



“ELGi Equipments Limited Q2 FY2018
Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the ELGi Equipments Q2 FY2018 Earnings Conference Call, hosted by Asian Market Securities Limited. As a reminder all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Kamlesh Kotak from Asian Market Securities. Thank you and over to you Sir!

Kamlesh Kotak: Thanks Bikram. Good afternoon everyone. On behalf of Asian Markets, we welcome you all to the 2Q FY2018 earnings conference call of ELGi Equipments. We have with us today Mr. Jairam Varadaraj, Managing Director representing the company. I request Mr. Jairam to take us through the overview of quarterly results and then we shall begin the Q&A session. Over to you Sir! Thank you.

Jairam Varadaraj: Thank you Kamlesh. Thank you ladies and gentlemen for being with us this afternoon. I will follow a standard process, look at the consolidated results and give you a comparison of our performance for the Q2 in relation to the Q2 of last year.

Sales has increased by almost 474 million and our EBITDA has increased by about 100 million, but as a reconciliation in considering the increase in sales, our EBITDA should have been higher by 217 maintaining the same ratios at last year and so our EBITDA should have been 514 million instead we are at 448. The difference is one we lost a little bit of margin on our material cost and this is not systemic problem, these are just mixed variation in different parts of the world including India. So primarily it is in the US and Italy and India, these are three, a little bit in the Gulf but these three geographies are the ones that have contributed to reduction in our contribution beyond material cost.

Taking that into account, where we should have done about 66 million more on EBITDA. Our biggest increase has been our manpower cost and of that primarily, it has been in India. We did a compensation survey and we found that there are significant gaps between our salary levels and the market levels. Some level of correction has been done. We still have not done it fully but that is an ongoing exercise, so that is really the synopsis of the numbers and I will relay on your questions to clarify those numbers in later detail.

At a balance sheet level, well let me talk about debt first, our net debt position is about Rs.160 Crores. This has increased from Rs.145 Crores as on March 2017 and the Rs.15 Crores of increase, it was 145 in March, now it is 160, Rs.7 Crores is because of restatement of the debt levels due to change in the foreign exchange. So effectively, the effective increase in debt is about Rs.8 Crores. We have had a significant challenge on our working capital for two reasons. One was partly GST, if you look at our receivables, our receivables have... earlier our effective tax rate considering a big chunk of our sales was outside of Tamil Nadu was a combination of CST and local tax which effectively came to around 13%-14%. Today the GST rate is 28, so that

effectively the additional 14% is sitting on our receivable number, so to that extent the receivables are inflated by that number.

The Government of India had announced that by October 1, 2017, they are going to introduce Bureau of Indian Standard certification for all motors and our vendors were not ready with certification of their factories for that. So we had to strategically over buy some motors in preparation but on the September 29, 2017 the government came back and announced that they are extending the deadline, so that we are struck with some inventory but it is not bad inventory we expect significant reduction of it happening in the Q3.

There has been a significant uptick in certain markets, I do not want to get into the specifics of which markets for competitive reasons. In preparation for that we have also added some strategic inventory but this will get mitigated as we go along. So I am not too worried about this temporary shift in the working capital of the company. The effective working capital increase has been about Rs.55 Crores and the debt has gone up by effectively Rs.8 Crores. So we were managing our capital a little better in terms of cash, but this debt, the working capital will come down, so that is on the balance sheet side. Going at a general level what are the market conditions, for us, the Q2 was bit of a skew because July was significantly low because of the confusion in GST, but we picked up August and September, so there are some skews in the operation in terms of like for instance because bulk of our quarterly performance has come from August and September, the receivables are to that extent look a little inflated, so that all that will get normalized, we are hoping over a period of time. GST system is something that we do not control. It is still quite a painful process that we are going through in terms of accounting for credits and paying. The good news is, I do not know whether it is good news for us, we are indifferent but for certain segment of consumers it is good news that our GST slab has been reduced from 28% to 18%. So wherever we are selling to end customers like our borewell compressor pumps in water well, there would be a benefit to the customer in terms of a lower price but GST is in our opinion is probably a multiyear settlement process I mean over a period of time, so which is fine.

Our segments and our customers pretty much we believe have overcome the jolt of GST. They are now going back to business as usual, so we do not see that affecting business, it is just procedural issues that we are going to be kind of burdened with. As far as markets are concerned in India, there is nothing significant that has happened on the large project business. There are some murmurs of restarting in some industries like steel and cement but I think there is enough stressed assets that people are going to first explore acquiring before getting into investing in Greenfield projects, so we are waiting on that. Normal industrial activity I would not say it has been great but it has been not bad, we are growing, so all our verticals have done reasonably well, but there is still opportunity for us to grow that is on the India side. Globally US and Europe have done well. Middle East has been a bit of challenge. South East Asia has been relative flat and Australia has done well for us. So this is at a global level. Geographically, this is how it looks. So I will stop at this point and then I will relay on questions to clarify specific issues or clarification that you need. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Aditya Bagul from Axis Capital. Please go ahead.

Aditya Bagul: Hi Sir, good afternoon. Thank you for taking my question. Sir firstly can you help us understand your growth outlooks on the domestic business, specifically in your water well and the railway segment and secondly Sir if I may on the international front, we have seen a significant improvement on YOY basis, but what I am trying to understand is whether this is predominantly due to the base effect of Bel Air and China, so to say closing down in the operations, so if you could just elaborate on this a little on that.

Jairam Varadaraj: Aditya I would not like to go into the details of specific industrial verticals like water well and railways that would be comparatively not in our interest and as far as the growth in railways has been consistent with the budgeting and purchase of the government. There is really no significant business development activity that we can or we have done to boost the sales of railways, it is a process of budgets and tenders that... and the business has grown reasonably. Water well I do not want to make too many comments, it is a strategic initiative for us. We are focusing on something. At an appropriate time I will come back and report about our progress then. Geographically speaking you need to – the whole Bel Air and China are something that was done a year before, so for a comparative first quarter that is not relevant so what you are seeing as growth is nothing to do with either a lower starting point or a higher starting point, so the numbers that you see as growth are real. It is comparable and therefore it is real.

Aditya Bagul: Sure Sir, that benefits a lot. Sir if you can just help us understand two more things, one is that you have seen some great improvement in the ATS-Elgi business, what could be reason behind that and second, if you could elaborate a little on the BCG program that we have set up and what is the progress on that.

Jairam Varadaraj: ATS has done well on the top line but proportionate to that increase in top line, the bottom line has not been very good. Yes, in an absolute sense and at a percentage level, both the quantum of EBITDA and the percentage of EBITDA has increased, but if you compare it with what it should have been, considering the top line growth, it is not very good, but that is the nature of the beast of that business and we are trying to see how we can extricate ourselves from the margin hostage situation that is there because of the industrial structure. Growth in that business has been on back on the tail of the growth in the automotive sector, I mean if you look at the passenger car and the commercial vehicle, the growth in the first quarter and second quarter has been extremely good. There is a general optimism in that industrial verticals and they are expanding their network to sustain the growth and we are really partners with them in supporting their network growth. So that is really the – so there is nothing that is singularly happened that has changed the course of the business, it is just on the back of a good automotives industry performance. Coming to BCG, we have completed our global strategy project. We are in the final leg of crossing the T's and dotting the I's at the appropriate time of lightly in our annual investor meet. We will share the

highlights of what is the result of that and what will be our strategic focus, so that project has been completed.

Aditya Bagul: Sure Sir. That is quite helpful. Sir just one small question is regarding what you said. Over the next few quarters, do we see significant cost advantages coming in through operating efficiency at the employee cost and the other opex levels?

Jairam Varadaraj: Employee cost is not going to change. Employee cost is a fixed cost for us. As percentage it really takes a violent turn depending upon what your top line is. As we look today considering that we have - I think the market in India has kind of digested – I do not know it digested but at least swallowed the effects of demonetization and the effects of GST. Things are stabilized, so I think we should have the next two quarters should be good quarters as far as top line is concerned and the rest of the world also at least our key markets like Europe and America should have good third and fourth quarters, so I expect that we should be able to at the minimum sustain this level of performance.

Aditya Bagul: Right Sir. Great. That is it from my end. Thank you so much and best of the luck for the quarters to come.

Jairam Varadaraj: Thank you.

Moderator: Thank you very much Sir. We have the next question from the line of Ranjith Shivram from ICICI Securities. Please go ahead.

Ranjith Shivram: Hi Sir. Good afternoon. Sir one thing like it has been some six months since Hitachi has bought Sullair, so have you seen any activity increased in India market because of this?

Jairam Varadaraj: We have not seen anything significantly different in India nor have we experienced anything significantly in the other markets, from what I hear there is still kind of working out and to roll out a strategy under these two brands. So we have not heard anything or experienced anything so far. If you heard anything, I would be happy to hear about it.

Ranjith Shivram: Yes, sure Sir. Sir another thing which we are hearing is this like the diesel locomotive is getting electrified and electric locomotives will come, so the requirement for motors for locomotives is poised to increase by four times, so how is compressors, is that neutral for such a change in from diesel to electric in the locomotive in the railway space?

Jairam Varadaraj: Yes, the compressor is independent because the compressors used primarily for breaking, break applications and it is equally relevant for both diesel powered as well as electric powered locomotives.

Ranjith Shivram: Okay so it is neutral for, it does not change?

- Jairam Varadaraj:** Yes, right.
- Ranjith Shivram:** Okay and overall like what can we expect from the outlook perspective like some of the companies are telling us that they have some green shoots in terms of cement and some of the alumina refinery in Odisha, so are you seeing some green shoots similar to what they are seeing and can we see that at least from the tag end of this year, the private capex will pick up, is there some signs for that?
- Jairam Varadaraj:** Yes there are signs of large projects being reactivated but I think it is not going to happen anytime soon, but unlike before where there was not even a conversation about additional capacity being built in some of these infrastructure businesses, people are beginning to now look at how to I mean when and how much they should expand, steel is in a very buoyant mode right now, prices of steel are very good, but most of the stable companies, profitable companies in that sector are looking at also stressed assets which are abundantly available. So I do not see steel industry doing anything as a Greenfield. Cement is stocking but we need to wait and see whether when they will actually put money on the ground. So, yes that are green shoots, but we need to wait and see.
- Ranjith Shivram:** Okay and lastly anything on the centrifugal compressor front, any activities there because we hear lot of pipeline jobs been given and do you see anything in that?
- Jairam Varadaraj:** We have developed our machines, our machines have been put in the field that they are running so for us it is – we are not driving that business with our own products, we are selling some of the Samsung machines in the field, but pipe I am presuming your talking about gas, we are not in that business, we are only in the air business.
- Ranjith Shivram:** Okay Sir. Thanks.
- Jairam Varadaraj:** Thank you.
- Moderator:** Thank you very much Sir. We have our next question from the line of Ravi Swaminathan from Spark Capital. Please go ahead.
- Ravi Swaminathan:** hi Sir. Congrats on a good set of numbers.
- Jairam Varadaraj:** Thanks Ravi. How are you?
- Ravi Swaminathan:** Great Sir. Sir I just wanted to know if you can touch up on the performance of your international subsidiaries like Rotair and Patton's Elgi USA, etc., how they have performed, at the subsidiary level we have seen good growth even including the ATS ElGi portion, so what is happening in these markets and how half yearly performance was for these companies?

Jairam Varadaraj: Well like I said that in the general brief, our performance both in the US geography and in the European geography has been pretty good. In fact I think the growth in these two markets has been higher than the growth in India, so without going into the specifics of the entities, I would say as a unit, US has grown - the US geography has grown by about almost 12-13% and Europe as a geography has grown by almost 25%.

Ravi Swaminathan: And can we expect these growth rates to sustain or slightly lower growth rates also to sustain or?

Jairam Varadaraj: I do not know about growth rates Ravi, but I think the absolute performance I expect it to get sustained in the next two quarters.

Ravi Swaminathan: Got it Sir and if you can touch up on the exports also from India, how they have performed, standalone has grown at 10% but in that exports is also there, so how it has grown?

Jairam Varadaraj: Exports is flat but that is a misnomer because our export to our subsidiaries is towards replenishing their inventory. So that does not – and given the lead time, the long shipping durations, we end up having big amount of inventory to support the market, so then it is only topping up of the inventory as and when there is a depletion in those things. So, our direct exports from India to subsidiaries are marginal, I can say it is almost flat, but it is margin.

Ravi Swaminathan: Got it Sir and Sir in terms of your domestic market, government is announcing considerable amount of spend on growth projects etc., not immediately, but say over a two to three years period, can this kind of spent if it is happened over the next one to two years, can it lead to a sharp increase in demand for compressor industry and for yourself I mean is there a fair assumption that one can make?

Jairam Varadaraj: Yes, I think we do not have to wait for that answer because the last couple of years where there has been a significant ramp up of road building that have been happening in our country. We are seeing the result of that in our portable compressors that we supply to that sector. So if the intensity and velocity of road building is going to increase then naturally there should be an uptick in this vertical.

Ravi Swaminathan: Got it Sir and my last question is in terms of after sale service, how it has panned out and this GST implementation, will it materially benefit you in after sales given the fact that there is a huge unorganized market there in terms of spares, in terms of consumables etc. Thanks.

Jairam Varadaraj: After market it has grown but it has not grown to the extent that we had planned. There are some I do not think there is any market related problem, we need to realign our internal processes to reflect those gaps, but that is an ongoing kind of a continuous improvement program, which we will get to. July was particular bad for parts because of GST because there were some parts which had 28%, some parts with 18%, there was lack of clarity in which part goes to what tariff rate, so we got hit quiet badly in July and so we were pulling ourselves out from that kind of depth that we had, so that is a second thing. I am not so sure about this GST being competitive

advantage for organized companies that are tax compliant, because if you really look at the post demonetization circulation of cash almost everything has come back, which means then there is still room or practice of the people selling parts without accounting for it, without billing it, so that will continue, so only when the enforcement dimension of demonetization is made effective, we will stand to gain.

Ravi Swaminathan: Got it and what would be the general price difference between say an unorganized spare and consumable vis-à-vis a standard one.

Jairam Varadaraj: There are industrial screw compressor large machines, it is hardly a factor, it is more being there, contacting the consumer availability is the main thing, so we are not too worried, it is only in the low-end piston compressor business where we lose quite a bit of our part sales due to spurious things. Even there we believe that availability and customer contact if that is improved, we will recover significant part of that market, which is really what we are focusing on now.

Ravi Swaminathan: Got it Sir. Thanks a lot for your time Sir.

Moderator: Thank you Sir. We have our next question from the line of Manish Goel from Enam Holdings. Please go ahead.

Manish Goel: Hearty congratulations on excellent numbers Sir.

Jairam Varadaraj: Thanks Manish how are you?

Manish Goel: Good Sir. Thank you so much Sir. Sir just to carry on the couple of questions from the previous speaker, on this infra related would you be able to give us a sense that how much of our sales would be driven by infrastructure related like roads, railways, and how is it growing for us?

Jairam Varadaraj: The road and railway business would be about 10%-12% of our revenue.

Manish Goel: Because what I probably recollect is railways anyways was 8%-9% of domestic sale, okay so basically 10%-12% of overall...

Jairam Varadaraj: Of consolidated revenue.

Manish Goel: Of consolidate revenues, okay and this is growing at probably high-double digit Sir?

Jairam Varadaraj: Yes, but I do not want to beyond that...this is very easy to answer with the numbers, it is a good growth rate.

Manish Goel: Sure. Okay. So like post GST now have you probably seen in terms of inventory replenishments happening, say probably at dealer level or even on the spare parts, have you seen that you did say that it is back to normal but is it like normal, normal or still...

- Jairam Varadaraj:** Can you repeat your question?
- Manish Goel:** What was I asking on post GST, have you seen that probably say inventory replenishments happening at dealer level both on product side as well as...
- Jairam Varadaraj:** It has normalized now. We had problem in July, subsequently it has got normalized, but now the GST rate like just I said GST for a product has been reduced from 28 to 18, so that would also... the problem is nobody understands that, nobody realizes, even we did not that this GST actually increases the working capital, because like I said 14% additional tax has to be borne in receivables as well.
- Manish Goel:** Right Sir. Okay and Sir you are talking about international market, you said US and Europe have done well, what about other market Sir?
- Jairam Varadaraj:** Brazil is kind of flat, it is still above breakeven, and it is marginally profitable. Gulf has been disappointment in terms of it is a marginally lower side, South East Asia, Asia Pacific is kind of flat, Australia has grown.
- Manish Goel:** Okay. Sir at least what probably efforts we have taken in recent past on US markets and also efforts at the Patton's level, you did say that next two quarters absolute performance looks to be good, so is it that probably you are referring to the absolute say derived numbers whatever we get would sustain in next two quarters at revenue front and the PBIT level.
- Jairam Varadaraj:** What we have performed in this quarter we should sustain at a minimum the next two quarters in these two entities.
- Manish Goel:** Sure, okay, wonderful Sir and on unorganized market, you said that still like you probably would want to wait for the enforcement to happen to see a shift from unorganized to organized market, so you are not seeing anything as of now, no doubt if four months has been quite a small time, but...
- Jairam Varadaraj:** It is too short a period and there is too much chaos going onto really understand, only when the dust really settles down, we will know what has been the impact, but the fact is internally we realized leave the unorganized market, increase you consumer engagement, increase your presence and availability that itself should give you some incremental stuff that is currently going away to the unorganized not because of price, so get that done first and then we will see what happens after that.
- Manish Goel:** And last question on the India, if I probably see the first half revenues has grown at 8%, so now probably going forward, probably are you getting a sense that we probably moved from 8% to say double-digit growth in second half?

- Jairam Varadaraj:** It is possible, everything looks a little positive now, but I would not break the bottle of Champagne yet in terms of looking at huge growth for the second half, but it should be better than the first half.
- Manish Goel:** Okay. Great Sir. Thank you so much.
- Moderator:** Thank you Sir. We have our next question from the line of Harish Biyani from SBI Mutual Fund. Please go ahead.
- Harish Biyani:** Hi Sir. Good afternoon. Sir centrifugal compressors if I understand correctly we had three machines which are running in field and another frame contract was there for testing was begun in June 2017 and typically if I understand correctly, there is a validation in testing period of about two years. So where are we in this stage right now because if we get coats currently from the company essentially you are getting Hanwha Techwin centrifugal compressor coats, so when will we start kind of coating our own compressor.
- Jairam Varadaraj:** For the frames that we have already completed the validation, we are coating our own machine, so there is no – it is just a completion of the range that will take us a couple of years, right.
- Harish Biyani:** So this would be a range of CFM if I understand correctly?
- Jairam Varadaraj:** Range of CFM, yes.
- Harish Biyani:** So this is like till what range are we...?
- Jairam Varadaraj:** It will start from 600 CFM and go up to about 10,000 CFM.
- Harish Biyani:** So 600 to 10000 we can do on our own.
- Jairam Varadaraj:** Which is what we will, in the next couple of years, we will have the machines to complete this range.
- Harish Biyani:** So this essentially if I understand is that competitors like Atlas Copco or Ingersoll would have more than 1 lakh, Atlas would have more than 2 lakh at the maximum CFM.
- Jairam Varadaraj:** 2 lakh, sorry say it again?
- Harish Biyani:** In terms of CFM maximum what I could see say Atlas Copco website, 282500 is the maximum CFM which coated on the centrifugal compressor, so just wondering whether what could be the maximum? 282500.
- Jairam Varadaraj:** 282500?
- Harish Biyani:** Yes.

- Jairam Varadaraj:** No that would be a process centrifugal, you need to look at the industrial standard, industrial centrifugal, maybe Ingersoll-Rand will go up maybe 15000 or 18000, Atlas may go up to the same side, but sweet spot is really in this range, 90% of the market will be in the range that I spoke about.
- Harish Biyani:** 600 to 10,000, okay Sir. Great. Helpful. Second question, I have is on our oil-free compressor, which we were trying to develop and marketed so where are we in that stage right now and when it will be...?
- Jairam Varadaraj:** We have completed the development, I mean there is no development like in the centrifugal, we are in the market, we are playing, so now it is a business challenge, there is no development or technology challenge and we are growing that business in India as well as outside India. But it is a strategic initiative for us, we are working on how to bring a greater alignment to the market, so we will do that.
- Harish Biyani:** Sir, essentially I am trying to understand the oil free versus oil lubricate compressor, and you were trying to get the oil-free compressor at a significantly better efficiency and cost versus what it that right now, so where are we in that stage?
- Jairam Varadaraj:** We will be launching a product by June of next year, we have already got the products out into the field, but the official launch in India will be around June of next year.
- Harish Biyani:** Sure Sir and third question is Sir, in terms of distribution, there were some changes that you did in India in terms of some of your former employees to go dealership in Coimbatore, etc., you were trying to revamp, where are we in that stage now plus for overseas distribution, we were trying to kind of strategically look at some opportunities rather in terms of acquisition or any other opportunities where are we in that stage right now?
- Jairam Varadaraj:** See in Coimbatore initiative that we did was just like I explained in my earlier calls, it was a laboratory, it was to prove that the distribution processes that we were recommending at such principals as a good business practice, we wanted to actually implement and prove to the rest to the distributors that there is money to be made by investing in people and infrastructure process, which has proved itself out quite abundantly. Now the bigger focus for us is not to go around setting up our own distribution companies or joint ventures with other people. That is not our goal at all. We want to work with independent distributors in India and as well but we want to bring a certain structured process to the whole engagement with the customer and that has gained some ground, gained some traction, but we have some ways to go on that.
- Harish Biyani:** Sure Sir. Sir this is India, how about overseas?
- Jairam Varadaraj:** Overseas we are exploring multiple acquisition opportunities, a little preliminary to talk about specifics.

- Harish Biyani:** Sure. Very helpful. Thank you so much. All the very best.
- Jairam Varadaraj:** Thank you.
- Moderator:** Thank you very much Sir. We have our next question from the line of Ranjith Shivram from ICICI Securities. Please go ahead.
- Ranjith Shivram:** Hi Sir. Just wanted to understand has our foundry utilization improved and if you can just comment on how the water well business had been?
- Jairam Varadaraj:** Our foundry capacity obviously has gone up compared to last year, but our utilization is only at around 30%, but that was strategically planned, I mean so there is nothing. If I take the earlier purchase price and price it as a selling price of that foundry or its supplies to our compressor business, we are at almost breakeven maybe Rs. 1 Crore loss at an EBITDA level. So we are also working on – there will be a significant improvement in the performance of the foundry because the demand for castings if we are able to sustain this kind of a growth. As far as water well is concerned, like I just said in the call I do not want to get into the details because I think competitively that is not in any.....
- Ranjith Shivram:** No, but how has it grown compared to last year or is it flat just directionally if you can?
- Jairam Varadaraj:** Directionally it is good. At an appropriate time in the future, we will come back and talk a little bit more about it.
- Ranjith Shivram:** Okay Sir.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Kamlesh Kotak of Asian Markets Securities for closing comments.
- Kamlesh Kotak:** Sir just before that, can you just touch upon how much is the capex plan for this year and how has been the utilization first and what is the debt reduction program that we have?
- Jairam Varadaraj:** Let me start with the debt Kamlesh, we are still targeting that we will be debt free and the business as usual conditions by next September. This sudden dislocation because of the tax regime and also the regulation that the government implemented and then pulled back has cost a little bit of increase in both inventory and receivables. We are hoping that if that takes a little longer to settle down probably we will have maybe marginal Rs. 10-15 Crores of debt by September, but otherwise we are reasonably confident we should be able to reduce by September next year. As far as...sorry your other question?
- Kamlesh Kotak:** The capex and the utilization...?
- Jairam Varadaraj:** Well, capex is a desire that everybody's dream is put into the budget, right. So far our expenditure has been only about Rs. 5 Crores to Rs. 6 Crores. We have made firm decisions on certain

strategic investments in our machining and welding lines for pressure vessel. I do not see it is getting invested this year, but that could be a cash outflow in the future that will be to the tune of about Rs. 15 Crores, Rs. 16 Crores, but it is now going to happen this year.

Kamlesh Kotak: Okay and Sir what would be our utilization at plant level, has it improved compared to the previous quarter ended?

Jairam Varadaraj: The growth has obviously improved the utilization, but capacity percentage is very difficult to do because the same facility is used for multiplicity of products. So the mix kind of influences what is the rate of utilization.

Kamlesh Kotak: All right and Sir any thing you can share on the business on the oil-free side for textile and pharma and FMCG and food if you can just have – how has been the trend there. Do you see any uptick there in terms of the demand?

Jairam Varadaraj: I would not say textiles, there has been a significant improvement in demand, but there is a lot of conversation that are going on in pharma, there is a lot of conversation going in auto sector, and there is a lot of conversation in the food processing. So...

Kamlesh Kotak: Right Sir. That is very useful. So we thank everyone for joining for this call. Special thank to Mr. Jairam and his team for providing insight for the company's business and performance. With that we conclude the call, thank you.

Jairam Varadaraj: Thank you Kamlesh.

Moderator: Thank you very much Sir. Ladies and gentlemen, on behalf of Asian Market Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.