, that in many of the projects where we were originally fast tracking, we are now thinking of going a little bit slow because now we are seeing the steel prices coming down. How much impact it would have, it's right now very difficult to say, but to me as I said the absolute number is not very high, the absolute number of steel and if you want to take a very broad number over the year, if you look at my total we will probably consume around 4 lakh tons of steel. Overall for the year, of which may be 25% or 30% or something could be on this, and of that a large part if you take our railway business, railway entire business has got price variation, Bangladesh most of the tenders have got price variation. So, there are many projects which will have a clear price variation. So, right now very difficult to quantify what is happening, we also have a decent amount of stock in our hand, but there would be some impact. How much, to me it's very difficult right now to quantify.

Priyankar Biswas: But sir, so what I was trying to understand is, let say now the price is let's say moderate over time. So, in that case probably you can then ramp up your international execution like where there are, where you have fixed price contracts then maybe, then you can fast track at that time is this the philosophy?

Vimal Kejriwal: So, towards the philosophy is that the project has to be executed in time. So, based on the timelines the project will get executed, if the prices are favorable then we will even do the fast tracking as we had been doing in the past. If the prices are not stable then we will not fast track, but we will do as per the normal project timeline. So, no project will get delayed because of a price rise, that's not the way we operate. We will definitely keep on executing projects. But you will keep on juggling between the projects depending on the speed, what is required, what are the costs and all that.

Moderator: Thank you. We have next question from the line of Bhoomika Nair from DAM Capital. Please go ahead.

Bhoomika Nair: Just in continuation of this raw material price hike and in terms of while you spoke about the current order backlog where they should be price variations, etc. But for the L1 where we are yet to finalize and get to get be awarded and that's a fairly large number now of ~Rs. 6000 crores which we get largely awarded between Q4 and Q1, there how are we hedging our raw materials and steels, etc to make sure that our margin profile doesn't get hit?

Vimal Kejriwal: I'll say decent part of the L1 has a price variation clause, a decent part of it. Like we have a couple of orders in Brazil which we have renegotiated, we have orders in SAARC which have what we call price a variation, then we have got some orders in civil including water pipelines and others which have got price variation. So, I don't think we have got too many orders in the

L1, which are at a fixed price so, I don't think we are too much worried and the other thing is that what will also happen is that the rupee has been fairly stable. So which may be negative for international, but when you look at the orders in India and all where we L1, where we have to supply conductor, etc, where we had assumed a fairly depreciated rupee rate, that rupee rate is now at 72.9 or 73 and all that. So, a part of the commodity losses would also get hedged on account of a stronger rupee for the projects where there is also a conductor of supply. So, in all there could be some minor impact, but I don't think there could be a major impact. See as far as hedging is concerned, it is today were very difficult to go and hedge at these prices. And if you are not sure of getting the award, let's say if I go and hedge today and then for some reason the award doesn't happen, and the prices come down then you'll be stuck at a higher price also. So, generally, we will not hedge in such cases unless we are very sure that this L1 will get converted into an order book. And steel per se as a commodity has been a bit difficult to hedge. So steel generally remains unhedged to be very honest. Base metals get hedged, steel will get hedged to the extent you have physical inventory.

Bhoomika Nair: So as we go ahead, would it be fair to say that this working capital, as you said strategically we've been a little relaxed or built up a little bit of some inventory will that get normalized as we move ahead, say three, four months ahead from now?

Vimal Kejriwal: Normally, in March working capital gets normalized. Most of the clients tend to especially the government clients, like RVNL, Railways, Power Grid, all tend to pay up in the last quarter in any case. So in every quarter, we have seen that March numbers always go out. So, our March numbers should be much better than the December numbers, notwithstanding what we are talking about inventory increase and all that. My view is that now that the prices have started coming down, the inventory buildup would not be required that's our view today, but maybe it changes after some time. So working capital will get normalized and also on the interest cost, we are clearly seeing that interest is not going up right now, they're not coming down, but I don't see them going up immediately.

Bhoomika Nair: Okay. So the other question was in terms of T&D, as you said, that this quarter we will get some of these finalization of these TBCB orders, but as we move ahead into FY22, what is the pipeline in terms of tendering, where are the orders coming from in T&D, both in domestic from either TBCB or SEBs and in terms of international. So if you can throw some light on ordering activity for next year?

Vimal Kejriwal: So, ordering will basically happen from TBCB only, there's a large package announced in Bihar now, the Bihar region and all that, that's another big package which has come out which will go under TBCB apart from this green energy corridor which is getting finalized. Then there are some orders coming out in the Southern side of the country Tamil Nadu, Karnataka, Kerala there are large orders which are in the pipeline. Rajasthan has got some orders coming out. So, those are the areas where we are seeing in PGCIL as well as SEB. There are also some orders coming out in the private sector especially in around Mumbai city because of the blackouts which had happened. Some very large tenders have been floated by Adani, Tata's, and all that in the private sector. So, that is India, SAARC there are very large tenders. So, to me that's where it will come out, apart from obviously, Middle East and the rest of Africa. So, T&D we see if you look at the numbers which I have right now, I have got almost Rs. 18,000 to Rs. 19,000 crores of likely tenders in the next six months in the T&D area.

Moderator: Thank you. We have next question from the line of Sreemant Dudhoria from Unifi Capital. Please go ahead.

Sreemant Dudhoria: A couple of questions, firstly as you highlighted in spite of the nine month performance, you're still looking for a growth for the full year driven by the quarter for execution. Now, given that the commodities are still at an elevated level, and variety of commodities not just steel, aluminum cement, do we expect this growth at the profitability level in the quarter four, that's the first question?

Vimal Kejriwal: So, our expectation is that we will grow decently, definitely double digit in Q4 no question about it. So, I don't think we are worried about growth. The second piece is profitably, yes. I don't think our margins will touch double digit for this quarter or this year. But there will be a significant growth of revenue in this quarter. And that will give us some leverage benefits. So, we should hopefully be able to maintain our margins for the year.

Sreemant Dudhoria: Got it sir. And the second question is in the overall order book and the L1 mix could you help us with the number of how much is contributed from the SAARC nations because you said, that the orders from these countries have a variable clause, can you help us with that percentage number?

Vimal Kejriwal: I don't have the exact number but in L1 it's somewhere around Rs. 1200 to 1300 crores or something. Abhishek can give you the exact number but it's definitely above 1000 crores.

Moderator: Thank you. We have next question from the line of Sanjay Doshi from Nippon India Mutual Fund. Please go ahead.

Sanjay Doshi: Sir just a couple of questions. One is on the civil business sir, if you can help us appreciate how are we progressing on expanding the reach because it's a very large business as such and various different sub segments. So how are we progressed in terms of say new verticals and how do we see this business two, three years down the line and on the same lines, what is our targeted profitability for civil and railways maybe say next two years, if you can just help us on that part sir. Thank you.

Vimal Kejriwal: So Sanjay on profitability, this quarter was the first time when actually Railway touched double digit numbers, we have been hovering around the double-digit but this quarter railway actually has actually crossed double digit, we do hope that they can maintain that streak in Q4 also. Civil is gradually improving its numbers, it is now in high teens, it's still not on double digit on the margins, but it is slowly inching towards that. So, margin very clearly our targets have always been that you need to be in double digit once you reach a particular level of maturity in the business. So, we do expect that civil should also head towards double digit on the margins. As far as revenue growth is concerned in civil, this quarter was exceptional because last quarter was poor. So, we had a three times growth of last quarter YoY in civil. During the quarter we have received orders as I mentioned earlier, in the chemical industry we got our first order. We've got our first order in water pipeline, order in one of the largest cement manufacturing company in India. And clearly we are seeing huge traction coming up in some of the industrial segments, whether it is cement, whether it is metals, chemicals three sectors I can see very clearly in the industrial side. In urban infra when I say urban infra it is largely metros, we are right now executing five projects and all five of them are doing very well, both on revenue as well as on margin front. We should also get one more project in urban infra and we are also L1 in our first airport project. So, on the civil side we are doing very well our first data center is under construction and that also is progressing well. So, the areas where you are looking at is public spaces, urban infra which is largely metros and some pieces of public spaces and industrial, residential we have been getting orders but we are not very bullish, we are not expanding residential like anything, because most of the expansion is going to happen in industrial and in these verticals. And as far as the growth is concerned, civil should definitely have at least a 50% growth next year, or whatever we do this year 50% growth is definitely, if not more on the cards for civil next year.

Sanjay Doshi: Thank you very much, sir. Good to know about railways, double digit and from the commentator, I can appreciate that the learning's on civil has been much better as compared to railways. All the best sir, thank you.

Moderator: Thank you sir. We have next question from the line of Ashutosh Garud From Ocean Dial Asset Management. Please go ahead.

Ashutosh Garud: Just wanted to understand from a near term perspective we do understand that there are some executional issues international and commodity pressures in the near term. But going ahead, let's say from Q1, Q2 onwards would you be comfortable in getting back to that 15% growth. I know Q1, Q2 base is lower from a revenue perspective last year Q1, Q2 were normally low let say but, on an overall growth trajectory from a revenue perspective, you would be back to 15% growth and 10.5% margin, how confident you are and from which quarter do you see this normalcy coming in your business?

Vimal Kejriwal: So, Ashutosh in spite of the problems which we are seeing on some of the execution and all that, we are very clear that even in Q4 we should have a decent growth. And I do hope that, we should be able to achieve a double digit growth for the whole current year also FY21, although we are right now at 6% for the nine months. But, I do expect that a fairly good growth in Q4, which showed overall increase our growth for the whole year. FY22 clearly, as you rightly said, Q1 was for us was bad, not Q2. Q2 we had a 16% growth even in the FY21. So, Q2 was a normal quarter for us in FY21 so similarly, we do expect FY22 also to be normal. Whether we'll achieve 10% or 15% today, it is difficult to say, we still have restrictions and all that. But with our current order book of an L1 of more than Rs. 24,000 crores I do not see a challenge in having a double digit growth next year. I don't see a challenge at all, in having a double digit growth, whether it starts from Q1. Q1 in any case we were double digit because Q1 last year was a degrowth. So, I don't say whether we'll reach 15% or not, I don't think I want to commit it today, but I can stick my neck out and say that we should clearly have a double digit growth next year. Margins, whether we'll be able to cross 10% or not, again is a little bit of a function of the metals. If metals continue at the present levels 10% may or may not be achievable. I'm honestly not sure I can't commit on that. We are right now around 9% let's see how the metals behave. I don't want to commit myself today because the metals have gone up abnormally high. Although as I said, we are seeing a benign trend and be expect it to come down, but today it's difficult for me to see what will happen, maybe after a month or two months when we see the long term trend setting back into the metals, we will be able to commit better on the margins. But, the present level of margins should be sustainable. Other thing what we'll also have is that, if we have a 10 to 15 or whatever number of growth we have next year, then we will definitely have the benefits of leverage. Also cost reductions are happening. interest cost is going down. We have to also see the fact that all this would result in a beneficial number at the PBT level, if not at the EBITDA levels.

Ashutosh Garud: And sir also, some color on how the competition is shaping up for you specifically post COVID times domestically, has the competition increased in sir?

Vimal Kejriwal: So, competition had gone down in Q1 and Q2, because of various reasons and problems in bank finance and other things and all that. In Q3, I don't know if I recollect government have relaxed guidelines on what we call bank guarantee requirements and tender security, et cetera, because of which we are seeing a lot of small players Now, coming back with inadequate banking facilities, what will happen if they win the project is anybody is guess, at a much more serious player level, we are seeing some of the larger players becoming very hungry for taking orders. So, to me the competitive intensity in India especially on T&D has gone up okay. And on the smaller value railway contracts of say 100 crore, 200 crores and those values we are seeing intensity going up, but if you take about 500 crores and all that, generally the completive intensity has still been pretty low, two players, three players, max let's say four players that way. And even on larger T&D the competitive intensity is less, but if you take at 100, 200, 300 crores we are seeing the competitive intensity going up in India.

Moderator: Thank you. We have next question from the line Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: So, one question was that within your segments so, except T&D so which are the segments in over two, three years do you think could become quite sizable maybe to the extent that they are as big as the T&D segment. And what efforts you are making towards achieving that?

Vimal Kejriwal: So, Parikshit generally I can say that railways are becoming pretty large. So, railways in India is already bigger than India T&D. So, clearly next two years, we will say railway is doing very well in terms of revenue and margin. Civil is already growing very well, but obviously the volumes are still small. So, let’s say after two years or so, we will start seeing even now civil should be contributing let say around 10% of our revenues. Next year, we will contribute more than 10%, railways are already reaching 25% or so or 30% of our revenues. So this quarter, we are 45% non T&D. Going forward it will cost 50% the way it is going on, but the good part is, T&D international we’re getting a lot of orders. So, it’s a tug of war going on what happens between the businesses, but civil and railways are growing much more than other businesses.

Parikshit Kandpal: Sir within railways now, so on your own balance sheet, so what could be the kind of order which you have qualified now so you have PQ?

Vimal Kejriwal: It’s difficult to answer that Parikshit because what we are seeing is that, in railways there are at least 20 sub segments and each sub segment has a different qualification. So, it’s very, very difficult for me to give an answer, I have bid for projects of, the largest project which I have got on my own has been Rs. 1,000 crores. So, depending upon if it’s an OHE project I can bid for any size, if it’s a civil project maybe 200, 300, 400 crores and we are just finishing some large civil projects in railways. Once they are complete, then our civil qualification will also go up, our metro viaducts are progressing well. So we should be able to bid for some of the railway bridges and viaducts, so it’s going on signaling telecommunication we have for some particular size. So, each segment has got a different number, difficult to give you a specific number.

Parikshit Kandpal: Sir my question was more because first we are at growth in this segment**,** and larger growth coming in from these segment then we also should have like the qualification to that extent that the average order style also grow that will give us some clear benefit and margin benefit as well. So, that was, so do you think in two years’ timeframe you should be in a position where you will be qualified independently for larger size orders by 1500 or 2000 crores in the next two year?

Vimal Kejriwal: So, again I’m repeating Parikshit, it would depend upon what area it comes, if it is coming electrification I can do any amount of order, if it is a pure place civil I will not be able to qualify for a Rs.100 crore order. I will give you an example today, for bullet train they have come out with new tenders, L&T has won some large tenders, but there are other smaller tenders which are there. So, some of them are Rs. 2000 crore, 1500 crore and all that, even now when I am bidding for some of the metro, civil and all that, I need a partner. So, it depends, once I finish some of my orders, maybe next year we should be able to qualify. But let me tell you one thing, getting a JV partner in railways and civil and all has not been a major challenge. So even if you don’t qualify on our own for large projects, there are very few projects which we have not been able to bid because I don’t have the qualification. So, I don’t see that as a challenge.

Parikshit Kandpal: And same thing is applicable to civil part also right?

Vimal Kejriwal: Absolutely.

Moderator: Thank you. We have next question from the line of Simran Bhatia from SMC Global Securities. Please go ahead.

Simran Bhatia: Sir, I have a couple of questions. First is that if the EBITDA margins as 9.1% has been bottom out. Or are you seeing little bit further deterioration in the EBITDA margin going forward. And secondly, what is your call on the interest reduction, because you're doing excellently from the past two or three quarters and the third question is, what is that you have stated in your earlier remarks that there is a delay in the orders, what is that delaying the orders from the government or itself if you can throw some light on that, that's all.

Vimal Kejriwal: So, the delay in the orders are on tenders which have been opened, but not awarded, there are tenders where, let's say we are L1 for a long time. But for whatever reason, either the government doesn't have fund, or the private sector is postponed. So, there have been I'll say unduly long delay in award of some of the projects. I know at least one or two projects where we have been L1 for one year now. Okay, and we don't understand why we have not been awarded. So that was one item where we said that, with order book plus L1, we have a reasonable number, there have been some delays. But we are now slowly seeing awards happenings and hopefully for the government projects, with the budget on 1st lot of allocations should happen for new projects. And we will see some of the awards happening. Regarding margin, I do hope that the bottoming has happened. We don't like the margins to go below the current levels, provided the metals still don't go up. This quarter, Q4 is going to be a challenging quarter, but I do expect that we should be able to maintain these numbers hopefully, with the help of the size, the leverage because this quarter normally Q4 is normally around 40% of our revenues every year. Okay, and if you are able to maintain that trend of having a 40% revenue coming in Q4, we should be able to do a good growth and then we should get the benefits of leveraging for this quarter as well as that will impact the full year. We'll keep our fingers crossed on the margins. And on the interest front, I will ask Rajeev, who's there on the call to give you a reply Rajeev?

Rajeev Aggarwal: So basically, Simran on the interest front, since the Q4 revenue is going to be higher, so we expect that interest cost as a percentage to sales will further go down, but for the year as a whole we expect interest cost will be around 2% level, because if you look at the nine months period, nine months period, the interest cost has been 2.3% or so. It will come down to around 2% for the year as a whole.

Moderator: Thank you. We have next question from the line of Kunal Sheth from B&K Securities. Please go ahead.

Kunal Sheth: I just wanted to know our non T&D share has gone up to 40% now in the nine month period, so is it largely because of the slowdown in the T&D and where do we see the share of non T&D in the next three, four years.

Vimal Kejriwal: So, Kunal two things have happened. One is T&D absolutely has not grown because of the de-growth in SAE. So, that is one reason that T&D remains at a virtually similar level or maybe slightly below last year. And second is you have seen railway and civil growing; railway grew by 44% and civil has grown three times. So, both these factors, T&D not growing and other businesses growing have contributed for this, going forward I clearly see that this trend will continue because railway is continuing to grow in the same manner, next year again we will have at least a 20% growth in railways, and as I was saying at least a 50% growth in civil. So, with this sort of growth happening and clearly T&D cannot grow at 50% in this numbers. So, the ratio of non T&D will definitely go. My view is that, it will at least become 50% in the next year.

Kunal Sheth: But sir this 50% do you expect me to sustain, because as you rightly said, with T&D dominating the order flow growth for us will be a task, in a way.

Vimal Kejriwal: Yes, but the T&D, others have not got that many orders which we'll get, now L1 also has railways and all that. So, I'm not too much worried about it, T&D is definitely growing, but what I'm saying is that the, the percentage of growth in civil and railways is significantly higher. So, it will definitely, my view is that it's non T&D will become 50%.

Kunal Sheth: Yes sir, but will it sustain there for the next few years or?

Vimal Kejriwal: It will definitely sustain because what will happen is that, with the railway volumes growing the railway growth percentage will come down, but for civil it is still at a much lower number. But, civil will continue to grow at 40%, 50% at least for this year, next year, at least two years I can definitely see civil growing at least 50%. So, with this growth and the railway growing at 20%, 25% the growth in these two businesses will clearly outstrip the growth in transmission. So, I do feel that the non T&D share will definitely get sustained at least for next two years.

Moderator: Thank you. We have next question from the line of Vipin Goel from ICICI Securities. Please go ahead.

Vipin Goel: Sir on the railway order book side, just to harp on that a bit. Although and we understand that we have lot of segments within that, but broadly if I had to break it down between the electrification orders and the non-electrification orders, what would that be, that is one and then on the margin side also within these two segments, if you can give a color on that. That will be helpful.

Vimal Kejriwal: So, I don't have the exact break up but broadly, my understanding is that one third of the railway order book is from OHE, one third would be in the composite section and the balance would, what we call the metro section, metro, civil and non-civil put together because there is one metro civil project also which is done in the railways business. So, I will broadly say they are one third OHE, one third composite and one third metros. Margins is difficult to say, we don't give section wise margins and all that. So, difficult to give up and I don't have it often difficult to give.

Vipin Goel: Alright, sir till next to for broad idea we can get on let whether the execution orders are higher margins than the metro orders or is it just on the product, project mix?

Vimal Kejriwal: It won't make a difference Vipin. It is all basically project-to-project. It won't make a major difference, to me you can take a uniform margin on all orders.

Vipin Goel: Okay, alright. And then sir just last one on the FOREX gain or loss any we had in this quarter, if you can get that number?

Vimal Kejriwal: Rajeev, you want to answer this?

Rajeev Aggarwal: Yes Vimal. So, basically what is happening within is that, last year we changed our policy of doing the FOREX accounting as a hedge accounting. Earlier you would have seen that large fluctuation or variation was happening on quarter-on-quarter basis, depending on the currency movement. So, last year we decided to adopt a hedge accounting and what happens in the hedge accounting basically, whatever revenue that is yet to come in, so you take it to the whatever the hedging we're doing that movement of the currencies goes into the reserve account and gets accounted for as a part of a revenue. So, most of the hedging gain this time is being accounted for as a part of revenue. Apart from that, whatever the balance sheet items are there, there is a small gain or loss which gets accounted for in the profit loss account as a separate accounting. So, this quarter there was a gain of roughly about Rs.7 to Rs.8 crore, for the balance sheet item which were hedged during the period, but most of it has been coming as a revenue in the balance sheet.

Moderator: Thank you. We have next question from the line of Varun Ginodia from Ambit Capital. Please go ahead.

Varun Ginodia: My question is on the interest cost side. So, do you see more room for interest costs as percentage of revenue to go down from these levels, or should we see them stabilize at 1.9% to 2% kind of levels going forward. And secondly, on the absolute debt levels, do we have any levers to get down that number from Rs. 2500 crores that we are hovering around. So, do we have any levers to get that absolute numbers also go down in next couple of years. So, any thoughts there?

Vimal Kejriwal: Rajeev?

Rajeev Aggarwal: Yes, Vimal. So, basically, as far as the interest cost as a percentage to sale, it all depends on where the interest rate movement happens in the coming quarters, our view is that interest rates probably has bottomed out in India and let's say the further going down on the interest rates may not be feasible considering the large borrowing program of the government and as the economy starts picking up now. As far as the borrowing part is concerned, borrowing definitely we have the intention to bring it down further. But we also have to consider that we are expecting double digit growth in the business to happen, to return from the next year onwards. So, maybe 10%, 15% growth on year-to-year will happen, so, that I don't think that with the EPC industry working capital is the main requirement, it's a main component, with a 15% kind of a growth that we will be targeting, it will be difficult to bring down the debt level from the current two and a half thousand crores or so, but nevertheless the efforts are always there to have a free cash flow and a positive cash flow, which will help us to reduce or optimize I would say rather optimize the working capital borrowing further going forward, but by and large you can consider that 2%, 1.8% to 2% kind of interest rate should be sustainable.

Moderator: Thank you. We have next question from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir firstly about this water pipeline part sir, is it our first middle foray into the segment sir, that is in the DIP that we are acting as an EPC for the DI pipeline?

Vimal Kejriwal: Yes, so it is first foray, we did some very small projects a few years back, but on the current size and all what we are doing for the drinking water, this is our first foray.

Saket Kapoor: And it is in the state of Madhya Pradesh sir, with which you are coming up sir, where exactly and what is the size?

Vimal Kejriwal: I don't want to give the individual number, but it is in the state of Orissa.

Saket Kapoor: Sir the FOREX has always played a role contributing in the P&L, so sir has there been any change in the accounting policy at which the earlier comment from the CFO. What's the impact of FOREX in this quarter?

Vimal Kejriwal: Rajeev?

Rajeev Aggarwal: So in this quarter Saket the FOREX impact as I mentioned is about 7 to 8 crore gain that we have booked for the quarter. Basically we have changed the policy as I mentioned to the previous participant also that we have changed our policy of accounting for the FOREX gains and losses, we are now, we have adopted the hedge accounting. So, what happens in the hedge accounting the revenue which has not accrued that whatever gains and losses are there on that account that goes in the balance sheet reserve and gets accounted for as a revenue, as and when the revenue is accounted for on those FOREX items which you have hedged in the market. So, whatever gains or losses are there on the hedge accounting goes as a part of the revenue. So, you don't see a lot of volatility in the balance sheet because even after hedging, so the currency movement does affect the profit loss account, to avoid those volatilities we have adopted the hedge accounting.

Vimal Kejriwal: But this has been adopted Rajeev sometime back, not this quarter.

Rajeev Aggarwal: Yes, not this quarter, this was adopted last year, in fact last year's second half we adopted this.

Saket Kapoor: Sir, you told about this deal issue affecting our numbers. So, the consolidated result wherein we have seen the employee benefit and the other expenses are not matching with the increase in revenue are these going to stay for the next quarter also and things will only be in order from the Brazil part from the first quarter of the next financial year, this is what ours?

Vimal Kejriwal: No, there is no connection with employee benefits, but the fact is right that in Brazil and all that you normally don't do subcontracting, you hire all the workers on your payroll. So because of that, all these people come in your payroll and it is directly seen in your employee cost. So we are taking four more EPC, so till the time the EPC cost model changes and goes on subcontracting it will show up in employee cost only.

Saket Kapoor: So, will it change, or it will be same?

Vimal Kejriwal: It will be same because in Brazil we are doing EPC. So, new EPC cost will come up.

Saket Kapoor: Cable segment last point, how is that going to perform?

Vimal Kejriwal: So, cable has been doing, I will say reasonably okay in terms of sales specially on the railway side, but otherwise because metal has gone up so much aluminum has become 2000, copper has become 8000 so many people are postponing their buying, thinking they should wait till the metal will decrease and then they will go for it. So, overall cable demand is reducing a bit specially on the industrial sector, but last quarter it was a bit fine, let's see in future. There is margin pressure in cable because of raw material, all the plastic based raw material pricing all of them have shot up significantly. So, cable this quarter although the sales were good and there is a pressure in margin, Q4 also there will be some pressure in margin and sales will be fine because till now XLPE, PVC price has not dropped let's see what happens. Thank you.

Moderator: Thank you. We have next question from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir, I have few questions. #A broadly we did think about execution headwinds are now improving. So broadly, can one say that in 3Q whatever headwinds we saw in the T&D, SAE as we look towards fourth quarter, and the next few quarters execution should now start to get back to normal and growth should be there. Only thing there would be some headwinds in some of the business segments as well?

Vimal Kejriwal: See as far as execution is concerned what we have said is that, Q4 will definitely be a good quarter and based on that growth, Q4 we do expect that we should do at least a double digit growth in this the whole year I am saying. And similarly with our order book at what level it is, I don't see that we should be doing less than double digit again next year also. So, headwinds are there, but headwinds are there in some places, some countries, some projects, we are doing 220 projects today. So, four, five, seven, eight projects have been headwind will not have a significant impact, it does have an impact so from double digit you have come down to 7% growth. Had we not seen headwind we would have probably had a double digit growth. It's not something which will, move the needle too much. There is some movement but not significant enough for me to get very worried.

Renu Baid: Right. And second on the margins, I know it's been discussed earlier as well, but broadly when one looks at that, despite all the headwinds just probably last nine months margins have been stuck at 9% level partially due to COVID related impact and other segments, but increasingly as in within investors there is also a concern that is civil segment especially metro pulling down margins as projects move in advanced stage of execution. So, if you can try and share some inputs in terms of how have been the profitability and the pace of execution on the civil projects, and in your view by when should we look or target at least 10%, 10.5% margins back for the business?

Vimal Kejriwal: So as far as the metro projects are concerned, we are doing right now on five metro projects, all the five are ahead of schedule and all the five are doing better than the tender margins. And when I say better than tender margins all of them are without taking into account any claims which we may have later on, that there are time extension claim, there are COVID claims, there are various core change claims and all that which as a policy we don't account for till we have the claims accepted and cash in our bag. So, honestly as of today, I do not see any reason why the profitability of our civil metro projects will go down. We are very confident of what is happening on the civil metro projects and we are very happy with the progress and maybe we should put up some photographs somewhere, maybe we will send across some photographs of what we are doing. So, we are very happy with that, the second question on margins. So, to me the margins have got pulled down one is obviously because of a little bit on the commodity side, but mainly it has been the impact of SAE if you reduce, if you take out SAE, we are in double digit in any case, if you look at the standalone we are more than 10% significantly higher than 10%. As, I said that the SAE issues will continue for next two quarters or so, we are trying to resolve them, but we now have new orders. So it will now depend upon how quickly the impact of metals can get absorbed or they come down and all that and how quickly we can we move to double digit, whether it would be Q1, Q2 it's very difficult to answer right now, because metals have been moving very, very erratically. So, to me is a little bit difficult to answer when will we reach back to 10, 10.5 and all that, our aim is to reach as soon as possible, but maybe we'll have to wait for a couple of quarters to reach there.

Renu Baid: Okay. And sir lastly as in when you look into some of the projects, which have been opened up recently as in we have also emerged maybe not L1, but we have been L2 on two orders large orders from Chennai metro. And if the customer pulled as in about only one contract to appear, then probably we might win another 1000 crore of order in that segment as well. So, in terms of the company's preparedness to execute large size metro projects across cities, how is the bandwidth as well as the order inflow outlook in the civil segments for us.

Vimal Kejriwal: So just to clarify on the Chennai metro, as per the terms of the tender one bidder can get only one job. So since L1 is one party in both the lots, if the client goes strictly by the terms of the contract, we should get one job but since it's not clear, we have not even taken it in our L1. So, when we say Rs. 24,000 crores of order book and L1 that doesn't include these projects, number one. And number two, if you look at our existing two DMRC projects, both are close to 1000 crores So, doing a 1000 crore project, we are already doing one in railway, we are doing one 1500 crore project in T&D in Bangladesh. And we are doing one 900 crore project in Oman. So, doing large projects of 900, 1,000 crore is not something which worries us. Capability built in this sector is not difficult, let me put it this way. There were if you remember even now, there are seven or eight players who keep on bidding for some of these projects. So, internal capability has been built but hiring capability in this sector is relatively easy.

Renu Baid: Right, it is more specific because Chennai is usually not a very easy market to work for EPC contractors, they have their own set of issues.

Vimal Kejriwal: So let me clarify, even today, as of today when we are talking, I have got three large T&D projects in the city of Chennai, I am doing one project which is close to 800 crores in the city of Chennai after having finished one, we are doing another two projects so I am right now doing three projects of T&D in the city of Chennai. So, that doesn't worry me we are clear of the issues we are facing, but as I said that we are working in Chennai, so I'm not worried about, we know how to tackle Chennai.

Renu Baid: Got it. So, broadly for the civil segment a broad as in two to three year growth targets are broadly intact of growing this business at more than 30%, 35% CAGR?

Vimal Kejriwal: 100% very clear. They should grow more than that, not 30, 35.

Renu Baid: Your next year obviously it would be significantly larger thereafter 30%, 35%, 40% CAGR whatever, number that is?

Vimal Kejriwal: Let us see, we want to do better than that, let's see we will keep our figures crossed.

Moderator: Thank you. We have the last question from the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead.

Swarnim Maheshwari: Sir just one question, so you did mention about your T&D ordering pipeline of about 20,000 odd crores, so if you can just tell us how does the canvas look like for our overall, on the overall basis including the railway, civil and the other business?

Vimal Kejriwal: So, railways with the orders, tenders which we have made and what we have today, we have got around I'll say 12,000, 13,000 crores of orders, tenders in pipeline. And similar number is for civil. So anywhere between 10 to 12,000 crores of tenders, which have been bid or are being bid, that's our number.

Swarnim Maheshwari: Right. So, overall out say 45 to 50,000 crore is your ordering pipeline for the next quarter?

Vimal Kejriwal: Tender quoted plus tender to be quoted roughly are around 60,000 crores all together, T&D, non T&D including both quoted, non-quoted, to be quoted and all that put together are around 60,000 crore.

Swarnim Maheshwari: And, I'm sure that tenders to be quoted the bids, the call for the bids is already on isn't it?

Vimal Kejriwal: Absolutely, I will not say all of them are on but there are many of them which we know that will come. Most of them are on, but there are somewhere we know that they are going to come now. Like as I said, a scheme has been announced by REC saying this team bidding is yet to happen, so we know that this bidding will happen now. So some of them where we know that it will happen are also there in this number, but largely I will say out of the 60,000. Probably, I'll say 50,000 have already been announced, bids are there in the market.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Vimal Kejriwal, for closing comments. Over to you, sir.

Vimal Kejriwal: Thank you everyone for your continued interest. Thank you so much.

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