



“KEC International Limited Q3 FY-19 Results Conference
Call”

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LIMITED
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Moderator: Ladies and gentlemen, good day and welcome to the KEC International Limited's Q3 FY19 Results Conference Call.

We have with us today from the management Mr. Vimal Kejriwal – Managing Director & CEO and Mr. Rajeev Aggarwal – CFO.

As a reminder, all participants' 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, please signal an operator by pressing '*' then '0' on your touchtone phone.

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

Vimal Kejriwal: Thank you. Good evening to all of you. I welcome you all to the Q3 earnings call of KEC. This quarter our revenues grow by 10% and touched Rs. 2,647 crores vis-à-vis the last quarter. EBITDA for the quarter has grown by 15% with margins increasing to 10.6% from 10.2% in Q3 FY18. PBT and PAT growth has not kept pace with revenue in EBITDA growth this quarter majorly on account of higher interest as a percentage to sales. PBT and PAT margins are at 6.4% and 4.2% respectively.

With today's announcements of new orders of Rs. 2,105 crores our YTD order inflow stand at Rs. 11,530 crores at the similar level of last year. Current order book is at a record high level of Rs. 20,592 crores, a 20% Year-on-Year growth. The L1 position as on date is roughly Rs. 1,800 crores.

Our India and Southeast T&D revenues have kept pace with the overall revenue growth however the total T&D growth was muted largely on account of delays in environmental clearances in some of the international projects and in SAE Brazil. The large order book in T&D of Rs. 15,000 crores and above gives us the confidence that we will catch up with the growth in the coming quarters.

A growth in the non-T&D business which includes Railways, Civil, Solar and Cables continued well with the 2x growth Year-on-Year and a contribution of over 35% of the total revenue for Q3 and 9 months respectively. The revenue growth trajectory of both railways and civil businesses continues and we remain confident that the full year revenue targets of railways and civil of Rs. 1,700 crores and Rs. 500 crores respectively will be achieved.

Those non-T&D profits have improved, the margins are still not fully caught up with our T&D business on account of the ongoing capability building and leverage. We have also seeded the smart-infra business last year and it has started bidding for some smart city related projects.

As a tax period anomalies for solar have been clarified by the government recently we expect to see some positive impact on the business in the coming quarters.

Cable business has grown by 14% Year-on-Year majorly on account of higher export and HV-HT cable revenues. This year we had a good intake of international T&D including SAP. Post our reentry in the Dubai market after 20 years in H1 we have received our first subscription order in Dubai in Q3.

East Asia Pacific added to the order inflows with the new order secured in Thailand. We have also secured an EPC order of approximately Rs. 120 crores in SAE Brazil. Overall order intake from India has slowed down this year on account of one select order intake in Railways due to existing large order book and execution pressure and secondly due to lack of T&D orders from private players.

We have successfully diversified our SEB base and have secured significant orders in Bihar which has been announced today. Our borrowings continue to be almost at similar levels as H1 FY19. We have implemented some measure for improvement in the working capital processes such as streamlining of vendor terms and improving the borrowing mix and expect the working capital to normalize in Q4.

With these initiatives and with the expected improvement in the interest rate scenario in India we expect our interest cost as a percentage of sales to come down significantly in Q4 as well as for the full year but we do expect that for the full year our interest cost would be closer to 2.7% against our present 3% plus.

One thing which I would like to add is that we have received almost Rs. 270 crores from Saudi post the closure of Q3 accounts. So this will also help us significantly. On the back of strong order book of plus L1 of Rs. 22,400 crores totally we do expect to have a revenue growth of 15% to 20% in the coming financial year.

As far as our Bikaner-Sikar duty transaction with Adani's concern it is progressing well and we expect to close the transaction any day since we have received almost all the approvals. Thank you. We can now move to question answers.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Nirav Vasa from Batlivala & Karani Securities. Please go ahead.

Nirav Vasa:

Sir, my first question pertains to the last statement that you made with regards to revenue growth of 15% to 20%. Sir just wanted a small clarification, were you referring to FY19 or FY20 for the same?

- Vimal Kejriwal:** FY20.
- Nirav Vasa:** FY20 sir and margin guidance EBITDA level based assuming that the new businesses that we have ceded that is railway and civil would be getting traction. What can be the EBITDA margin expectations?
- Vimal Kejriwal:** No, as of today it is very difficult for me to give you a revenue number an EBITDA number because we are still having order coming in etcetera. But our personal view is that we should be able to maintain the numbers what we have now.
- Nirav Vasa:** Get your point sir. And with regards to railways, are you seeing some mega tenders being floated for railway electrification?
- Vimal Kejriwal:** There are quite a few tenders right now which have been floated and we do expect which are actually being floated and as some of them have already been quoted okay. We are keeping our fingers crossed that the railways open them and award them before the code of conduct comes.
- Nirav Vasa:** And sir, my last question especially in the railway business last time you were informed that you are trying to ramp up your vendor base. How successful are we in doing the same?
- Vimal Kejriwal:** The vendor base?
- Nirav Vasa:** Yes.
- Vimal Kejriwal:** I think right now what is happening now is for electrification I would say we have done lot of backward integration is almost 60% of our electrification is now being produced in house that is structures, conductors and catenary wire okay.
- For the railways what we have also we have tied up with some of our large T&D suppliers and still it is being manufactured by them. There are still a lot of small cases the values are 5 lakhs, 10 lakhs and all that, there we have not been able to still to get our larger vendors to come in because it is not economical for them. But there I think the railways have been pushing the vendors trying to help us to improve their execution.
- Moderator:** Thank you sir. We have the next question from the line of Balachandra Shinde from Anand Rathi. Please go ahead.
- Balachandra Shinde:** Sir, regarding the execution wise I would like to know, as you mentioned last con call also that the second half will be relatively stronger but somehow our growth was modest. So do we expect fourth quarter to be stronger to compensate the growth guidance which we were giving in FY19?

Vimal Kejriwal: So to me the fourth quarter will definitely be stronger as it is as usual okay. What we have been talking about initially we started with 10% then we went to 15% growth. So right now we are around 10% I think 11% growth we have there for nine months, so for the twelve months I cannot give you an exact number whether it will be 13% or 14% or 15%, but to me a range of 12.5% to 15% or something is what I think we should be talking about.

Maybe we can touch 15% I do not know because it depends upon one transformer goes does not go, all these things can happen. But comfortably I think between 12.5% to 15% okay it could be achievable for this year and as I already said 15% to 20% for the next year.

Balachandra Shinde: And this will be largely execution of T&D orders or railways or civil will start?

Vimal Kejriwal: See for railways will be more because we have a lot of pressure from railways as they want us to complete 2,000 kilometers of electrification. We have done roughly 800 till now, so there will be a part of railways would also come into this.

Balachandra Shinde: Okay and sir in fourth quarter how do you see the order inflows happening, do we see that because of the general election there will be some spike but post that do we see a drop in order inflows after that for domestic?

Vimal Kejriwal: So honestly the problem is that we do not know whether the tender which we are quoting now will be open and awarded by 28th Feb or whatever time the code of conduct comes in. If they are awarded before that then large value of orders can come in. But if they do not get awarded now, by 28th February or whatever the date, then they will all go in June, July. So there will be a clear let us say drop in India state T&D orders state in the sense it will be both state and central between March and May till the election results are out.

There is still a strong possibility that like we announced today Rs. 2,100 crores of orders of which you know there is state, there is Powergrid so there is a possibility that some of these tenders may be opened and awarded because many states are very keen to award them before the elections.

Moderator: Thank you sir. We have the next question from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

Jonas Bhutta: A couple of questions. Firstly, just wanted to understand now that we have over the past few quarters drawn up a decent order book in SAE and we were expecting that the execution at the start of the year would be back ended, which as of 3Q has not yet picked up. So would it be now sort of slipping as that super normal growth that can come would now come only in FY20 or fourth quarter would be reflective of some bit of growth? That is my first question, sir.

Vimal Kejriwal: Jonas, if you recollect what we had said was that the SAE growth would start towards the end of Q4. That is what we had said and we still maintain that by Q4 end that could be February, that could be March I do not know, when we will get the environmental approvals and we will start the work on that. So we still maintain that, now it can always be possible that it will go up or delay by one month or two months but our view as of today is that SAE we will catch up with whatever backlog is there in the current quarter.

You would understand one thing there was an election there the same day new President has come in, there was lot of economic turmoil happening there, so there has been some delays in some of the approvals and financial closures which are happening. So I think we are pretty confident about it, it is a question whether it is one month here or there.

Jonas Bhutta: Okay. Sir now that we are less than a month away from that election code of conduct, would you be able to at least give us a shade of how the order inflows would look like in FY20 given that you already have bid for certain large railway projects and assuming that they sort of slip into FY20. Would you believe that FY20 would be a domestic heavy year or you know you will have to rely on international T&D orders?

Vimal Kejriwal: Normally what we have seen is post the election with new governments and all coming in, there are significantly new orders announced. Let us say a new Railway Minister comes, he would love to add some more orders into his state and all that. That has been a traditional way of looking at it plus we have had three state elections recently where new governments have come and traditionally we have seen all these three states have been pretty low in CAPEX at least on the power T&D for the last few years.

So I think our view is that the India T&D which to me was a reasonably poor this year in terms of order intake, will definitely pick up post elections.

Jonas Bhutta: Okay. So my third question was on the working capital. What was the net working capital days as you used to historically sort of mention in your presentations that number of days if you can just share that and what was it in Q2 and Q3 last year, if you have it handy?

Vimal Kejriwal: 145 days which was a similar number in Q2 and also.

Jonas Bhutta: Sir and what was the Saudi outstanding that came, what was the quantum I missed that out sir, Rs. 250 crores or Rs. 300 crores?

Vimal Kejriwal: Rs. 275 crores roughly is what has come to the JV yes.

Jonas Bhutta: And how much of it is still pending, sir?

Vimal Kejriwal: I do not have the exact number but I think it is around Rs. 500 crores , Rs. 600 crores of bills which are in various stages of process but as far as our dues are concerned all the invoices were due till 31st December have been paid fully.

Jonas Bhutta: Okay so these are the retentions, the Rs. 500 crores, Rs. 600 crores?

Vimal Kejriwal: No, not necessary because we are still executing two projects there. Part of it could be retention, part of it would be these current dues, but when I say dues what happens is you have to understand one thing. Whatever bills have been passed and accounted for payment has been paid up to 31st July. There would be various bills which would be there in the process at various stages, okay. So there would be current bills as well as retention. Retention I do not have the exact number I think it is around Rs. 300 crores.

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

Renu Baid: Sir, few questions from my end. First, generally just to understand little more on the exposure that we have towards the private TBCB. You mentioned that this year in terms of enclosed TBCB projects had been relatively low from the private sector.

But we had won decent amount of projects from the previous year so if you can help us elaborate what would be the kind of exposure to Essel, Adani as well as Sterlite Group and what exposure in the order backlog as well as in the receivables that we have at the end of the quarter?

Vimal Kejriwal: No, right now we are doing projects for all three of them okay, Adani, Sterlite as well as Essel. And for all three of them the projects are ongoing. We have been doing work, we have been getting cash okay. Even this month I do not have the exact number, we got around Rs. 25 crores, Rs. 30 crores from these people, okay. There has been some delays in payments from I would say at least one of them or maybe 1.5 I would say some of them have paid partly but not partly and the execution for those people have been accordingly moderated.

One of the reasons why you are saying that we have a slightly muted revenue growth has also been because of the moderation of the execution. But let me be very clear that the projects are going on and payments are coming okay. Every month last month also we received significant amount of payments, so from all these people payments are coming.

Maybe sometimes regularly maybe slightly irregularly okay. That is the situation. As far as the numbers are concerned, I do not think the numbers are significant or material enough for us. Okay for both the order book as well as receivables they are less than 5% of our overall numbers.

Renu Baid: But it would be as in of the India book say these private TBCB in terms of order backlog would be close to Rs. 700 crores to Rs. 1,000 crores or what would be the kind of number in absolute terms?

Vimal Kejriwal: It is less than Rs. 700 crores.

Renu Baid: Okay. In order backlog and receivables?

Vimal Kejriwal: Order backlog. Receivables would be less than half of it. Please understand that most of them have paid advances these are monthly billings being done and being collected okay. The other thing is that the SPVs in which these projects are there are fully funded okay. There may be followers at promoter levels and all that, but at the SPV level the financing has been done completely payments are coming from the banks directly.

Renu Baid: Okay so there is no risk to that extent?

Vimal Kejriwal: For me today if you ask me honestly I am not worried about it.

Renu Baid: Sure and sir second is if you look at SAE also then this quarter was a bit soft in terms of numbers sequentially also as in though there is some improvement but overall just Rs. 200 crores of revenue is coming in from there. So how do we look at our numbers panning across in the SAE for us given that the backlog has been strong. Or any other specific issues what headwind do you see in Brazil and SAE for us?

Vimal Kejriwal: SAE this quarter we had a very clear headwinds where at least one of our projects which was expected to get environmental approvals did not get which is now coming in and secondly these are lot of projects where there were pure tower supply because of elections and all that and there was some delays in getting their sites ready okay. So although we had produced our towers we could not dispatch them because lack of readiness of the stores of the clients.

So to me it was unfortunate that you know both the things came and hit us together which impacted the SAE numbers but our view is that most of it will get made up at least the tower supply and all will get made up in Q4. GPC since the approvals are now coming hopefully we should be able to start some decent revenue. I am not so much worried about it okay.

Renu Baid: Okay so as in from an annual perspective SAE should still manage a 10% kind of growth this year or it could be a bit tough?

Vimal Kejriwal: I think it should manage. I think the problem what we are running into SAE is that the Brazil Real has depreciated. So if you look at the rupee to rupee it may be difficult okay. But if you look at the local currency with the local currency at the start of the year was 3.2, 3.25 or something is right now 3.7. So it has actually depreciated by 20%. So to answer 10% to 12%

growth in local currency is definitely going to be there okay maybe more, but in INR when you translate it the revenue cannot grow that much.

Renu Baid: So probably just 7%, 8% kind of growth at best we can see there?

Vimal Kejriwal: Yes.

Renu Baid: And sir, third and my last question is overall if we see in terms of business wise broadly execution though has slipped will pick up next year so we have reasonable amount of confidence there. You mentioned you are taking few actions on the interest rate to curtail it.

If you can help us understand a few specific measures how do you want to change the mix and which will bring down interest Quarter-on-Quarter substantially lower and Year-on-Year back to 2.7%, 2.8% level that would be helpful and also aligned with this, what could be the targeted year end debt levels which we would be expecting from Rs. 3,000 crores levels which we are currently having?

Vimal Kejriwal: The targeted debt level is around Rs. 2,500 crores. From the current Rs. 3,000 crores and odd it will come down to Rs. 2,500 crores. Couple of reasons are there very clearly one is as I have said we have got some Saudi money which already come in, okay. We are expecting some more money to start to come in. Second is we just said that the DoT still has happened so the DoT numbers you know the transition should get close maybe two days to one week I do not know, but not more than a week or ten days max okay.

So that number will bring us cash of around Rs. 230 crores, Rs. 240 crores part of it will go in straightaway the loans will be taken off, part would come in the end by cash to us which will. Third is that there is a large order which we have received so I think we are expecting some major advances to come in also not in this month but in February that is the other thing. The other thing what will also happen is that February-March we have always seen the PSUs paying up a lot of money. When I say PSU this would be Power it would be KPTCL, it would be **train trans 21.34** all our major clients we have always seen and that you saw last year which is why our borrowings went down significantly in last March also.

The other thing on the interest rate itself I think we are now seeing the rupee interest rates softening. Already our CPs we are getting a 50 to 60 basis point reduction from what we were paying a month back. The second piece is that our dollar borrowing or let us say foreign currency borrowing which had come down significantly because of the ban of RBI on LOAs and rollovers etcetera has now started picking up so we do hope that there would be a significant change in the composition in our borrowing mix.

Third is that we did get a few contracts which are denominated in Euro and so what we have started doing is against those contracts we have started borrowing in Euro where obviously the

interest rates is you know when you compare with dollars there is at least 2%, 2.5% points difference in this. So to me I think all of this put together and plus what we discussed on vendor payment terms where we have made very conscious attempts at elongating the vendor payment terms with large vendors I think put together what we were saying was that I think the overall the interest cost which were 3.2 today should go down to 2.7 or so.

In fact for the quarter the interest part should be significantly lower than that 2.1, 2.2 or something like that for the quarter looking at the large revenue which we should have.

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

Renjith Shivram: Just you had mentioned in the last call regarding some orders from this SAARC and other geographies. So have those orders come through or is there something pending from that because you were a bit upbeat on those opportunities?

Vimal Kejriwal: SAARC orders have come through okay basically it is all from Bangladesh we got four large orders from Bangladesh of I think roughly Rs. 2,200 crores or so.

Renjith Shivram: Okay and how about Middle East and the Saudi market, Saudi markets have they bounced back?

Vimal Kejriwal: Saudi has not bounced back, we are seeing roughly I will say approximately one tender in one or two months okay and the problem there is that there are lot of local players who do not have any work. So the current market where you get one tender in two months is becoming fiercely competitive. So even if I want to take an order, I cannot get it at my levels of margin. So right now, I do not think I won a single order in Saudi in the last one year or so.

One year we have not won a single order. I do not think we will wait for some more time. But on Middle East we have today announced a large order in Abu Dhabi. I do not have the exact number but it is Rs. 400 crores plus or something. So I think Middle East overall we are pretty comfortable with our numbers.

Renjith Shivram: Okay and when we look at last quarter you were pretty confident of this 15% growth for the full year, now you are slightly changing your tone to 12% to 15%. So which is the area that had actually made it more challenging?

Vimal Kejriwal: There are two issues which we are facing in or let us say two headwinds which we are facing one is what Renu just now asked me about private players okay. So we have definitely slowed down the execution slightly which has impacted I would say 0.1%, 0.2% I do not have the exact numbers but broadly around that. And secondly what has happened was we had got one very large project in West Africa, where because of some resettlement issues which the lender had with the client the work had to be stopped for a few months.

Now those issues have been closed and the work has just restarted so effectively we lost a quarter's revenue in that project, okay so we are trying to gain and that is why I said I am not very sure whether it will be 12%, or 14% or 15% and if we are able to pick up speed in both this and if let us say my private player is able to arrange financing and open his LC then I think we should be able to reach 15% which is why I am not ruling out 15% even today.

But I thought I wanted to be very clear that these are one or two issues which we are facing on the headwind side. Anyways the other reason what we also said is next year then we will do from 15% to 20%. If it does not happen the 15% this year and becomes 14% or 13% that much percentage points will get added to my next year's revenue.

Renjith Shivram: Okay and in terms of railway execution, how is the working capital intensity, is that a bit more elongated than T&D and even when you look at the election here, will the payment get delayed because they will try to adjust the fiscal deficit so will they try to delay the railway payment? Is there any risk to that?

Vimal Kejriwal: To me railways have been the best paymaster we have had in the system the DSO they are better than T&D and I do not see any risk of that because railways have really been pushing us a lot for execution and to me what also happens in railways is that the funding for each project is already tied up with them. So I have not seen a single railway payment getting delayed because funding is not available and we are doing a lot I think about 30 Or 38 projects for them right now so I do not think we are concerned even 1% about railway payments getting delayed.

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

Saket Kapoor: Firstly, if you could explain why is this employee benefit expenses in the consolidated segment on a much higher side in percentage to the revenues?

Vimal Kejriwal: So Saket, I had earlier explained also that the employee number is you know you have to look at it in the way we do our execution. If I am doing a lot more execution with my own labor, then that cost also goes into that. So the way we always have been looking at these numbers is that we add all the three items, which would be employee cost, material because today if I give a sub contract for a foundation okay with material, without material or only with labor and all that so the numbers keep on varying between the three items.

It is not a hard-core number you know where if it is only pure employee in that sense it has labor, it can move from labor to contract with material so that is the thought I do not have a direct answer for your numbers how the number has moved in but that is my explanation. And if you look at quarter-on-quarter I was just seeing the numbers from 206 is 211. Are you referring to that number only?

- Saket Kapoor:** But yes sir, but I am doing the company then from a standalone to a consol with a revenue jump of only Rs. 177 crores, we have seen employee benefit cost going up by Rs. 50 crores. So I was just trying to understand this ratio that for a revenue of Rs. 177 crores we are paying Rs. 50 crores as the employee benefit only?
- Vimal Kejriwal:** I think that is very difficult, because you cannot compare the Brazil (Inaudible 29:27) with this, number 1. Number 2, I think is that if you want to check in detail please contact Nita. But as I said that benefit has got lot of items in that. So why do not you have a chat with Nita separately, she will explain the details with you.
- Saket Kapoor:** Right sir and now sir I just get an understanding about the page number 7, where sir you were explaining order inflow from T&D and non-T&D and there in the non T&D the order book is mentioned at Rs. 20,500 crores. So if you could explain the non T&D and the T&D segment this pie chart in some detail?
- Vimal Kejriwal:** Pie chart is Rs. 20,592 crores is the total order book.
- Saket Kapoor:** Okay. On top you have mentioned only non T&D?
- Vimal Kejriwal:** In this 73% is T&D.
- Saket Kapoor:** For SAE sir, I missed your earlier commentary. Why was the revenue pie chart down for the SAE and how is the outlook going forward sir?
- Vimal Kejriwal:** We have said two reasons for the revenue. One was the delay in the environmental approval for one of the EPC projects which is now coming okay.
- Saket Kapoor:** Size of the project sir?
- Vimal Kejriwal:** Sorry?
- Saket Kapoor:** What is the size of the project that was delayed?
- Vimal Kejriwal:** There is no difference with revenue size, the revenue which has to come has not come in that. Second was that the couple of projects where we are supplying only towers there the size stores were not ready for the client sites so he deferred the delivery of towers because we cannot book the revenue unless the towers have been physically delivered although they have been manufactured. There was a gap there which we will make up in Q4.
- Moderator:** Thank you. We have the next question from the line of Inderjeet Singh from Macquarie. Please go ahead.

Inderjeet Singh: My question is on working capital now typically we see with EPC companies when the slow down execution with an eye on working capital it typically tends to lead to an improvement in working capital. Our working capital is flat quarter-on-quarter at 145 days. Can you kind of elaborate little bit more on working capital as to what was happening in Quarter 3?

Vimal Kejriwal: There was no major change in Quarter 3. Our DSO remains maybe three days here and there I has changed okay. When I say slowdown what we have been talking about is instead of 15% we were growing at 14% or 13% the numbers are slowed down. See the basic problem in the working capital had been some pieces of Saudi which were not coming although we were not having too much of revenue and as I said that we have already got a large amount coming in from Saudi now. So the working capital you will very clearly see a large improvement in Q4 numbers.

Inderjeet Singh: Okay, on the order inflows particularly for this quarter, what kind of expectations you have you talked about an L1 LD L1 number but is there a number that you want to put as to where we would end the year at?

Vimal Kejriwal: Honestly it is very difficult for me to give a number we are L1 in around Rs. 1,800 crores. Hopefully at least that will come in any case, number 1. Number 2, we have floated quite a few tenders to PGCIL and some of the state utilities. Now my problem is why I am not able to give you a number I am not very sure whether they will award them before the code of conduct okay. Like PGCIL is opening two tenders tomorrow.

Inderjeet Singh: But why should PGCL be have problems with code of credit, it does not apply to them?

Vimal Kejriwal: It applies to everyone. Not a single PSU, not a single government department gives you an order. The instructions are very clear. If you want to release an order please go to the Election Commission and justify to them why you cannot give an order, what is the urgency to give before the elections? That is the way people have been treating the Election Commission orders.

Inderjeet Singh: Okay in that is it safe to assume that this year we should work with more of flattish or kind of a mid single digit kind of an order inflow growth here?

Vimal Kejriwal: I think so. That is what we will have to assume because I am not seeing that we will get the 20% order growth what we had last year but Inder let me point out one thing last year when we had a strong order growth, we had very clearly said that out of that order Rs. 3,000 crores of orders were for execution in FY20 and FY21.

So what we should be looking at is I have an order book of Rs. 20,000 crores today and an L1 of Rs. 1,800 crores. So from that angle my next year's execution or whatever we are talking about 15% to 20% to me is assured. And that is the way I would like you all to look at the order book.

- Inderjeet Singh:** If I could squeeze just one more, can you give the payable number the way you used to go in last couple of quarters?
- Vimal Kejriwal:** Payable number is on the investor conference call, what is the number? So you asked for the number of days?
- Inderjeet Singh:** The debt breakup trade payables I do not see the number of trade payables in the debt profile?
- Vimal Kejriwal:** In the total number then everyone said give the number which has interest so we have given only those numbers. So I think I will ask Nita to give a number to you okay.
- Moderator:** Thank you sir. We have the next question from the line of Suraj Navandar from Prithvi Finmart. Please go ahead.
- Suraj Navandar:** In the investor presentation we have said that Rs. 11,530 crores is the order intake year-to-date. So is that a financial year or a calendar year?
- Vimal Kejriwal:** It is a financial year.
- Suraj Navandar:** Okay that is a financial year. Okay so you mentioned that in FY20 we will grow at 15% to 20% so which segment do you see contributing most to that 15% to 20% of growth?
- Vimal Kejriwal:** Today our non T&D is around 35%, so I think we expect them to continue in that fashion because our order book is more on the T&D side now. 73% of our order book is in T&D so if you look at that ratio then it should be 75:25 T&D and so but what happens is in cables and other businesses we get orders which are of a shorter duration and all that which is why I think roughly 65:35 should be a good ratio to go ahead with.
- Suraj Navandar:** Okay sir, can I just ask one last question?
- Vimal Kejriwal:** Okay go ahead, Suraj.
- Suraj Navandar:** Okay. Sir what is the total opportunity size you see in the railway segment?
- Vimal Kejriwal:** Railway segment?
- Suraj Navandar:** Railway electrification in that segment?
- Vimal Kejriwal:** So railway what we have been looking at by areas where we have been addressing is roughly around Rs. 60,000 crores.

Moderator: Thank you. We have the next question from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

Ankit Babel: Sorry to bother you for the same question again. Suppose if sir you get the contracts before the code of conduct gets implemented then what could be your inflows in the next couple of months? Suppose if you get whatever you know you want before 28th of Feb?

Vimal Kejriwal: I do not have an answer to that honestly, I cannot give you an answer because many of them have not even been open so what I can say?

Ankit Babel: Because at the start of the year you had given a guidance of a 15% growth in order inflows. So on Rs. 15,000 crores of inflow last year so we were expecting some Rs. 17,000 crores and you have already got Rs. 11,000 crores something. So we still need Rs. 5,000 crores, Rs. 6,000 crores to meet that guidance. So how much you would be able to get that is what we need to understand?

Vimal Kejriwal: In the worst case scenario would be we have L1 of Rs. 1,800 crores okay.

Ankit Babel: So Rs. 13,000 crores okay.

Vimal Kejriwal: It will be probably at Rs. 15,000 crores, Rs. 16,000 crores I do not know what will happen honestly I do not have an answer for the best case.

Ankit Babel: Why I am asking this question is suppose if you end the year with Rs. 13,000 crores or Rs. 13,500 crores of inflows, still you are confident of executing some 15% to 20% growth in the next year?

Vimal Kejriwal: I have on today's date Rs. 20,500 crores worth of order book which is what I was saying earlier. Let us assume a Rs. 4,000 crores number for the Q4. We will start the year with Rs. 18,000 crores which is good enough for my 15% to 20% growth. I hope the arithmetic is clear?

Ankit Babel: Okay yes, sir. And my second question is you did give a guidance of 2.7% as interest cost for FY19. But for FY20 what do you expect this percentage to be?

Vimal Kejriwal: Honestly it is very difficult for me but I think at least 10, 15 basis points improvement should happen in that, because with a growth of 15% to 20% and with some of my like my BoT loan getting paid off and all that honestly I would love it to be below 2.5%, but I do not have the number right now to confirm that it will be 2.4% or something but I think safely for calculation 2.5%, 2.55% would be a good number to take.

Ankit Babel: So which means that Rs. 2,500 crore net debt which you are targeting can we assume it to be the peak debt or you expect this to increase next year in line with your top line growth?

Vimal Kejriwal: It will not increase, may be little bit but not too much because as I said the money from Saudi that much money can come.

Ankit Babel: That you have already considered it while giving a guidance of Rs. 2,500 crores?

Vimal Kejriwal: Rs. 2,500 crores will not comprise all large part of it is still not due. Retention money and all that as I just said 31st December, how much was due was there it has come. Now whatever is completed that will only come no. Now whatever projects are getting completed those monies will come

Moderator: Thank you. We have the next question from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: Sir, just wanted to know what is the kind of pipeline that we have the total quantum in the international markets and have we seen a growth during this year compared to the previous year? I wanted to understand so basically over the past three to four years we have been seeing good growth in international markets, so is there a potential for further growth from there and for next year is there a growth in terms of pipeline?

Vimal Kejriwal: So Ravi, actually last year we had not seen a growth in the international order book. It is this year when the international order book has grown significantly okay so that is number 1. Number 2, if you look at the areas of growth as I was talking some time back Middle East has grown significantly minus Saudi. So Abu Dhabi, Jordan, Dubai, Egypt we are seeing lot of growth happening on those areas.

The other area of growth where we have seen is also East Asia Pacific which is basically between Thailand and Malaysia, we have seen a lot of growth happening. So I think these are the two areas and the third area which I talked some time back was on SAARC. It was basically Bangladesh, Nepal, Afghanistan, Bhutan etcetera. And the large part of the orders for Bangladesh has already come in.

Ravi Swaminathan: Okay. What would be the absolute pipeline bids that we would have placed for all international put together?

Vimal Kejriwal: I do not think I have the number of bids which we have placed, may if you talk to Nita she will probably be able to help you out.

Ravi Swaminathan: Sure, but would it have grown compared to last year?

Vimal Kejriwal: It would have definitely grown as compared to last year. But as I said again it is minus Saudi okay because Saudi there are no bids coming not too much of bids coming. Even if bids are

coming we are not winning so I will take out Saudi and then if you compare to that it has definitely grown.

Ravi Swaminathan: Got it sir and in India so this solar transmission etcetera so basically is there any traction at all in this segment so basically are we seeing any potential order coming?

Vimal Kejriwal: Now that the issue is on GST and anti-dumping of safeguard duty has been sorted out, now the developers have to decide whether they can meet within the cap prescribed by the government. If you look at the recently announced bid for lay and all that they are only about 2.5 Gigawatt etcetera solar plant with transmission and substation built into that. So that is anybody's guess how those tenders will go which developer willing to put 2.5 Gigawatt in Jammu Kashmir with lines and sub stations so I do not know how that will pan out otherwise if you look at the opportunities, there are very large opportunities.

2.5 Gigawatt from Jammu Kashmir taking it down to south or west or wherever it is, are going to be large numbers. Plus I think recently the government has also approved some Rs. 11,000 crores, Rs. 12,000 crores of transmission lines for renewable to be split between TBCB and Powergrid. So those tenders should also come. But the question is that whether they will come before the elections or after the elections I have no idea.

Ravi Swaminathan: And all these would be part of this green energy corridor program or is it like that is a separate one?

Vimal Kejriwal: No, this 12,000 or 9,000 sometimes they talked about 12, sometimes they talk about 9, that is green corridor.

Moderator: Thank you, sir. We have the next question from the line of Kunal Sheth from Batlivala and Karani Securities. Please go ahead.

Kunal Sheth: I just wanted to know what is the share of our domestic borrowing at this point in time?

Vimal Kejriwal: 60%, Kunal.

Kunal Sheth: And sir in terms of railways and civil what are we targeting next year in terms of sales?

Vimal Kejriwal: Difficult to give you a direct number but between railway and civil put together we should be around Rs. 3,000 crores odd.

Kunal Sheth: Basically what I was trying to understand sir is that will civil reach a threshold limit where the kind of investments we have been making for capability building, that will basically leverage will start to play there or we are still some time away there in terms of civil?

Vimal Kejriwal: So the railways will be very close to the numbers next year, okay. Civil we are going to do Rs. 500 crores this year next to I do not know where we will reach. We will probably reach Rs. 800 crores, Rs. 900 crores or something. So civil we may not reach that desired number in next year but one thing what you have to understand is in civil the capital employed is pretty low right now.

So although the margin levels are not at that level, but if you go down to the PBT levels and all that level then we are reasonably close to the other numbers okay, maybe 100 basis points difference or something like that between the T&D and then at the PBT level. So right now, the capital employed is pretty low.

Moderator: Thank you very much. We have the next question from the line of Abhilasha Satale from Dalal & Broacha. Please go ahead.

Abhilasha Satale: I mean you just explained that you feel this slag in orders, between March to June for the T&D segment. So do we see the similar kind of slag happening in civil as well as railway orders and also your next year order inflows are likely to be you know single digit growth. So that stands too even for railways or railways still will have better inflows as compared to T&D?

Vimal Kejriwal: Abhilasha, railways right now the orders are from the government so the same code of conduct would apply to railways also. Civil I think almost all our orders are from the private sector. So that will not apply to either the civil or the international orders. Next year order intake I have not given a comment on whether it is single digit or double digit so I do not think right now I am in a position to give a number on that.

Abhilasha Satale: Okay and just one thing like I mean we are expecting 15% to 20% growth next year although order inflows will be lackluster as to compared to current year. So we are expecting better execution and execution not impacted because of election or any other reason. Is that an assumption which is?

Vimal Kejriwal: That is a correct assumption in the sense that as I just now explained we will probably have an order book of Rs. 18,000 crores at the start of the year, okay. So even if you take a 20% growth in the current revenues, we are still talking about Rs. 13,500 crores or somewhere around that range. So on a Rs. 18,000 crores order book at the start of the year with Rs. 13,500 crores I think we are well placed to give those numbers even with a reasonable amount of execution. I do not have to push it with a chabuk or something. With that number also, we can still reach those numbers.

Moderator: Thank you. We have the next question from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.

Sachin Kasera: Can you give your thoughts on the civil segment how do you see that scaling in the next three, four years? Can it also become a big growth engine the way railways have developed for us in the last three, four years?

Vimal Kejriwal: So Sachin, the way we are looking at civil is you know a two-year gap between civil and railways okay, so railways are 400 two years back the civil is 500 this year. Railways have doubled from 400 to 800, 800 to 1600 or maybe 1700 this year so that is the way we are also looking at civil. So from 500 or whatever number we do this year should hopefully do 900, 1000 or something next year and by year after 2000 and then after 4000. That is the way we are looking at civil growth.

Sachin Kasera: Okay. And sir on the railway side, at what level of turnover once we reach do we start getting into the normal 10%, 15% growth next two three years we can have 30%, 40% growth or this is the last year when we see this huge growth as far as railways is concerned and then from next year we are back to 15%, 10%, 15% growth?

Vimal Kejriwal: Next year we would have ideally had 50% growth okay that was the way we were looking at our numbers. But with railways pushing the execution maybe this year we may probably end slightly higher than what we had targeted eating into our next year's revenues okay. But next year I still feel that probably 20%, 25% growth in railways will happen. Hereafter would depend upon how quickly the orders are released by the new government.

Sachin Kasera: Sure, and any comment on the L3 margins?

Vimal Kejriwal: Let me just complete the answer. So Sachin what would happen is that if the government gives me orders in June-July, we can do a lot more execution coming in. If the orders go very late then we may have a problem. So next year a 20% 25% growth for railways is given hereafter we will have to see what they are looking at but the way we are looking at railways I think with a foray let us say into international and other areas, I think 20%, 25% growth will continue for some time at least in railways.

Moderator: Thank you. Sir, we have the next question from the line of Ankit Soni from Karvy Stock Broking. Please go ahead.

Ankit Soni: Sir, I was just looking at T&D KEC's pace we have just modestly grown by 20% so whether any project execution delays as such and if yes, are they going to come up in Quarter 4, or they are going to slip in the next years?

Vimal Kejriwal: Ankit, I had explained two things there that for the domestic we had slowed down one or two projects because of funding issues. So if the funding issues get resolved fully then we will go back in full stream otherwise they will continue at the current pace. International we had one major project getting stuck up because of a problem between the lenders and the client on

account of some environment not about environment rehabilitation issues which has been resolved.

So we are trying to make up that loss of one quarter revenue. I am not very sure whether we can pick it up today or not, but there will definitely be an improvement.

Ankit Soni: Okay so for this year we will be just expecting a muted or a negative growth on T&D KEC?

Vimal Kejriwal: I do not have an exact number but I can assure you it will not be negative.

Moderator: Thank you, sir. We have the next question from the line of Harshit Kapadia from Elara Capital. Please go ahead.

Harshit Kapadia: Sir, I have two questions. Can you please give the export gain that you have received in this quarter?

Vimal Kejriwal: Export gains?

Harshit Kapadia: Yes the currency gains?

Vimal Kejriwal: Okay so I think on the net basis we will probably be around Rs. 15 crores, Rs. 20 crores.

Harshit Kapadia: This is similar to what was there in the second quarter as well?

Vimal Kejriwal: Yes, so I think we still have still around Rs. 35 crores, Rs. 40 crores for the whole of six months this would be another Rs. 15 crores, Rs. 20 crores odd than the net amount.

Harshit Kapadia: Okay sir second question is on civil business. As you have just mentioned that you are very bullish on civil business and you just want to multiply the revenue growth but sir we are hearing that largely the industrial side of CAPEX is especially on the private side has not seen a significant growth at least in this year and people are not expecting until the elections would be over. So what gives you this bullish stand that you will find that kind of a growth? So is there anything that we are missing in this?

Vimal Kejriwal: The Rs. 500 crores which we have this year I would say the entire 100% is coming from industrials. So that is one thing. Second thing is that in industrials what we are seeing is that there are specific sectors till now where the growth has been happening. It has basically been cemented I think we are working with seven or eight cement players setting up new units for them.

Then it has been auto where we set up a large part of the Kia Motors we are doing work for Ashok Leyland we have now got an order from Hero Motors. So I think the second piece, the

third piece obviously if you are lucky to get an order from CEAT for the new plant at Chennai and I think today we have got enough queries or enquiries from some very large players. So I do not think we have seen a slowdown in industrial.

Harshit Kapadia: Sir, but which sectors could you name in where large enquiries you have received?

Vimal Kejriwal: Right now it is again cement, it is again auto. There are other players who are still in spite of the auto slowdown which has happened in this quarter and all that, we are still seeing some large numbers coming in. There are some enquiries coming in from I would say textile related sectors.

Harshit Kapadia: But that would not be a larger size if you are looking at a civil business of let us say Rs. 2,000 crores three years down the line?

Vimal Kejriwal: I did not say Rs. 3000 crores, I said Rs. 800 crores, Rs. 900 crores.

Harshit Kapadia: As in two or three years down the line, sir?

Vimal Kejriwal: And the other thing is that I am not saying that I will only do industrial. You specifically asked me a question on industrial, I gave you the reply on industrial. But I cannot say Rs. 3,000 crores or Rs. 400 crores with industrial. Then there are other sectors there is residential there is government, there is affordable housing there are so many sectors, defense is there airports are there, there are so many sectors.

Moderator: Thank you. We have the next question from the line of Manish Bhandari from Vallum Capital Advisors. Please go ahead.

Manish Bhandari: Sir, two questions. One that what are the advancements, the technological advancement which is happening in T&D sector and when I see what is happening in China there is a lot of advancement? So is there anything which we need to prepare ourselves and the way the future of T&D will be very different from what we have done till now?

And my second question is regarding the competition intensity in to your civil business and you have gain a space in last three, four years and how is the competition intensity and do you see our margins going up because lot of players have got fractured balance sheet and a decade old players do not exist anymore so how is the situation over a period of time in next half a decade on the civil construction side?

Vimal Kejriwal: So Manish, if you look at civil we started it I will say last year January or February. We hired a team in September-October they started building capability and we started coating around January-February or so. And I think we have got our first order in April-May or so. So whatever Rs. 500 crores turnover we are talking about is something which has happened during the year

we have got the orders and we are going to execute that piece. So that is the way the build has generally happened.

As far as one of the reasons why we have entered this piece of way or what you are referring to is we realize that the competition in this space in which we are today we are doing contracts of a value of let us say from Rs. 50 crores to Rs. 100 crores, Rs. 150 crores and all that which is not where we want to be ultimately after may be a year or so we will be starting to increase it to may be Rs. 100 crores to Rs. 200 crores or may be go up to Rs. 300 crores. If you look at that space then we do not see too many players. Obviously, the largest competitor is L&T which where I keep on hearing varying numbers they do not want to do below Rs. 500 crores.

Sometimes they say we will not do below Rs. 1,000 crores. So generally we are not being competing with L&T except in some very strategic projects where they want to be with that particular client. The other players are normally what I have seen is regional players. So if I have to do a contract in Baroda or somewhere so who is the local player there would be competing with us. Most of the other civil players have actually sort of vanished away or they are there in very particular local areas and all that.

At the national level we are not seeing too many things. The other thing what we have also seen in a civil industry is that people have become a lot more conscious of health, safety, environment etcetera at least most of the large players. And they are now very clearly referring contractors who can deliver HFC to them which we are very clearly seeing where multinational like we did a project for Kia Motors I had zero experience of doing an auto factory but we went and present it to them the plan and the way we are going to run this project and especially the environment, health and safety that was one of the major reasons why they actually awarded the contract to us.

So clearly we are seeing that we have made a space for ourselves and the space in which we are operating we are not seeing too much of competition from large organized players. I hope I have answered your question.

Manish Bhandari:

Yes just to add on this is do you see this space exploding for you so do you see that situation will change dramatically for you over a period of time and which other area you would enter in this sequence of events?

Vimal Kejriwal:

So sequence of event we did, we are doing industrial, we have started doing part of residential civil. You see the civil and structure are not the finishing etcetera so the bear 4 as they call it. The third piece is we have started coating for some of the airport extensions which are basically buildings and all that not the air side, that one only the pure the building side of it. We have coated for a few I will say defense projects and all that.

And then there are now lot of government projects which are coming up then we are seeing in metals and mining I think one sector which I missed out was metals and mining we are seeing lot of enquiries happening with the metal prices having gone up earlier on the metals and mining side. So to me I think those are the broad areas I will say.

So from the government side if you look at it there are lot of items happening on the smart city where new buildings have been built. If you look at I will say IIMs, IITs. There are some of these things like that they are really mushrooming. So I can very clearly see that the sector really blooming up and then I gave some numbers earlier like railways we wanted to double it every year for at least next two or three years. I think we are pretty confident of that.

Manish Bhandari:

And my second question was on the technological advancement in the transmission and distribution like?

Vimal Kejriwal:

Technological advancement what we have basically seen is that rather than technological what we have seen is a huge increase in the size of the projects where people it is like your telecom, the people do not have fixed lines and they have gone for mobiles and all that directly so we are seeing some of the SEBs and all that where they do not have 220KV now they want to put up 765 GIS and other things on the transmission line people are going for HVDC lines, people are going for HDLF conductor and other conductors which can carry a huge amount of power than what they were earlier doing.

Replacement of existing conductors by high power conductors then we are seeing lot of work happening in Africa and also in the bordering states of India of interconnection between various countries which are large lines. So I will say on the transmission side instead of technological the size in innovation where people are going for much larger and much bigger lines. In substation there has been technological advances where JSS are becoming much more compact digital JSS are coming.

So there what we have been doing is we have been tying up with the product suppliers let us say an ABB or a Siemens or a GE or Hysong and all that and we are pretty well placed with them.

Moderator:

Thank you, sir. We have the next question from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

Jonas Bhutta:

Just two more questions. In this Rs. 1,800 crores of L1 is there a railway project or it is that international T&D project the boot project that contributes?

Vimal Kejriwal:

There are some projects from Brazil in it. There is I think one or two railway projects, then there is one large smart infra project in it.

Jonas Bhutta:

So there is no the large T&D Brazilian project or that sort, right?

- Vimal Kejriwal:** There are two Brazilian projects in it.
- Jonas Bhutta:** And the last one was sir, just a mathematical one. Sir, has there been any order cancellation in the solar division because as of Q2 sir, the outstanding book there was about Rs. 200 odd crores and now the derived number from the PPT is suggesting something else, it is basically become this Rs. 10 crores, Rs. 15 crores or something?
- Vimal Kejriwal:** I do not think there has been any cancellation, no. So let me check and get back to you. But there has been no cancelation, no.
- Moderator:** Thank you. We have the next question from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.
- Kirti Jain:** Most of my questions are answered. Sir, just on this, what is the CAPEX for current year and next year, sir?
- Vimal Kejriwal:** Current year I think we would be probably around Rs. 125 crores or so and next year we are still firming up but next year probably would be closer to Rs. 175 crores.
- Kirti Jain:** This would be towards our expansion in civil and railways or there will be?
- Vimal Kejriwal:** Yes, largely.
- Kirti Jain:** If we will require that?
- Vimal Kejriwal:** Largely it would be civil and railways, largely yes. But there would be roughly around another Rs. 40 crores, Rs. 50 crores on that transmission side and part of small part in cable and others but largely it would be civil and railways.
- Moderator:** Thank you, sir. We have the next question from the line of Inderjeet Singh from Macquarie. Please go ahead.
- Inderjeet Singh:** Just one question on civil. Is there a margin threshold that you are working with in civil?
- Vimal Kejriwal:** Difficult answer, Inderjeet. What I also address is that at places we need to do strategy and all that so we will definitely look at probably lower margins in some places. But every project is cash positive and profit positive.
- Inderjeet Singh:** And if I just go by the broad numbers that you kind of our aspiration numbers that you talked about at some point of time we would have to start taking slightly longer gestation orders which means we have to go to kind of getting somewhere around Rs. 4,000 crores, Rs. 5,000 crores of

order inflows next year compared to I think Rs. 400 crores that we have done in this financial year. Is that a right way to look at it and we are prepared to kind of take that?

Vimal Kejriwal: You are talking about civil, right?

Inderjeet Singh: Yes.

Vimal Kejriwal: Civil means you will have to get it. We are going to do a turnover of Rs. 3,000 crores, Rs. 4,000 crores and all that, then you will have to get into some of the longer gestation projects like let us say if you want to build and MRTF metro or things like that. So you will ultimately end up but I think what do also happening now is that with the new technologies and all that I think in Bombay we are seeing the metro I think the civil work has sort of done in one, one-and-a-half year also.

The other thing what we are now seeing is that most of the clients are insisting for a much faster completion. Rail civil projects which are otherwise normally, I remember the first project was at 52 months, now the railways have come down to say 36 months for a pure civil project and now we are talking to them saying why do not you let us do it in 24 months if you give me all the approvals in time and all that.

So in that way with the mechanization in the new material sort of availability I think that we do not have to have a very long period because we are not in the very core was where we want to build the dam and you want to build the Bandra-Worli sea link and all that which could be sort of environmental issues and where you get into lot of other issues we are still not reaching there.

Moderator: Thank you, sir. We have the next question from the line of Jayakanth Kasthuri from Dolat Capital. Please go ahead.

Jayakanth Kasthuri: Sir, you said your net working capital days were around 145 days, so by end of FY19 do you see it around that levels or less than that?

Vimal Kejriwal: At the end of the year or you say this year?

Jayakanth Kasthuri: Yes.

Vimal Kejriwal: I think it should go down by 15, 20 days because we are expecting our debt to go down by almost Rs. 500 crores and with the turnover of what we are talking about Rs. 4,000 crores or something in this quarter. It should definitely be around that level.

Jayakanth Kasthuri: Sir, and in terms of your margins can you comment on the margins for various business segment like your T&D, rail, cables?

- Vimal Kejriwal:** We do not give separate margins for each one of them, no.
- Moderator:** Thank you. We have the next question from the line of Mayuri Yadav from Equentis Wealth Advisory. Please go ahead.
- Mayuri Yadav:** Sir, my question is again regarding your margin what we have seen in otherwise a very difficult quarter we have consistently delivered improvement in margins which is very encouraging. So can you just help me understand in terms of how this improvement has come by, is it because of the segment mix change or whether it is the currency and commodities what exactly has contributed to this gain?
- Vimal Kejriwal:** So part of it is definitely currency, okay doubt about it. We gave a number of Rs. 15 crores, Rs. 20 crores which has come from the currency side. Otherwise it is the normal margins because we have been talking these margins 10 to 10.5 what we have always been maintaining and we have delivered 10.6 but that is the ballpark which we have always been talking. So I am not seeing any extraordinary in the numbers which could have contributed to this margin.
- Mayuri Yadav:** Sir, just one more question. In terms of the revenue from the domestic T&D for the past two to three quarters we have seen Year-on-Year drop. So is it that there has been execution delays because of the funding issues on ground because last two quarters particularly for the infra sector has been difficult from the funding point of view. So from your order book from whatever execution you were doing what was the impact you saw because of this liquidity crunch?
- Vimal Kejriwal:** So Mayuri, the slowdown in execution from fund flow basis has just started I think probably I will say from December onwards where we started seeing some delays of one or two of the private players. So I will not attribute the fund flow and all that to the entire delay but there may be some bit of delays because of cash flow but not otherwise. I think generally what we have seen is that there has been if you look at our order book we have got a large number of substation projects etcetera more in the Northeast etcetera and then we have been seeing Powergrid sort of changing specs and then we have got lot of Chinese suppliers etcetera.
- So there has been I will say some delays happening more on the technical side of the approvals of the equipment rather than any other reason. So I do not think that there is anything to worry about saying there are problems in this, no. But it is unfortunate that the way that three or four projects were always came about now all those are getting sorted out the equipments are coming.
- So it is just a question of too many things combining together at one point of time. Cash flow thing is a very small issue which is only limited to some of the private clients which also as I said the work is going on. It is not that the work has been stopped or the payments have been stopped it is just the base has been I will say moderated.

Mayuri Yadav: Sir, if you just will allow me one more question. Here in the domestic execution we have been seeing the domestic sales is going up particularly because of the railways and civil. T&Ds for the entire year was quite sluggish. Since next year we are guiding for 15% to 20% growth a large part of this growth has to come from the domestic T&D. So in overall composition of the orders that will get executed what is the change that you are expecting that you are so hopeful that domestic T&D should pick up?

Vimal Kejriwal: So one thing which you should like at is our order book composition has changed. The international order book has gone up by 5%, earlier it was 48%, now it is 53% or something like that. So one thing because I am a little bit surprised that why did you feel that the major growth has to come from domestic T&D, I do not that that is what we have mentioned anywhere that the majors will come from domestic T&D.

My order inflow for this year has also been more from the international T&D than the domestic. I do not think we are depending upon the India T&D piece to back up my 15% to 20% growth. India the growth started from civil as well as railways, T&D we are expecting a major uptick in the India piece please be very clear. If you look at our, if you look at Middle East, if you look at Africa, if you look at East Asia we are expecting an uptick in all of them.

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

Vimal Kejriwal: Thank you very much.

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