

Apar Industries Limited
Q1 FY17 Earning Conference Call
August 08, 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Apar Industries Limited Q1 FY17 Earning Conference Call hosted by Four-S Services. As a reminder for the duration of this conference call, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Ms. Nisha Kakran of Four-S Services. Thank you and over to you ma'am.

Nish Kakran: Thank you. Good Evening everyone. On behalf of Four-S Services I welcome all the participants to Apar Industries Q1FY'17 results Conference Call. Today on the conference we have Mr. Chaitanya Desai – Managing Director and Mr. V.C Diwadkar – CFO, Apar Industries. I would now like to hand over the call to Mr. Desai. Over to you sir.

Chaitanya Desai: Thank you, Nisha. Good Evening everyone and a very warm welcome to the Q1 FY'17 Earnings Conference Call of Apar Industries. We will begin the call with key operational and financial highlights of the quarter, outline our growth strategy and then open the floor for questions. We are happy to report a significant increase in profits in the quarter at both operational and net levels despite continued subdued conditions in both domestic and global markets. In fact, all business segments saw increased profitability as the benefits of our strategic shift towards higher value added products continue to yield results. We ended the quarter with EBITDA up 23% at Rs 115 crores from Rs 93 crores in the previous quarter last year. Taking the EBITDA margin to 10.5% from 7.4% in Q1 FY16. PAT is up by 70% at Rs 47 crores compared to Rs 28 crores in Q1 FY16 with PAT margin for the quarter at 4.3% compared to 2.2% in Q1 FY16. The expansion was driven by increased contribution from value added products, lower raw material prices and cost optimization initiatives. In spite of the revenue in quarter being lower in two of our key segments, we were able to report good growth in profitability. Once the sector momentum returns, we expect to be able to continue to capitalize on the opportunities that we are presented with. India's total installed power generation capacity has increased to over 300 gigawatts as on 30th June 2016 and for the first time India is expected to have surplus power supply in 2016-17. The center is planning to enhance the power transmission capacity in the country by almost 3 times by 2020. Power Grid is planning to spend Rs 1 trillion over the next four years to expand its T&D network. Uday is gaining attraction with four new states signing the MOU to join the scheme. Manipur, Andhra Pradesh, Kerala and Goa have signed MOUs taking the total numbers of states to 14.

The dead line for states to join Uday has been extended by a year to March 2017. Additionally, power ministry is seeking cabinet approval for private power distributors to get operational benefits of Uday. However, issues between the center and state discoms are delaying actual implementation. So though all these developments are quite promising for the T&D segment in the longer term, it will clearly take a few more quarters for these positive developments to percolate into actual orders for Apar. Our consolidated revenue in the quarter was Rs 1,098 crores down from Rs 1,253 crores in Q1 FY16. The conductors and specialty oils segments reported decline in revenues primarily on account of lower commodity prices. While the cables segment posted strong growth in revenues. I will now like to go through each business segment. Our conductors business posted a revenue of Rs 499 crores in Q1 FY17 down 23% from Rs 650 crores in Q1 FY16, with exports contributing 28% of the segmental revenues. While we continued to operate at 100% capacity utilization the revenue was affected primarily due to lower commodity prices and delayed dispatches. We expect backlog on this account to be cleared in Q2 FY17. However, EBITDA per ton post FOREX adjustment increased substantially, 80% up from Rs 6,723 to reach 12,084 in Q1 FY17, as more profitable orders were executed in this quarter. We however, maintain our earlier guidance for the year that is Rs 8,500 per MT. High efficiency conductors' revenue increased to 9% of overall conductors' revenue from 5% in Q1 FY16. The segment order book is at Rs 1,606 crores as on 30th June 2016 compared to Rs 1,751 crores as on March 31st 2016. Export orders contributed 36% of order book compared to 29% as on March 31st 2016. The order inflow is impacted by subdued demand in domestic and export market. New tenders from Power Grid and other private sectors companies are moving slowly but the TBCB and EPC CAPEX and other order finalization cycle is expected to restart from the end of Q2 FY17 onwards. Work on our new plant at Jharsuguda, Orissa is progressing as per schedule and it's expected to be ready in Q3 FY17. Transformer and Specialty Oils revenue for the quarter is at Rs 420 crores, 8% lower compared to Rs 459 crores in Q1 FY16, primarily on account of lower raw material prices. However, we have posted 8% growth in volume across Transformer oil, Rubber process oil, Industrial lubricants and Auto lubricants. Industrial and Automotive lubricants had the highest volumes sales in the quarter ever. Global shipments of the quarter reach 85,653 KL compared to 79,419 KL in Q1 FY16. EBITDA per KL after FOREX adjustment for the quarter marginally increased to Rs 6,424 from Rs 6,364 in Q1 FY16. Crude prices during the quarter saw an upward trend. Brent oil increased from \$39 per barrel in March'16 to \$50 per barrel in June'16 before correcting downwards again. This will have an impact on margins in the coming quarter. We expect lower revenues and profitability in Q2 FY17 from effects of base oil price increase, slower demand including disruptions due to excessive rainfall especially in transformer oils and delay in Uday implementation due to some operational differences between the center and state before a likely pick up in the second half of this financial year. Work on our Sharjah plant is progressing well and it is expected to be ready in Q3 FY17. Auto lubes segment delivered 24% volume growth in the quarter to reach 6,658 KL which is the highest quarterly volume ever.

The growth was driven by higher sales in the motor cycle segment, OEM sales and general improvement in rural demand due to good monsoon season with equitable distribution. Our product lines across all segments have top performance products comparable to the best offered in the Indian market. Profitability in the segment continues to increase with improved product mix, lower raw material cost and disciplined pricing. Our strong focus on expanding the distribution network and increasing share of higher margin products will further drive growth in this segment. Industrial oil segment witnessed 16% volume growth primarily from new customers and higher sales from newly introduced products. The Cables business delivered strong growth of 23% in the quarter with a revenue at Rs 172 crores compared to Rs 140 crores in Q1 FY16. The growth came from Power Cables and Elastomeric E-Beam Cables which grow by 56% and 35% respectively. EBITDA margin post FOREX adjustment increased substantially by 315 basis points from 4% in Q1 FY16 to 7.1 in Q1 FY17 led by better product mix in each of the sub segments and cost controls.

We continue to strengthen our leadership position in renewable energy sector, orders from the segment have increased and major ordering is expected from Solar segment in the second half of this year. Orders from defense segment are also likely to improve with several projects in the segment being announced. Optical Fiber Cables segment continues to witness weak demand but BBNL has an upcoming tender which is due in August. Going forward the Power sector is on the verge of better growth as the transformative regulatory initiatives pan out. We are optimistic of increased investment in the T&D infrastructure. With our strong leadership, sizeable capacities and relevant product mix, we are well poised to gain as demand improves. The company has always followed best practices in respect of selection of accounting policies. As such with the implementation of Ind AS, minimal impact is seen on the results of the company specifically in the areas of depreciation, provisioning, hedge accounting, borrowing instruments etc. which speaks well for the prudence of the management. So with this I come to the end of my comments. I would like to thank everyone for joining our conference call and we would be happy to take any question that you may have at this stage.

Moderator: Thank you very much we will now begin the question and answer session. The first question is from the line of Sukrut Deshpande from Vibrant securities. Please go ahead.

Sukrut Deshpande: Yeah Sir, we posted increase in volume in automotive segment. I wanted to ask you what is distribution between B2B, and B2C is it same? 35%-65% as on March'16 or has it changed?

V.C Diwadkar: More or less it is same.

Sukrut Deshpande: Okay and what is your long term plan in this segment.

V.C Diwadkar: We are trying to grow both the segments.

Moderator: Thank you very much. We have the next question from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: The conductor volume, it is down almost ~ 15% and our order book has also come down but the margin has gone up and you expect that EBITDA per ton to come down to around Rs 8,500MT level. So is that the business is not picking up in terms of volume, what we anticipated? Are we around the bottom in that business in terms of volume?

V.C Diwadkar: Actually we have stated in our update also that some of the dispatches could not happen because of the inspections not taking place. As well as some of the customers, had not made the financial arrangements at that point of time so that is why dispatches were held up. Otherwise the volume would have been in the range of 42,000MT. And as far as the margins are concerned, somehow in this particular quarter all the higher profitable orders were executed, so that is why what we are saying is that for the whole year our earlier guidance that we have given of Rs 8,500 MT remains intact.

Maulik Patel: Okay and sir in terms of expansion of the new facility in Orissa. When do we expect the commissioning of that facility?

V.C Diwadkar: It will be sometime in October 16.

Maulik Patel: And coming to the second segment TSO where the margin was one of the highest. Is there a lot of inventory gain built into the system?

V.C Diwadkar: Because of the lower raw material prices. See there are 2-3 factors over here; one is that volume increase is there across all the segments, the transformer oil, rubber process oil, industry oils, auto oils. And within the sub segments the value added products have gone up actually. So the margins will be much better and some part of the raw material gains are also there.

Maulik Patel: Earlier Chaitanya sir had told me that the industrial part of the business is the one which was not doing well though in a smaller terms of overall volume? But have you seen any pick up in that segment?

V.C Diwadkar: In the industrial oil we have seen pick up actually. We have seen pick up in the industrial oil mainly in the Auto companies and that can be seen in the Auto lubricant side also.

Maulik Patel: I think that even if we see larger player in the auto lubricant, Gulf oil, Castrol, they have also reported very strong volume in the larger base.

V.C Diwadkar: Correct. Yes.

Maulik Patel: Last question is on the Cable side of the business and we talked about our E-Beam business and all. If you can update on that part of the business, that would be great.

Chaitanya Desai: So we have been progressively increasing our sales of the E-Beam cables which is part of the Elastomeric Cable group. So we have been now progressively moving up the chain earlier we were given what is called like a vendor development quota of how much we could sell. Now we are more or less approved everywhere and we are eligible to quote 100% of the business. There are one or two small areas where we will move from what is called Tier II to Tier I, so we will be eligible for that. So every year as you have been probably seeing, we have been increasing our sales of Elastomeric Cable and we will continue to grow in that pace because we also have very strong position in the renewable energy market for wind and solar cables, which is also growing at a rapid pace. So we are well poised to take that increased growth at our end.

Maulik Patel: What will be the capacity utilization in this segment? I think you told us that the revenue potential in that business is close to around, in the two E Beam machines what we have installed, Rs 300 crores?

V.C Diwadkar: Yes. E-Beam are presently being used close to around 60% utilization.

Moderator: Thank you very much. We have the next question from the line of Divyata Dalal from Systematix Shares. Please go ahead.

Divyata Dalal: What would be the value of Auto lubes in this current quarter in terms of value?

V.C Diwadkar: We will have to come back to you actually on Auto lubes value.

Divyata Dalal: Okay and in terms of order books for conductors. How much would be the Share of high temperature conductors currently in the order book?

V.C Diwadkar: High temperature conductors share is close to around 13% in the order book and in orders executed in the quarter, it is around 9%.

Divyata Dalal: So sir the volume downfall which we have seen in the conductor segment apart from the delayed dispatches, can also it be attributed to, since the high temperature conductor share has gone up. Can we attribute this to that as well?

V.C Diwadkar: No, production was more actually 41,500 MT or something like that. So it has nothing to do with the production. Sales could not take place because some inspection got delayed and in some of the cases the party could not make financial arrangements and as you are aware and we have said earlier also we don't release the material unless financial arrangements are made.

Divyata Dalal: Right agreed. Sir going ahead for full year assuming the run rate of 41,500 MT and considering our order what would be your guidance for the full year volume growth in conductor segment?

V.C Diwadkar: As we have said we will be able to achieve 1,70,000 MT

Divyata Dalal: In spite of the new plant coming up, this kind of volume will be sustainable for...?

V.C Diwadkar: Yes, 1,70,000 MT, we will be able to get.

Chaitanya Desai: The new plant will be ramping up in phases.

V.C Diwadkar: And as we have earlier said, when the new plant is coming up there will be some disturbance in the old plant because some restructuring will be there some of the machines will be moved from the old plant also. So because of that the overall 1,70,000 MT, we will be able to achieve.

Chaitanya Desai: That sort of gearing up for the GST you know.

Divyata Dalal: And sir in terms of the TSO segment, in your commentary in the update we have mentioned that in Q2FY17, we might see some impact on revenue and profitability and also demand disruption. So can you put more color on the demand disruption side mainly for the transformer oil?

V.C Diwadkar: In case of transformer oil normally in the monsoon season, the installation of transformer is not taking place because of the heavy monsoon. So we have seen that normally second quarter is soft so that is one thing and as far as the margins are concerned as we have said during the quarter April- June the oil prices have gone up, which will now hit the consumption. Oil prices had gone up from \$30 to \$50, which has now come down to \$43. So when we go to customer for increase in the prices, the customer may say that the now the prices have come down so we may not able to realize the full increase in the cost.

Divyata Dalal: Sir any other capacity expansion than what was already planned in conductor or cable side of the business?

V.C Diwadkar: No whatever we have said in the last call that remains same across all our segments.

Divyata Dalal: And in terms of cables when would the new additional facility or capacity come up for Power Cables?

Chaitanya Desai: It will come up by March 2017

Moderator: Thank you very much. We have the next question from the line of Sandeep Baid from Quest Investment. Please go ahead.

Sandeep Baid: I had a question on the conductor side, we did EBITDA of about Rs 12,000 MT on in the first quarter despite sales being less, and we did only probably 35,000 to 36,000 tones. Going forward the run rate will be better. Secondly you mention that high efficiency conductor sales in the first quarter was 9% and in the order book it is 13% which would mean that going forward we should maintain at least 9% if not higher share of high efficiency in our sales mix. Despite this we are guiding for Rs 8,500 MT for the full year in terms of EBITDA margin which would imply that we will do close to Rs 7500 MT for the remaining three quarters. So I'm not able to fully understand the rationale for it.

V.C Diwadkar: The margins depend upon the time when the orders are taken actually. So see we have given guidance for the whole year, you can only give guidance for the whole year because you don't know which order will get executed in which quarter so somehow in this first quarter all the higher profitable order got executed so that is why you are seeing a margin of Rs 12,000 MT.

Sandeep Baid: Yeah but Mr. Diwadkar going forward as well high efficiency conductor orders will get executed where I understand that the margins are much better?

V.C Diwadkar: Conductors orders we have considered ~ 9% in this Rs 8,500 basically. It depends upon what order we have in hand.

Sandeep Baid: Okay. So for the remaining three quarters we have been saying that the margins will more be in the region of Rs 7,500 MT?

V.C Diwadkar: Correct. This is the estimate which is there actually.

Sandeep Baid: Okay. What is the status of the Middle East unit for oil? When we are looking at starting production?

V.C Diwadkar: We should be able to start the production this September '16.

Sandeep Baid: And the conductor unit we are looking at October '16?

V.C Diwadkar: Conductor unit in October 16.

Sandeep Baid: Do we expect the conductor unit to continue to operate at 100%, of course not the new unit, that will take some time but the older units will continue to operate at 100% capacity utilization?

V.C Diwadkar: Yes it will operate at 100%

Sandeep Baid: And lastly you mentioned in your presentation that there is a large tender coming up from BBNL. Can you give some more color on that? What is the kind of size that you are talking about? What is our expectation?

Chaitanya Desai: Well we can give you more details subsequently if you like. But you know there was a couple of tenders which they have brought out earlier and they had found that the implementation of actually laying those cables was taking significant amount of time so that is why they had finished ordering of the first phase and then sort of and didn't go ahead with the second part of it which now is coming up you know so it's going to be similar toward what they had ordered out couple of year ago.

Sandeep Baid: Chaitanya I don't recall the figures. Can you tell me how much was it couple of years ago?

Chaitanya Desai: Again as I said we will have to get back to you with exact details.

Moderator: Thank you very much. We have the next question from the line of Pawan Nahar from Religare. Please go ahead.

Pawan Nahar: If you can explain the outlook on the international business with respect to payments, because you mentioned the conductor volumes, you know you had to withhold it because clients were not able to meet mentioned requirements, LCs and guarantees. So is it getting tougher versus let's say six months back, one and two is that what is your outlook on both the oil and conductor exports?

V.C Diwadkar: Pawan basically what we explain for conductor, it's a timing issue actually. It's just that for these customers they were only not able to open the LCs in time and because of which it got delayed actually. So it will happen in the quarter two. But you were right as far as some countries are concern which are commodity dependent country, we are seeing slowdown over there.

Pawan Nahar: Turkey used to be a big market or an important market for us

V.C Diwadkar: Yes there are issues in Turkey actually. We use to sell the transformer oil and white oil in Turkey actually that has slow down then in Africa also.

Chaitanya Desai: Similarly, in the Middle East also that has been some slow down. But the same time we are seeing other geographic regions where we are able to increase volume which have not been sort of depended on the commodity prices and the outlook on the oil and conductor exports generally is that we are seeing again as I mentioned increase sales in other countries which are sort of offsetting some of the slowdown in some of our traditional markets. So overall we still see about the one third of the revenues coming from the export business.

Pawan Nahar: Okay. Can you please tell us which countries are driving this new you know the exports and are they going to be more profitable in terms of opportunity?

Chaitanya Desai: So the countries in the Americas are like new area and in terms of profitability it's similar to what we had in the past. For you know other markets which we are not able to sell that much volume too currently.

Moderator: Thank you very much. We have the next question from the line of Ankush Mahajan from Edelweiss. Please go ahead.

Ankush Mahajan: Sir could you throw some light on the demand in the transformer side in the domestic market. How do we see a demand for next one two years and exactly the demand from state utilities or from central utilities?

V.C Diwadkar: Demand is not very strong actually but we have seen in the first quarter as well as in second quarter of course the demand gets affected because of the installation and monsoon. As we have said in our update also in the Uday program there is some delay as far as execution is concerned. So we are hoping that with the Uday program, the demand for transformers will increase and with that then the demand for transformer oil will also increase. But there are some issues to be sorted out by center and state as far as this Uday program is concerned in relation to the buying process.

Ankush Mahajan: So sir what are the specific issues between the center and states? Could you elaborate on it sir?

Chaitanya Desai: Yes, we can explain. The center initially thought that they will have Power Grid as the nodal agency for bringing out the new tenders for four big items which included conductors, distribution transformers where our oil is going as well as Cable. Then subsequently the states said that they would prefer to do the procurement directly as opposed to through Power Grid. So now the Power Ministry has said okay to go ahead with the state purchase, but with the specification of the Power Grid.

Ankush Mahajan: So ultimately it's going to benefit organized sector.

V.C Diwadkar: It will benefit organized sector as it looks because initially Power Grid did lot of work actually, they had come out with tenders and they had done some reverse auction. The process was also completed but the state Discoms, didn't agree to what Power Grid had done. And they went to the center and said that we will be interested to do our own buying.

Ankush Mahajan: So issues have been resolved now sir?

V.C Diwadkar: Delay is there actually but we feel that there may be delay of one or two quarters but the demand is definitely there.

Ankush Mahajan: The demand for the transformers on the Power side i.e. Power transformer demand is increased because the states are spending now. So you don't think that the demand for Power transformers have been increased?

V.C Diwadkar: That will come in the sub segments actually, so we have said that the more of the oil has been sold in that segment.

Ankush Mahajan: So you are saying that the transformer will be used for Uday scheme that is in the distribution side?

V.C Diwadkar: That will be mainly distribution transformer.

Ankush Mahajan: So how do you see the demand on the transmission side?

Chaitanya Desai: Center purchase has been slightly reduced and the sub transmission and state transmission level has gone up, so overall demand has still been pretty much flat to small growth.

Moderator: Thank you very much. We now have a follow up question from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: What is the guidance on the volume in conductor segment this year sir?

V.C Diwadkar: 1,70,000 MT

Maulik Patel: What about the TSO segment?

V.C Diwadkar: 3,69,000 KL

Maulik Patel: Essentially we are probably pretty much flat in conductor?

V.C Diwadkar: Means you are looking at flat in conductors vis-à-vis FY16? Yes we are flat in conductor and we are looking at growth of about 9% in TSO segment.

Moderator: Thank you very much. We have the next question from the line of Chirag Muchhala from Nirmal Bang Equities. Please go ahead.

Chirag Muchhala: For the Cable segment revenue of Rs 172 crores, can the breakup between Elastomeric and Power Cables be provided?

V.C Diwadkar: Elastomeric and Power segments?

V.C Diwadkar: Elastomeric was around Rs 58 crores, HTLT was Rs 92 crores and balance was Telecom.

Chirag Muchhala: And sir roughly in our order book of Rs 229 crores. What would be the share roughly?

V.C Diwadkar: Rs 100 crores is Elastomeric and another Rs 100 crores is HTLT and balance is Telecom.

Chirag Muchhala: And for the Cable segment, at the end of the last quarter we had guided for like 7.5 to 8.5% margin and 15% volume growth so, is there any change in that outlook?

V.C Diwadkar: No, we should be able to achieve that actually. As of now we feel that we are confident of achieving that.

Chirag Muchhala: Okay, because in the Q1 the growth has been very strong at 23% but I mean so for next nine months and despite higher order book we are not expecting more than 15% growth for full year?

V.C Diwadkar: See we don't change the guidance actually on quarter on quarter basis. Whatever guidance we give at the beginning of the year, that guidance remains the same.

Chirag Muchhala: And sir for the oil segment, TSO segment for full year I mean considering the current oil prices and shift in revenue mix with Auto Lubes and Industrial Oil, so how does the EBITDA per KL for the full year looks like?

V.C Diwadkar: EBITDA per KL, we have said about Rs 4,500 to Rs 5,000 actually so that remains.

Moderator: Thank you very much. We have the next question from the line of Shradha from Edelweiss. Please go ahead.

Shradha: More from two years forward maybe FY'18 onwards when our capacities come on stream and when we see all this operational issues of Uday getting resolved. How do we see the volume growth in each of the segments and also as these value-added products like high efficiency conductors and above 465 KV oil goes up, you know in terms of volume as well as value growth how are we seeing in each of the segments?

V.C Diwadkar: 10 to 12%, we can talk about volume growth. Value growth will be driven by commodity prices that nobody knows where the commodity prices will be during next two years but the volume growth 10 to 12% should be possible actually in each of the segment and Cable will be growing faster actually as it has been growing earlier also.

Shradha: And sir how are we targeting higher efficiency conductors what could that go up in the overall sales mix with the kind of demand that we are seeing?

Chaitanya Desai: So there also we see a minimum 10 to 12% growth and there is lot of activity going on currently in the central government to incorporate these type of products across the board and we have been seeing that the state transmission companies are also now looking at using

more and more of high efficiency conductors especially with the right of way problems so this should increase.

Shradha: Sir then aren't we seeing much higher growth here as compared to the traditional conductor?

V.C Diwadkar: There will be higher growth actually. As you have seen last year we have done some 6% and this year we are targeting 9 to 10%. For next year we can target 15% of the conductor revenue.

Shradha: May be if there is some commodity pressure that should be taken care by the improving mix in term of margins.

Chaitanya Desai: Yes that's true.

Shradha: And sir in the oil side also if you can talk about what is the value added mix and how do we look at that going up in the overall mix?

V.C Diwadkar: Value added we are trying to increase our Auto oil, Industrial Lubricants, Rubber process oil and high grade of transformer oils, high spec transformer oils.

Shradha: High spec transformer oils would-be how much percent out of the transformer oil now?

V.C Diwadkar: Presently it is around 34%

Shradha: And it is growing at what rate sir?

V.C Diwadkar: It is growing at around 5% you can say.

Shradha: That again is stuck in these operational issues.

V.C Diwadkar: It will be driven by the lines actually. If more of the 765 KV lines come up in the next plan then we should also be seeing growth of these oils.

Moderator: Thank you very much. The next question from the line of Venkat Rajesh. Please go ahead.

Venkat Rajesh: My question is, I am hearing from some of your transmission and distribution peers that Power Grid has changed the way it is conducting the bidding process now towards reverse auction. Would love to know your thoughts on that because most of them are suggesting an increased competitive intensity in their segments in particular. So how would that impact our conductors' business?

Chaitanya Desai: Just by changing to the reverse auction methodology, there is not much difference for conductors which anyways was quite competitive so we don't see much change on that front

but Power Grid demand may be reduced because now they will also not have that much of cost plus type model orders. They will also be fighting for getting TBCB business so our client mix will be now much less Power Grid going forward and we may have more of the other companies in the private sector and EPC companies, where Apar stands better chance because there it is negotiated across the table as oppose to tender driven type working.

Venkat Rajesh: The mechanism that sir has highlighted basically that states have gone back on bulk tendering. Is there any update on that front? Because some states don't want let Power Grid actually tender for them. Is there any update on that sir?

Chaitanya Desai: There are now new tenders come up from the states for the same Uday project with respect to the quantities required in their own state. So those tenders have come up and we will be bidding for those.

Venakt Rajesh: The bulk tendering where Power Grid does tendering on behalf of all the states is off. That is not happening.

Chaitanya Desai: That is correct.

Moderator: As there are no further questions I now hand the floor to Ms. Nisha Kakran for closing comments.

Nisha Kakran: I would like to take this opportunity and thank the management for giving us the opportunity to host this call and the participants for joining the call. Thank you everyone.

Moderator: Thank you very much. On behalf of Apar Industries Limited and Four-S Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.