“Kalpataru Power Transmission Limited & JMC Projects (India) Limited Q3 FY 2021 Earnings Conference Call”

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Moderator: Good morning, ladies and gentlemen. Welcome to Kalpataru Power Transmission Limited and JMC Projects Limited Q3 FY 2021 Earnings Conference Call, hosted by DAM Capital Advisors Limited.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited. Thank you and over to you, ma'am.

Bhoomika Nair: Thanks, Lizzane. Good morning, everyone. I would like to welcome you to the Q3 FY 2021 earnings call of Kalpataru Power Transmission and JMC Projects. We have the management being represented by Mr. Manish Mohnot – Managing Director and CEO; Mr. Ram Patodia – President, Finance & CFO; and Mr. S.K Tripathi – Deputy Managing Director and CEO of JMC Projects. I will now handover the floor to Mr. Mohnot for his opening remarks. Post which we will open up the floor for Q&A. Over to you, sir.

Manish Mohnot: Thank you, Bhoomika. Good morning, everyone. I am thankful to you for your continued interest in attending this earnings call of KPTL and JMC. I will quickly share highlights of our financial performance for Q3 2021, before I move to share updates on key strategic initiatives.

KPTL and JMC business operations have reached complete normalcy with declining COVID cases and gradual easing of restrictions. KPTL and JMC have improved turnover, maintained profitability, successfully secured orders and reduced debt amidst a challenging business environment and pressure of mounting commodity prices.

Our numbers, at consol level we have delivered revenue growth of 11%, PBT growth of 138% and PAT growth of 132% on a Y-o-Y basis. Excluding the one-off gains, consol PBT grew by 17% in Q3 2021. Our consol order book, including L1 is well diversified and is a record high of Rs. 31,382 crores at the end of December 2020, with KPTL order book plus L1 of around Rs. 16,429 crores and JMC of close to Rs. 15,000 crores.

At KPTL standalone level, revenue has marginally improved, with T&D business delivering a Y-o-Y growth of 5%. Our KPTL standalone PBT grew by 84% and PAT by 88% on Y-o-Y basis. Excluding the one-off gains, standalone PBT grew by 13% in Q3 2021.We have maintained double-digit EBITDA margin of 10.4% in Q3 2021 and 10.6% for nine months financial year 2021.

Our exceptional items for Q3 3021 mainly includes gain on sale of Alipurduar Transmission Limited, as the company has recognized the entire gain, representing gain on transfer of 49% stake and fair value gain on the balance 51% stake.

KPTL consol net debt has reduced from the peak of around Rs. 3,800 crores in June 2020 to the levels of Rs. 2,343 crores at the end of December 2020. On same lines, KPTL's standalone net debt has declined by 39% Y-o-Y to Rs. 612 crores and JMC net debt reduced by 24% Y-o-Y to Rs. 661 crores at the end of December 2020.

KPTL standalone order inflow along with L1 is around Rs. 9,360 crores as on date. KPTL has already declared orders of Rs. 6,260 crores till date in financial year 2021. We are confident of receiving majority of L1 orders before 31st March, 2021.

JMC has recorded best quarterly revenue of Rs. 1,066 crores with Y-o-Y growth of 15% in Q3 2021. JMC's EBITDA margin in Q3 2021 was largely impacted due to additional costs incurred for transportation and accommodation of labour due to COVID. We expect margins to be back on track in Q4 2021 to double-digit range. JMC has witnessed financial year 2021 as one of the best year in terms of order inflows. It has received orders of Rs. 7,484 crores. Additionally, we are L1 in orders of around Rs. 750 crores, which we expect to receive before 31st March.

On the subsidiary front, we have witnessed significant improvement in performance of all our subsidiaries. Shree Shubham recorded revenue growth of 31% Y-o-Y with EBITDA margin of over 23% in Q3 2021. We have around 331 warehouses spread across eight states in India, having an average utilization of around 82%. For nine months 2021, we continue to remain positive at PAT level, and for full year also we are confident to deliver profitably.

Linjemontage, Sweden, reported revenue growth of over 100% for both Q3 2021 and nine months with improvement in margins.

Our per day average collection at all four SPVs at Rs.61 lakhs in Q3 2021, one of the best recorded in past several quarters. We have not invested any funds in this year in our road BOT assets. In totality, all our four assets have cash breakeven for all four SPVs around Rs. 59 lakhs per day. And we are now above the cash breakeven levels as far as the SPVs are concerned.

We have completed sale of around 35% units in the Indore real-estate project. In the last three to four months we have sold 10 units, which is around 8% of the total units. Our construction works are in the final stage and we expect OC for another two towers by June 2021. We have already received OC for two towers earlier in 2020. With this, we should be receiving all OC's in the next six months, and we are on track to exit this entire project in the next 12 months.

We have made substantial progress in divestment of T&D assets and restructuring of road BOT assets. We have successfully achieved transfer of Alipurduar Transmission assets and received proceeds in Q3 2021. We achieved full commissioning of Kohima-Mariani Transmission asset, now we are awaiting necessary approvals for transfer from relevant authorities. We believe we should receive all the approvals in the month of February and the transition should be completed in March or April 2021.

Discussion for restructuring of KEPL and WEPL road assets were in final stages and they are expected to be completed by the end of Q4 2021, or max by April or May of 2021. The proceeds from sale of transmission assets will be utilized to reduce debt, incentivize shareholders and invest in future growth.

We have recently announced our strategic position of Fasttel in Brazil at an equity value of USD 8.8 million, for a controlling stake of 51%. This acquisition will provide us with a much needed entry into the Brazilian power T&D market, one of the largest markets in the world. It's actually the third largest market after China and India. This acquisition is also in line with our strategy to strengthen our geographical footprint, enhancing our technical capabilities and to be local player in the global environment.

Similar to Linjemontage in Sweden, Fasttel brings to us an asset-light business model, backed with strong EPC and project delivery competencies, low debt and highly experienced and talented workforce. Fasttel has delivered a revenue CAGR of 25% for the last five years and consistently maintained profitability. We plan to ramp-up operations of Fasttel through synergies with KPTL, and are confident to deliver a strong performance through our Bazillion operations.

KPTL will continue to invest in organic growth opportunities in order to strengthen its capabilities and expand geographical reach. With swift deleveraging, improved focus on core business and consistent profitability, KPTL and JMC will continue to take advantage of rising domestic and international infrastructure spending in key targeted segments. Our order visibility across most of the business verticals looks very promising over the next 12 to 18 months.

Our actions over the last few quarters demonstrates a clear focus on an effective capital allocation strategy. A strategy that emphasizes on three key elements, namely profitable growth, ROC improvement and maximizing shareholder return. We are pleased to provide an interim dividend of Rs. 8.5 per share in addition to recently completed share buyback program of around Rs. 180 crores. Notwithstanding this shareholder payouts, we have successfully managed to lower our debt levels at consol and standalone level. Our debt levels will reduce further in the next few quarters as we complete sale of balance long-term assets and non-core business.

For the financial year 2021 we continue to be on target for the following; positive revenue growth compared to the previous year, both at standalone and consol, EBITDA margins in the range of 10.5%, new order inflows of around Rs. 9,000 crores to Rs. 10,000 crores in KPTL and around Rs. 7,000 crores to Rs. 8,000 crores for JMC, negligible level of debt on a net cash basis in KPTL.

For next financial year 2022, based on our strong and well-diversified order book, we are confident to deliver double-digit revenue growth for both standalone and consol levels.

Thank you once again. I am happy to take your questions now.

Moderator: Thank you. Ladies and gentlemen, we will now begin with a question and answer session. The first question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir, I have four questions. The first question is on the execution side, we have seen some bottlenecks continuing even in this quarter of the standalone business. So what is our reading in terms of these bottlenecks easing out? And when do we actually expect execution to pickup? Though on a broad basis you have mentioned on the guidance front for revenue, but if you could give some more feelers in terms of segment-wise performance, and how do we expect the growth to improve on this side? And does commodity headwind challenge the margin outlook for the next two quarters in the near-term?

Manish Mohnot: So Renu, first on the bottleneck. I think, if I divide this entire business into three aspects, which is let's say the plant operations, the bought out and the erection or the construction side of it. On the construction side of it, I think majority of the bottlenecks have gone, all our workers are back to the same level, if not improved level on having worker at site. Efficiencies are coming back with the restrictions on travel, all of that which was there, not more than three people in a car, all of that not being there now. So efficiency is coming back. So on a construction site, if you ask me, we are closer to 95% to 99%, if not closer to 100% of our budget.

On the plant operations and manufacturing, we are again closer to 100%. But there are bottlenecks on delivery, primarily in the neighboring countries. So if you see the neighboring countries, without naming specific countries, there are still bottlenecks on deliveries whether because of availability of containers or whether because of road blockages at the border, all of that. And that's a challenge which I think should get improved in the next few months. But definitely looks like improving. I would say we are at 90% plus, but not as comfortable as we are on the construction side.

On the bought out side, which is the material supplied by majority of our suppliers, I think we are there also similar to our production bottlenecks primarily on the borders, and there also we are at 90% to 95%. So today, if you ask me on an overall business, we are closer to 95%, 96%. And I think it's only a matter of time, with reduced cases, that we should be there sooner than later.

On the segment-wise performance, I think this was your second question, right, in terms of segment-wise performance for Q3. I think our T&D business, as I said earlier, has grown by 5%, our railway and oil & gas business have not seen significant growth, we are at similar levels, it's a slight de-growth. But in Q4, we expect all the businesses to grow further. And that could be a big advantage from an overall business perspective.

Your third question was on the commodity front. Yes, that's the big challenge today, right? Primarily the steel price hike which happened, because a lot of our orders are fixed price in nature. But we still believe that even with those headwinds we should still be at double-digit margin even in the next few quarters and even for the next year.

Renu Baid: And on a broad basis, strategically two questions, how are we looking to utilize the cash on books apart from deleveraging timelines that you have mentioned? And what is the progress in terms of divestment of the last assets? And lastly, given that JMC also there is deleveraging, at the same time the two road BOOT projects are also nearing financial restructuring, so how should we look at the roadmap for the potential merger of JMC projects and Kalpataru Power, if you could give any broad perspective on this side. Thank you.

Manish Mohnot: Sure. So on a cash utilization perspective, I think we have said earlier, and I repeat that, our first focus would be to reduce debt, right, and make sure that our net debt comes to negligible levels. Second focus would continue to be incentivizing shareholders, we had this huge dividend and we had the buyback, and if things continue to be good, we should again see something coming up. And third would be to keep on looking at smaller acquisitions in geographies where we want to be long-term. And when I say smaller acquisitions, look at smaller companies who can then grow using KPTL's strength. So that continues to be on track.

As far as the merger of JMC and KPTL, your second question. I have said earlier, we are building more synergies between the two companies and those synergies are on track in terms of processes, systems, culture and all of that. The timing, if at all whenever it happens, will be decided by the senior management and the larger Board. As of now, the focus is to make sure that both of us focus on the following three things; improved growth and profitability, double-digit margin, reduced debt levels and improvement in our ROCE.

Your third question on divestment of KMTL. We personally believe that this approval should be with us in February. We know a few approvals have already come. And one of the approval from the LTC is pending, which should be a matter of weeks, if not days. Our team is sitting there while we speak. And once we have that approval, it is max four to eight weeks to finish the balance process. So if we get the approvals maybe in the next one week, we might target March end. If not, definitely looks like this happening in April, along with CLP itself.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Congratulations on good set of numbers and broad-based recovery. So my first question was on the bid pipeline, so if you can highlight both on KPTL and JMC, so after the budget how do you see the bid pipeline panning out, both on the private and the government side? That was my first question.

Manish Mohnot: Sure. Parikshit, on the bid pipeline if we divide this into four or five segments, we can get into each of them specific. And if you see our investor presentation also, we have those details. On the transmission line, International still looks promising and domestic also in the last few months, given the pressure by REC, PFC and all the BOOT asset bidding which have come through, looks very encouraging. Out of our Rs. 3,000 crores L1, I think 80% is transmission itself and significant is transmission domestic. So visibility going forward looks good, but I still continue to be on that span, which I said earlier, transmission international can still grow at double-digit but domestic I still believe in terms of revenue would be at single-digit growth going forward.

On the railway side, we are seeing a lot of tenders coming on electrification. We have won a few of them, a few large tenders. We are seeing a lot of tenders coming on electrification, a lot of tenders coming on widening of track. And next two, three years growing there at double-digits should not be a challenge. And the same applies for oil & gas, with a lot of projects coming in by all the PSUs focused on oil & gas, whether it is GAIL, IOCL GSPL, Gujarat Gas, all of them. If I look at it from a JMC perspective, buildings and factories look very, very attractive, that's where a lot of projects we have already got, and same is the case with infra. And specifically on JMC, we will get into further details on this specific question.

Parikshit Kandpal: Sir, the second question was on the restructuring of assets. So, this year, we have not infused any equity till now, that could be partly because of the Aatmanirbhar scheme and the relief which the government has given and the moratorium. But if it was not that, so what would have been the loss funding despite the recovery? So, if you can highlight on that. And also if the restructuring does happen, so do we need to increase any further equity for the restructuring to happen?

S.K Tripathi: Parikshit, good morning. So, as far as the restructuring is concerned, if you recollect, last year we infused almost Rs. 70 crores in the SPVs, and till this year we have not infused anything, because of the conversion into the short-term loan. So, your question that had not been there, the numbers would have been in the range of say about Rs. 50 crores to Rs. 60 crores, right. But the restructuring is very well advanced in both KEPL as well as WEPL, and we are making full effort to complete it by 31st March, it may spill over to the April or 15th May. This is the final line we see as far as the restructuring is concerned.

Manish Mohnot: Adding to that point, Parikshit, of SKT, if we continue achieving this kind of Rs. 60 lakhs to Rs. 65 lakhs per day of revenue, right, on all SPV together basis, if I put all the four assets, then going forward our infusion could come down to single-digit crores or maybe Rs. 10-15 crores, not more than that. So, if you look at this quarter, the revenue growth compared to the last quarter is almost to the tune of about 20%. And we have to see that how much of this is able to sustain, besides the number is about 18%. And if does sustains, then the cash infusion will reduce drastically. So, two of the SPVs, anyway cash infusion is not there. And if they are restructured, and that is what we are targeting, the cash infusion in all the SPVs should be negligible or it should be nil from the next year onwards.

Parikshit Kandpal: Another question was on the pledge reduction. So, we had intended to reduce the loan on the pledge of the promoter by Rs. 150 crores by March end, so are we largely on track to achieve that?

Manish Mohnot: Parikshit, on that, two specific data points. Loan against shares from Rs. 720 crores have come down to Rs. 684 crores while we speak. Rs. 720 crores was at the end of Q2, that's when we had promoters committing a plan. Our understanding from promoters are that they are on plan, given the increased sales in the real-estate business, and we should be able to achieve whatever is targeted.

Parikshit Kandpal: Great. And just lastly, if you can provide details on the Indore real-estate. So what will be the total pending sales as of now, unsold inventory? And what will be the total construction outgo and timelines of completion of this project?

Manish Mohnot: This is Indore, right?

Parikshit Kandpal: Yes, Indore real-estate.

Manish Mohnot: So, Indore real-estate, I think we have sold closer to 35% unit, when I say units, it includes residential and commercial. Our total units are around 129, we have sold closer to 46 units as of now, the balance are pending. We see a huge traction, as of last four months we have sold 10 units at attractive price. The balance cost to finish the construction should be in the range of Rs. 20 crores to Rs. 25 crores, because four out of the five towers are fully completed, two OCs we have received, two OCs could come anytime, and the fifth one is like 80% done. So balance cost incurred is not significant, so we expect the entire cash flow to come in the next 12 to 15 months out of Indore sales.

Parikshit Kandpal: What is the value of that, I mean, balance unit value would be how much?

Manish Mohnot: So, our investment in the property is around Rs. 380 crores and we believe we should be able to get back our investment.

Moderator: Thank you. The next question is in the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead. As there is no response from the current participant, we will move on to the next, that is from the line of Deepak Narnolia from Birla Sun Life Insurance. Please go ahead.

Deepak Narnolia: Sir, I had a housekeeping question around your order book, actually. I read in the presentation somewhere that it is around Rs. 13,000 crores, and at one place it is mentioned at Rs. 16,000 crores. So, what exactly is the order book right now?

Manish Mohnot: So, order book as of 31s December, to answer your question, is around Rs. 13,329 crores. We have declared Rs. 835 crores further yesterday, at KPTL, and we are L1 in orders of around Rs. 3,100 crores. So, we have just explained these two differently, one is order on 31st December and one is including L1. So including L1, we are in excess of Rs. 16,000 crores and order book as on 31st December is around Rs. 13,329 crores.

Deepak Narnolia: And about your road assets, what have you mentioned, by first quarter of next year it will be restructured or what?

Manish Mohnot: Yes. So, the restructuring process is going on and we should complete it by the first quarter of the next year.

S.K Tripathi: For two of the assets, KEPL and WEPL, and that's where restructuring focus is, because balance two are anyway cash positive.

Deepak Narnolia: Only these two are problematic assets, but how confident you are this time, because you have been trying this for long?

Manish Mohnot: Yes, you are right, we have been trying for long. But the process is in advanced stage, ICEs are signed and the rest of the process also is in advance stage. So we are confident this time that it should be over by Q1 of next year.

Deepak Narnolia: And sir, about your debt reduction, I see that quarter-on-quarter the debt reduction is Rs. 1,100 crores. So how much is that you have repaid and how much is on account of transfer of these BOOT assets?

Manish Mohnot: So, you are talking of consol debt, right?

Deepak Narnolia: Yes, consol debt.

Manish Mohnot: So transfer of BOOT assets, the debt reduction would be closer to Rs. 700 crores, Rs. 300 crores is reduction at KTPL standalone and Rs. 100 crores is reduction at JMC standalone. And that's what the breakup of Rs. 1,100 crores is…

Deepak Narnolia: Rs. 700 crores plus Rs. 100 crores in….

Manish Mohnot: Rs. 700 crores out of transfer of assets, Rs. 300 crores KTPL standalone and Rs. 100 crores JMC standalone, and that's the reduction of Rs. 1,100 crores.

Deepak Narnolia: Okay. And about Indore real-estate, you said….

Manish Mohnot: Yes. Next 12 to 15 months, I think we should be able to exit majority of our Indore investment, if not all.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.

Bharat Sheth: Manishji, if you have to take from one to three year perspective, really, so which company you see, KPTL and JMC, a kind of a growth opportunity, I mean, new ordering and all? So if you can give that perspective, and how do we really see. Of course, we always say we don't give three years perspective, but if you can give your, I mean, broader understanding.

Manish Mohnot: So Bharat bhai, with the push of the government on infrastructure, along with the budget which came out, I think visibility has changed significantly for the positive in the last one month. I think the push by the government, and not only domestic, even internationally we are seeing this push coming from a lot of geographies. So, today if you ask me, compared to December, when we spoke about our quarter two results versus now, I think we are a lot more bullish on majority of our sectors, whether it is transmission international, oil & gas, buildings and factories, water, infra. And for us, again, a big focus comes also on the international business. So today if you look at KPTL and JMC, it's only transmission which is international in a big way. But the others segments have just started, road we just have got two projects, water we have got just few projects, railways we have just one project international, oil & gas we still do not have anything while we are qualified everywhere. So that is again a huge growth potential for us. So keeping that in mind, our personal view is, in the next three to four years on a consol basis doubling ourselves should not be a challenge for us at KPTL and JMC.

Bharat Sheth: That's great. And last question on this Shubham asset divestment, are we really working on it? So where we are?

Manish Mohnot: On the Shubham divestment, we have appointed advisors, we have got some expression of interest from four specific players, a couple of them private equity, couple of them strategic in nature. The due diligence processes is on. My own assessment is, Q1FY22, we should be having some insights on that process.

Bharat Sheth: And how much total investment as on today' is from KPTL in Shubham?

Manish Mohnot: KPTL total investment in Shubham, including loans would be in the range of Rs. 350 crores to Rs. 400 crores. I don't have the exact number in front of me, but it's closer to Rs. 400 crores.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir, first on the JMC level, I just wanted to understand in terms of net debt, so any kind of target we have by next year, how we want to reduce that?

S.K Tripathi: So, yes, definitely, even this year so far we have done the reduction, and this we expect to continue next year also.

Deepak Poddar: How much?

S.K Tripathi: So it could be in the range of about Rs. 750 crores or so.

Deepak Poddar: 750 in the sense?

S.K Tripathi: The debt will be in the range of about Rs. 750 crores, which we will try to reduce or it will remain in the same range, because we are expecting a big growth also next year. So that growth momentum will continue, and it will be maintained at the same level or there could be some reduction.

Deepak Poddar: And next year, we are kind of targeting double-digit revenue growth with a double-digit margin, right, at JMC level?

S.K Tripathi: That's right, definitely. Seeing the order book, that is going to happen.

Deepak Poddar: And you did mention that we are at a cash breakeven level at the BOT level, so how do we see that going forward into next year? And what is the monetization plan for this BOT project? I think the restructure is likely to get completed by first quarter, so post that we might look at monetization of those assets, right?

S.K Tripathi: Okay. So let me answer you this in two, three parts rather. As far as the revenue jump is concerned, there is an element of pent-up demand which is getting surged out now, and let us see how much of that is going to sustain in the coming quarters, as far as the traffic revenue is concerned, this 18% to 20% growth which has come, I personally feel that certain percentage of this will taper out, maybe 3%, 4%, and it will stabilize at that level. The second is the restructuring part. It is in advance stage what I said. And as far as the monetization is concerned, with the improved numbers, there is a good sentiment in the market for these assets. And those discussions are also progressing well. And, like restructuring, we have also targets to monetize these two assets, which are currently under discussion.

Deepak Poddar: And what is the timeline for that?

S.K Tripathi: Timeline maybe quarter two of next year.

Moderator: Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead.

Swarnim Maheshwari: Congratulations for the successful debt reduction that we are witnessing. Sir, a couple of questions. Sir, first, just on the revenue part for this quarter, now just dissecting this, so you mentioned in your opening remarks that we were not able to kind of deliver in the nearby geographies. But I guess the decline was in the railways business, which I think is predominantly domestic only. So any specific reason for the decline in the railways business?

Manish Mohnot: So I think railways business, specifically, railways also has a big project in Bangladesh, just so that you should be clear, and that’s a neighboring country, so there is some impact coming, and that's a huge value project. But that's not only the key reason. I think, primarily railways reason was, by the time things really picked up and all sites got activated, the first month was not fully active. And besides that, previous year, if you look at Q3, we had grown 100%. So if you are comparing Q2 to Q2, it's that order book has not grown 100%, but last year Q3 we had grown significantly. So from an internal budget perspective, we are very close to budget, because we have budgeted similar numbers also because the opening order book was at a particular level. But getting into Q4, they should be growing again.

Swarnim Maheshwari: So it's meeting your internal checks basically?

Manish Mohnot: Exactly.

Swarnim Maheshwari: Got it. Sir, just on the revenue guidance. So, I think it was not a formal guidance, but you had expected about 5% to 10% growth in FY 2021. How do you see Q4 shaping up?

Manish Mohnot: So, I think we still continue to be confident of a growth, both on a standalone and consol compared to previous year, both for KPTL and JMC. Yes, it might not be 5% to 10% because this is what we had given at the end of Q1, because we thought that things would improve significantly in Q2, which did not happen truly. So, on a consol basis, we definitely still expect that our revenue would be higher than the previous year, on a standalone KPTL and JMC, both we should be targeting slight growth compared to the previous year, if not similar to what we had done in the previous year. But given the visibility of the current year, growing next year at a good double-digit, not only a double-digit, a good double-digit on a consolidation should not be a challenge at all.

Swarnim Maheshwari: Absolutely. Right. Sir, the next one is actually on the balance sheet. So what is the debt associated with Kohima on our books right now?

Manish Mohnot: So Kohima debt actually does not come on our books, right. Kohima is a joint venture, so that does not come on our books. So Kohima debt would not reduce, but the equity infusion and the cash flow which comes from Kohima, which we are expecting closer to Rs. 600-plus crores for KPTL, it should be higher than Rs. 600 crores only for KPTL, and that would reduce our debt on a standalone basis. But Kohima debt today, because the JV does not come on a consol debt, that’s a debt around Rs. 800 crores, but that does not come in the consol debt numbers.

Swarnim Maheshwari: Okay. And sir finally, so in the last about, say, one and a half years or so, we have acquired second company, first one Linjemontage and then Fasttel. So, I mean, just wanted to understand your thought process over here, that these markets are of course very high growing markets. But is it really necessary to have a domestic presence in order to gain some sort of PQ? So what is the thought process over there? And just on the Brazilian market or the South American market, how is that market looking, what is the kind of opportunity we are looking at?

Manish Mohnot: So, Swarnim, specific, we are very clear that few geographies if you want to be there in the long run, it's important to be domestic. So the entire Nordic if you look at it, you can't win anything unless you are local. And Sweden, and now from Sweden we are getting into Denmark, Finland, all of them. Similarly, Brazil, we have been studying this market for closer to 10 years now. And every time when we tried to be getting in there, sitting in this part of the world on EPC contracting, it was difficult if not impossible. So there are a few geographies which have huge potential and we want to be local there. And Latin America is one of them, Nordic is one of them. And there could be a few more geographies like that over the next three to five years, which we will look at. Our philosophy is to look at companies which are small in size, which have a big reputation, which have been in existence for long. So if we look at both acquisitions we have done, not only both, if you go back to JMC, long time ago, which was around 13, 14 years ago, the basis we bought was strong set of promoters, great team, low debt, focused delivery, execution skills, and that's what we look at. And the investment is too small for us, from a larger balance sheet we are trying to invest from our free cash flows. But we seriously believe that in some of the geographies, if you really want to be long-term you need to be local. So if you look at the entire Swedish entity, out of our 160 employees there only a couple of them who are Indians, everyone else is local. And they are doing exceptionally well. And I am sure they will continue to exceptionally well. So that's the philosophy we are driving. And hopefully it will succeed because some of these geographies you can't work out of India.

Swarnim Maheshwari: Got it. And sir, the overall opportunity size in Brazilian market?

Manish Mohnot: So the Brazilian market, the last two years have been difficult, right, given by COVID, volatility in commodity, all of that. But that's what the history of Brazil is, you will see that they have had this volatility, it is coming for two years, and they will have opportunities for two, three years, that's how the market is. The last round of auction happened in December, they went through successfully, and a lot of projects were awarded. And the next round of auctions are again planned in the current year, in 2021 two auctions are planned. With that I see opportunity wise, Fasttel growing at a double-digit should not be a challenge at all, because they have a good $100 million order book visible as of now. Our expectation is only an 8% to 10% growth, we are not expecting them to grow at 20%, 30%. But from a long-term, I see that market to be very attractive.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Indsec Securities. Please go ahead.

Rakesh Roy: Sir, my first question is regarding your European subsidiary, Linjemontage. Can you highlight the performance during the quarter for Linjemontage?

Manish Mohnot: Sure. So on a revenue basis, I think Linjemontage did a number of closer to Rs. 320 crores in Q3, which was 100% growth compared to previous year Q3. And with EBITDA margins in the range of 5% to 6%.

Rakesh Roy: Okay. Sir, how much order book you continue to now have?

Manish Mohnot: Around $150 million is visible order book at Linjemontage, excluding the L1s.

Rakesh Roy: Sir, my next question is, your thought on acquisition, just now you said that you are looking for the acquisition, can use highlight on which geography you are looking for or which sector you are looking for, the same T&D business or any other business like a railway or oil & gas?

Manish Mohnot: So the first one is obviously a strategic answer, I would not be able to exactly answer this on a larger call. Because there are a few geographies we are looking at and you will hear about it the moment we look at acquisition, beside geography is where being working from India is becoming more and more difficult, and that's why we look at those acquisitions. Answering your second question, are we looking at only T&D or other sectors? Today, our focus is to start with

T&D. But make sure that the company has a potential by which we can get in to do the other projects also, whether it is railway, oil & gas, water, buildings and factories, all of that. But to enter in T&D, that's our core strength from international perspective, but clearly we are looking at companies which in the next three to five years help us get into our other segments also where we are equally competent.

Moderator: Thank you. The next question is from the line of Amber Singhania from AM Securities. Please go ahead.

Amber Singhania: Just a couple of things. What is our total investment in Kohima project from KPTL side?

Manish Mohnot: From an equity perspective, the total project cost is around Rs. 1,300 crores, and our investment, KPTL investment is around Rs. 225-odd crores.

Amber Singhania: And we will be receiving around Rs. 600-plus crores?

Manish Mohnot: Yes.

Amber Singhania: Sir secondly, if you can give some colour about the CAPEX plan, KPTL and JMC for FY 2022 and FY 2021, both?

Manish Mohnot: So, for the current year, 2021, I think the consol CAPEX for KPTL JMC will be in the range of Rs. 200 crores, getting into next year I think we should still be in the range of Rs. 200 crores to Rs. 250 crores consol for both of us together, with similar amounts for KPTL and JMC, Rs. 125 crores and Rs. 100 crores. We are still finalizing our plans, but it would definitely on a consol level not be beyond Rs. 225 crores to Rs. 250 crores. Our philosophy on CAPEX has been very simple, Amber, and I have said this in the past also, typically we like CAPEX to be equivalent to our depreciation number, because CAPEX helps us grow and that's the amount we like to invest. And last 10 years if you look at it, in totality, our CAPEX would be equivalent to our depreciation.

Amber Singhania: Got it. Sir secondly, if you can give some colour about how is the working capital scenario currently? What kind of movement we are seeing in terms of payment from the clients in various pockets? Any challenges we are facing on any particular pocket or any particular state or central government or any geography as such, on that if you can give some color on that. And also, what is the working capital number today.

Manish Mohnot: So, first on the scenario, on working capital. And I will take this question for KPTL first and I will ask SKT to take this question on JMC. But on a KPTL, Q3 and collections was not as good as Q1 and Q2. Q3 our collections against the target, it was lower by closer to Rs. 200 crores, we expect that to come in, in Q4, primarily because Q1, Q2, we have fabulous collection from all the PSUs, central, state, all of them, I think there was too much money flowing in and it was good for us. And you saw that debt reduction visible. Q3 and collections was not as good, but we believe that, that should catch up in Q4. As far as our net working capital days is concerned, it's around 105 odd days, we have slightly gone up. But I think by the year end, we expect it to be again in the range of 90 to 100 days.

Amber Singhania: And for JMC, sir?

S.K Tripathi: So for JMC, if you see the first two quarters, there was a glut in the water sector, which got released in quarter three, and quarter three was one of our very good quarters in terms of the overall cash inflows. And if you look at the overall number, I think, quarter four also we see good reduction on all the fronts, the private as well as the government. So our biggest worry is, some projects in MP, and they were large outstanding, they got released in Q2 and Q3. And the private side, there were a few payments, but overall we see a good visibility going ahead in the Q4 as well as the Q1 next year.

Manish Mohnot: And I just want to add one more point on this. We also now are re-strategizing our thought process on customer advances. Last quarter, for KPTL, our customer advances reduced by Rs. 300 crores, because with low debt the customer advance at double-digit interest really is a question which we address every time now. Historically, customer advance was something which we never said no for. Lately, we have been saying no to customer advance, because the interest cost does not just make sense. And so that's also a number which we are going to strategize and come back to you. But that's also one reason why our collections have been slightly low or our capital employed has slightly gone up.

Amber Singhania: Okay. And sir, just one last clarification on the Indore project. You mentioned it is roughly around 130 units. And we are expecting over Rs. 380 crores of investment to be back, that works out to be around Rs. 3 crores per unit kind of average realization.

Manish Mohnot: No, you need to differentiate, there's also shops as well as the flats. So significant percentage of shops is not yet sold, a lot of flats are sold. So shops would go at a much higher price, I am sure, if you understand that market, the location, all of that. Even out of the 38 units, I think there are around Rs. 40 crores, Rs. 50 crores which has come in there. So I would say, on a net basis, Rs. 30 crores, Rs. 40 crores already which cash flows visible there or lying at the SPV level. So Rs. 330 crores to Rs. 340 crores is what is net, and shops would sell at a much higher price. And that's what gives us a confidence that we should be able to get back the full money, closer to full money. If at all, there could be a few close here and there.

Amber Singhania: Sir, sorry to harp more on this thing. Even if the shops are for higher pricing and, let's say, flat would be, let's say, Rs. 1 crores, Rs. 1.5 crores, then also the shops would be around Rs. 5 crores, Rs. 6 crores kind of average realization, if I just calculate roughly?

Manish Mohnot: So, I can give you a number from a different perspective. We are selling residential more in the range of Rs. 9,000 to Rs. 10,000 per square foot. And we are selling shops in the range of Rs. 27,000 to Rs. 30,000 a square feet. That's a difference.

Amber Singhania: Okay. And roughly, what is the total square feet construction we are doing here?

Manish Mohnot: The total square feet construction in terms of square meters is around 23,698, so around 24,000 square meters. That's carpet area, so built up would be much higher.

Moderator: Thank you. Next question is from the line of Shreyansh Mehta from Equirus Securities. Please go ahead.

Shreyansh Mehta: My questions pertain to JMC. Sir, in your guidance you said that even if standalone JMC will be able to manage around 5% to 10% growth, and if I see this month number, fourth quarter comes to around Rs. 1,400-odd crores. So, how confident are you to achieve the flat growth? That's number one. The second question is pertaining to, say that if say the road happens say by 1Q, so what is the likely interest cost reduction in FY 2022?

S.K Tripathi: So, the growth guidance of 5% to 10%, I will limit it now to the 5%. So, we will be still able to be there at around at 5% growth. And against that 1,400 number, we should be touching that number. So, this is on the revenue side. As far as the interest cost reduction is concerned, yes, if these two projects are restructured, currently, our total interest cost, which is in the range of about Rs. 120 crores or Rs. 125 crores, we should see a reduction of about Rs. 25 crores to Rs. 30 crores on the next year.

Shreyansh Mehta: Okay. And sir, one last question, pertaining to our international order. So we were targeting some road projects, so what is the status on the same?

S.K Tripathi: So, I think last time we said, Mongolia has already started, we have commenced the work there. And the other road order, it is in the last stages, we can expect some good news in this quarter.

Moderator: Thank you. The next question is in the line of Ajay Sheth from Quest Investments. Please go ahead.

Ajay Sheth: Manishji, while answering to Bharat bhai, a very broad question that where do you see KPTL and JMC at consol level over a period of next three years? And if I have understood you correctly, you say that you expect the company size to double, is my understanding correct?

Manish Mohnot: Yes, in the next three to four years we are still targeting a number, but three to four years we should definitely double from here. Because today if you look at it, I am just giving basics. Today, including L1, we have visibility of closer to Rs. 35,000 crores, in terms of order books. Our consol revenue previous year was around Rs. 13,000 crores, I would say we will be at similar levels now. With so much visibility and we getting into a lot of segments in international, I think doubling ourselves in the next three to four years should not be a challenge for us. Do we have a concrete plan while we speak? I will be very frank, we have a plan in place. But last three, four, six months, our focus was more on survival and pushing things and divestment of non-core assets and all of that. But yes, before the next analyst call, we will have a concrete plan in place for the next three to four years.

Ajay Sheth: I sincerely appreciate your confidence and sincerely appreciate your openness in talking to all of us. The only small clarification I just thought that I will ask you is that, are we then talking about on an average something like 17% to 20% kind of growth over the next three to four years?

Manish Mohnot: So yes, so different businesses will grow differently. That's why I specifically said on a consol basis. JMC growing at more than 20%, it can be a number which could be even more than 20%, and that's why I specifically said JMC, Shubham, some of our international subsidiaries growing at a high double-digit is quite possible. KPTL growing at 10% to 15% looks also visible with the visible order book. So on a total basis, growing at anywhere between 15% to 20%, on an annualized basis does not look a challenge, at least for the next two years where we are. And if we grow at 15% to 20%, doubling ourselves in three to four years will not be difficult.

Ajay Sheth: Thank you very much for that answer. We are really, Manishji, proud of KPTL and its team and being an investor from a long-term perspective. Thank you so much.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.

Bharat Sheth: Now taking to just Ajay's. question, JMC growing at more than 20%, do we think that balance sheet could be, of course, we are working on reducing debt, but size of the balance sheet could be problematic, I mean, do you envisage that, not in one year but maybe later on, second year?

Manish Mohnot: So, I think if we continue to be focused on what I said as a core principle, double-digit margin, then I don't see those to be challenged. See, clearly we are divesting non-core assets, right, restructuring is also kind of a divestment process where you are reducing your sustainable debt significantly. So when you are divesting non-core assets and when you have good visibility and you have good international order visibility where advances are normally much higher, I do not see a lot of challenge. Again, if there are challenges, KPTL's balance sheet is very strong, we are AA with a strong balance sheet with minimal debt. I don't see that JMC growth would ever get restricted because of challenges on balance sheet or debt.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Sir, the rates which you have mentioned on the Indore project, about Rs. 9,000 to Rs. 10,000 square feet, is the carpet rate or it is sellable rate?

Manish Mohnot: I think that’s the carpet rate.

Parikshit Kandpal: So sellable would be somewhere about Rs. 7,000, close to Rs. 7,000 a meter?

Manish Mohnot: No. We are looking for Rs.10,000 square feet on sellable basis. I didn’t clearly understand. You can clearly see my understanding of real-estate is very, very bad. Apologies for that, this is a sellable rate.

Parikshit Kandpal: Okay. So, the second question was on the captive order book, on the JMC, so we must be taking some of the projects of Kalpataru also. So, in the total order book, if you can highlight how much would be the captive order book and what kind of payment terms would be there and are we getting payments on time, any delays, if you can touch upon that.

S.K Tripathi: So Parikshit, as a larger strategy, we have never been bullish or looking at the KPTL or KL projects. So, even today, out of my total order book of about Rs. 15,000 crores, this number will be less than Rs. 500 crores.

Parikshit Kandpal: Sir, lastly on the JMC margin, so was there any issue, I mean, the margins were low I think this quarter, so you did mention there were some cost on labour, something. So, if you can just repeat that, I just missed that part.

S.K Tripathi: Yes. So, though we said that COVID has gone, but in turn there are cost increase on the labour front, because nowadays we are mobilizing the labour directly from their hometown to the site through the buses and the other modes of transport, and we are incentivizing them to come down to the projects. So that is a significant cost which has gone there. Also, in the quarter three, there has been a price increase on the commodity side, particularly steel, cement. So those two things have compounded, and that's what reflects on the numbers.

Parikshit Kandpal: The fourth quarter will come back to double-digits or like still some pain may continue even further?

Manish Mohnot: No, it will be in double-digit rates.

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

Sanjay Doshi: Congrats on a decent set of numbers. Sir just taking on your broader targets for group as a whole over the next three to four years kind of a time period. If you can help us, do you see any major segments of infra which you believe would need to be added to be able to achieve that kind of a growth? Or it is the current set of group presence which is good enough? And second, in terms of our company capabilities, whether it is system processes or manpower, do you think any major change that would be required to support growth? Just these two questions. Thank you.

Manish Mohnot: Sanjay, I think your first question was clear saying that are you looking at diversifying into anything beyond what do you do today? As of today, I don't think that's on the cards as far as our core segments are concerned, between KPTL and JMC we are focused on transmission, oil & gas, railways, water, infra, including roads and powers, buildings and factories. And within this segment, we see enough growth opportunity, both domestic and international. So there is today no significant thought process of getting into newer segments, because there is huge growth in where we exist today. Yes, we would be getting into newer markets, and there is no two views about it. I have said that in the past also. In transmission we are at around 60 geographies. In the other segments we are in one or two geographies. So newer markets for our core business as well as newer markets are becoming local in some markets is something which will continue to grow. That's on as far as our growth plan is concerned.

As far as system, processes, people, we as an organization have been on SAP platform for closer to 10 years, JMC also has been on that platform for now four years. And that's a very robust platform that helps us to really monitor everything very closely. And our entire organization, right from tendering to the final collection is all on SAP. And that's a big thing. Processes are something which we continuously strengthen. Because with automation you need to review processes every time, and that's a big focus also. People has been a challenge, will be a challenge and will continue to be challenge. But I will be very frank, our biggest asset is our people. So if we look at it, I proudly say, in a lot of meetings that out of our top 100 guys is hardly more than three or four have left voluntarily in the last five to 10 years. So that's an advantage. But that's something which we will have to focus on from a training as well as equipment perspective, and we will do that. Is that going to be impediment for growth? I don't think so.

Sanjay Doshi: Okay, thank you very much, sir. Just last one thing, on the balance sheet side. Again, would we see any deviation from what we have achieved, because we have done quite well in terms of improving our balance sheet position and reducing our asset ownership, so do you think this will continue or you will have to relook at the strategy? Just last thing. Thank you.

Manish Mohnot: Sanjay, I think we are very clear on this strategy. Non-core assets, one will be restructuring/divested. Even in future if we decide to bid for any of these assets, that will be along with some partners who would bring in significantly the capital and will bring in our EPC expertise and our ability to execute. So from a long-term, I think we are very clear that we wouldn't be doing a lot of debt on our balance sheet for non-core assets. We would still be bidding for it, but along with the partners.

Moderator: Thank you. The next question is from the line of Rachit Kamath from Anand Rathi. Please go ahead.

Rachit Kamath: My questions pertain to JMC project. So basically, I just wanted to understand, the cost pressures that we saw during Q3, if you could quantify that number.

S.K Tripathi: So, the labour transport component itself is in the range of about Rs. 13 crores. And the commodity price increase for the Q3 is also in the range of about Rs. 9 crores. So that is what has got factored in Q3.

Rachit Kamath: But sir, given the fact that, I can understand that labor is a one-time of effect, but these raw material prices are still on the higher side. So do we still continue to see the margin impact to be there slightly, if not to the whole extent?

S.K Tripathi: So Rachit, I mean, the commodity and the escalation provisions in the contract, there is always a lag of three to four months, right. And we expected that lag to be partially recovered in Q4. So this differential should reduce in Q4, right.

Rachit Kamath: Okay. So we still guide to the margins that we used to earlier guide, I think 10.75% to 11%?

S.K Tripathi: Right, it will be that.

Rachit Kamath: Sir, what kind of revenue are we looking at, say, FY 2022 and FY 2023, because it is looking to kind of double, given the fact we have order book which provides us that opportunity, what kind of revenue run rate would be looking at, say, in FY 2022 and then FY 2023?

S.K Tripathi: So, we can see a growth of 15% to 20% for the next year.

Rachit Kamath: Sure. And sir, in this quarter, this year, I think they are already there in Rs.7,000 to Rs. 8,000 Crores, including the L1 that we have. But in FY 2022, will we be looking at the similar kind of level of inflows or we will start focusing more on execution and go a bit more slow on inflows side, acquisition side?

S.K Tripathi: So, it will be on the similar, because the opportunities are good and we are pleased well, so we will continue with that similar trend.

Rachit Kamath: Sure. So in this quarter's revenue, if you could give us a breakup in terms of the infrastructure revenues and your B&F and others.

S.K Tripathi: So, this quarter we will be, say, at about Rs.1,400 Crores. Out of that 50% will be the B&F and 50% would be infra, this would be the figure. Infra number is surging up in Q4, and B&F as always had remained stable, it will be in the same range. So, it will touch instead of 40:60 of last quarter, it will be at 50:50.

Rachit Kamath: Okay. So what was this number in, say, Q3, like this vehicle between infra and B&F?

S.K Tripathi: So, out of Rs.1,066 Crores, about Rs.600 Crores was the B&F and Rs.400 to 450 Crores was the infra. And in the Q4, the blend will be Rs.650-650 Crores, or Rs.700-700 Crores.

Rachit Kamath: And sir, next year, FY 2022, when we roll forward, so we will be looking at infra 50:50 kind of a mix, right?

S.K Tripathi: Yes, largely yes. Infra may get a little more acceleration because the infra order books have strengthened this year. But largely yes, it will be in the same range.

Rachit Kamath: So it would be from Q4 onwards, now we will be looking at more contribution from infra side, so there is the potential to our margins being better, because infra tends to have a higher margin percentage than, say, buildings and factories?

S.K Tripathi: Yes. So, margins, as I said, will be in the range of double-digit, around 11%, because still those orders are in the different geographies, we have to go and execute that. So I will not give a higher expectation there. So, it will be in the range of about 11%.

Rachit Kamath: Sure. Sir, I think my last question pertains to the total collections that we have, we saw that we have to study debt reduction this quarter, so I just wanted to get a sense like what was our gross receivables? And then on that how much we had received during the quarter and what do we stand at right now?

S.K Tripathi: So, if you look at the total receivables, debtors, it is in the range of Rs. 900 crores, which was earlier for the same quarter last year it was Rs. 953 crores. But one significant thing, just to summarize. The net working capital days have come down from 96 to 84 days. So there has been the debtors which were stuck for a long time, particularly MP irrigation, those got released. And that has brought the change in the numbers.

Rachit Kamath: So what would have this amount been, sir? Like, what would have been the stark component? I think MP irrigation we had a similar issue, I think, when we started the project also, but then the payments started coming in. But then I think it's gotten slow in between.

S.K Tripathi: Right. So that number was in the range of Rs. 250 crores, which has come down now to about Rs. 80 crores.

Rachit Kamath: So, basically, I think majorly, major receipt of payment on this account would have kind of helped in deleveraging, is that right?

S.K Tripathi: Right.

Moderator: Thank you. We will move on to the next question, that is from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

Jonas Bhutta: Congratulations to the team on actually walking the talk on the deleveraging bit. Sir, my question was again related to that. Off late, we have read media articles where Kalpataru is one of the few pre-qualified parties to redevelop the New Delhi Railway Station. The quantum of the same is quite large, I mean, the proposed project cost is almost $500 million. While you did address that issue where the capital allocation would come partly from a partner as well, but I just wanted to understand the strategy going behind these redevelopment projects, as against the strategy that we had in the BOOT T&D projects, which in our opinion, was slightly more risk free, because you had a guaranteed off take, and it was more like an annuity kind of business. But what about these patient redevelopment projects? If you can map it in the risk profile, how does the management look at that? That will be helpful.

Manish Mohnot: So, Jonas, obviously the numbers which you gave are not the numbers where we would be focused on. Our balance sheet size is not so big to focus on all projects. So first to answer your question, and again I am making it very clear, from a capital allocation viewpoint, there would have been very minimal capital allocated for some of these projects, we would have partners who would be investing significant capital. For us, it's an overall EPC opportunity, where these projects bring in everything, between KPTL and JMC, on stations now we can do everything, we can do the stations, we can do the tracks, we can do the electrification, we can do the component of development around the station, all of that. So to be very frank, are we going to be investing a lot of capital, is your direct question, and I understand that. And I made that very clear, our capital allocation on this would be very minimal and for a very short timeframe. For us, it's more EPC for which we are getting into that, because today we have the expertise to do all of this. And in some of these projects, we also have expertise to get all the approvals. Using our real-estate team, we also have that expertise within the larger group of working along with these partners to get all the required approvals, and that gives us an edge over anyone else. So that's the thinking and the philosophy. So we are getting in primarily from a perspective of expertise with very minimal capital deployment plans.

Jonas Bhutta: So, again, from an exit perspective, like we have been able to do with both, Kohima and the Alipurduar where upon commissioning you were able to transfer your asset ownership to the new buyer. Don't you think that these station redevelopments are slightly more sticky projects where, for you to enter and then exit would take longer, and hence the capital being stuck in those things would be longer, from a timeframe perspective?

Manish Mohnot: I think, exiting on some of these projects with the new rules, I am sure you would have seen all of that, is much, much easier now. Earlier you were allowed to exit only up to 49% till COD, now you can even go up to 74% on some projects. And as I said, our philosophy would be, if at all we win any of this, along with win we will declare the partner who is associated with us, because we already have partners on the back end. Some of them very high prestigious names, which we might not be able to declare as of now. We already have them on the backend. So whenever, if at all, we declare a win, we will be declaring it along with a partner, so they will be with us from day zero.

Moderator: Thank you. Ladies and gentlemen, we will be taking the last question, that is on the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.

Kirti Jain: Sir, with the order book building up, should we be expecting at least a double-digit growth in KPTL as well in the next year? Like JMC, sir has told, 15% to 20% growth.

Manish Mohnot: Yes, we are targeting for a double-digit growth in KPTL also for the next year.

Kirti Jain: Okay. Sir, on pledge part sir, did you tell anything, sir you told about some debt reduction, any percentages you have told with regard to how much pledge can reduce, anything you have told, sir, in the call?

Manish Mohnot: No. So I think on a pledge part, at some point of time, around 57% of the promoters' holding was pledged, it came down to 55%. And I think what they have planned is achieved, then they would definitely be in the range of 45% to 50% very soon. And what they have planned by December, we should be back to those levels at which we have always been, they have always been at 30% to 35%. If whatever is planned happens, then by December they might reach those numbers.

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

Bhoomika Nair: Yes, I would just like to thank everyone for being on the call, and particularly the management for giving us an opportunity to host them. Thank you very much, sir. And wishing you all the very best. Thank you.

Manish Mohnot: Thank you, Bhoomika. And thank you, everyone.

S.K Tripathi: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines. Thank you.