



“Power Mech Projects Limited Q4 FY2019 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Power Mech Projects Limited Q4 FY2019 earnings conference call, hosted by Nirmal Bang Equities Private Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Muchhala from Nirmal Bang. Thank you and over to you Sir!

Chirag Muchhala: Thanks Steven. On behalf of Nirmal Bang Equities, we welcome you all to the Q4 FY2019 results concall of Power Mech Projects Limited. The management is represented by Mr. S. K. Ramaiah, Director (Business Development), and Mr. J. Satish, CFO. I now hand over the call to the management for their opening remarks post, which we can take, questions. Over to you Sir!

Jami Satish: Thanks Chirag. This is Satish here. Good afternoon friends.

We are happy to host the call for Q4FY2019 and for 12 months FY2019. You all would have seen our results. During Q4 we have delivered total income of almost Rs.660 Crores as against last year number of 490 Crores so there is growth of 35% as compared to last quarter.

In terms of revenue mix, erection business has done close to Rs.197 Crores as against last year Rs.221 Crores, from O&M it is around 153 Crores as against 130 Crores last year, from civil it is around Rs.243 Crores as against Rs.120 Crores last year and electrical business it is Rs.60 Crores as against Rs.18 Crores last year.

In terms of hire changes and other income it Rs 6 Crores as against 1 Crores last year. For 12 months revenue from erection business is Rs.744 Crores where last year it was Rs.648 Crores, from civil it is Rs.842 Crores as against last year Rs.343 Crores, O&M 566 Crores as against Rs.518 Crores last year and from electrical it is around Rs.104 Crores as against last year Rs.34 Crores

For 12 months FY 2019 to FY2018 the erection business has gone up by 15% whereas O&M business has gone up by almost at 9%, electrical it is gone up by 202% and civil business has gone up by 145% and for Q4 as compared to last year, the erection business there has been a dip by 11% as compared to last year, civil it has gone up by 103%, O&M has gone up by 17% and electrical it has gone up by 242%.



In terms of EBITDA, Q4 we delivered close to 88 Crores as against last year it was Rs.64 Crores there is a growth of 37% and PAT is close to Rs 35 Crores where as last year it was 26 Crores only, so there is a substantial growth by 34% and for 12 months, the EBITDA is close to Rs 305 Crores whereas last year it was Rs 209 and PAT is close to Rs 122 Crores whereas last year it was only 79 Crores. EBITDA has shown a growth of 46%. With increase of revenue, the EBITDA has gone up almost close to 46% where as PAT has gone up by almost 53%.

As there has been a change in the revenue mix, we have been discussing for quite long time you would have seen in last four quarter in Power Mech. With addition of projects like Dolvi, electrical and railway the supply portion is going up where as the service component is coming down. If you see for Q4, the cost of material it was almost 18.9% whereas Q3 FY2019 is close to 16%, so there has been increase in the material component. Similarly the contract execution expenses as a percentage to the revenue, it is almost 54% for the Q4 quarter and for Q3 for this year it is 53% so there has been a change in the business mix and the line item also undergone a change and if you see the employee cost it is almost Rs.81 Crores as against 105 Crores for the last quarter so there is a dip in the employee cost for this quarter, employee cost as a % is 12% as compared to the revenue for Q4 whereas for Q3 it was almost 17%. So there has been a dip in the absolute number as well as the percentage mainly due to change in the business mix, the supply portion is going up number one and number two, the revenue from the international business has come down, the revenue from international business used to be close to 120 Crores–130 Crores, whereas Q4, it has come down to 100 Crores, Rs 10 Crores has come down from the international business. Nigeria set to pickup though the mobilization is started, we have started taking the first mobilization advance, probably first quarter of next year, we will see good traction in terms of turnover. The dip in the turnover, there is a cost reduction, because 65%-70% of the cost is in terms of manpower cost so close to 11 Crores has come down because of the dip in the international turnover.

Apart from that there has been a shift from the payroll cost to the subcontract cost. If you see the payroll cost has come down, whereas the subcontract cost has gone up by 1% as compared to last quarter, so there has been a shift from subcontracting cost to the manpower cost. So this has resulted in a reduction of almost close to 13 Crores, the absolute number from Rs 105 Cr it has come down to Rs 81 Crores.

Apart from this if you see other expenses in terms of absolute number and percentage for Q4 in terms of percentage to the turnover is close to 1.7% whereas last quarter it was 1.1% so there is a small increase in the other expenses due to Rs 3.37 Crores we made a general provision for receivables and advances where we felt there is a bit of doubtful nature in terms of realization..

EBITDA for Q4 is close to 13.36% as compared to last year it was 13.11% so there has been increase in the EBITDA percentage. If we takeout the other income the EBITDA is close to 12.75%, for Q3 it was 12.79% and last year Q4, it was 13.09%. Had we not provided for general provision of 3.37 Crores the EBITDA should have been slightly better than last year. There is a small marginal difference because of the additional provision of 3.37 Crores. If we see the finance cost for this quarter it is close 18.6 Crores whereas last quarter Q3 of this year, it is around close to 11.6 Crores so there has been increase in the finance cost. If we see it as a percentage to the total year, it is close to 2.44% whereas last year it was 2.32% for the entire year, but if we see quarter Q4, as compared to Q3 of this year, there has been an increase of finance cost by almost 6.94Crores due to various factors.

One is in terms of utilization of debt, the utilization has gone up by Rs 50 Crores because of strong order book. The order book is almost at double so to mobilize certain projects we have increased utilization of limits so interest cost has gone up by almost Rs 2 Crores. On top of it we have done enhancement in terms of our non-fund limit for next 12 months based up on our likely utilization what is going to be, so we have set our limits in place, so the limits have gone up and apart from this there has been a change in the business mix, the supply component is going up so in terms of non-fund charges, commission and processing fee and all added additional cost of 2 Crores because of increase in the non-fund limit, and one time fees in terms of processing fees and commission and all because of that there is a increase of 2 Crores.

On top of this we have set limits for our Sarva Shiksha Abhyan project so there is an additional cost of 1.9 Crores towards processing fees , which got added and booked in this quarter so that has added to the finance cost Rs 1.9 Crores plus around 0.8 lakhs to 1 Crores has been added because of increase in the mobilization advance like Sadalpur railway and electrical where we had the provision to draw the mobilization advance which is competitive as compared to our interest cost, so we have taken that because of that around 0.8 lakhs to 1 Crores has gone up.

In terms of balance sheet, lot of efforts has been put so we are seeing some sort of improvement in the working capital. If you see September Q2 of this year to last year 12 months, compared to this quarter, the number of days in terms of debtor has come down to 62 days where as last year it was 72 days and if you see FY2017 it was 80 days, FY2018 it was 72 days, whereas this year it has come down to 62 days and if we add unbilled revenue put together it is close to 116 day as on 31st March 2019 whereas last year for March 31, 2018 this number was 144 days and for March 31, 2017 it was 140 days, so there has been substantial improvement in terms of debtors realization this is mainly because of change in the business mix. The new orders especially from the non-power there has been lot of improvement in terms of working capital management.

Similarly in case of retention money if you see March 31, 2018 it was 60 days, March 31, 2017 it was 72 days and now it has come down to 51 days because of the mix of international and O&M and the new business like choosing projects where the retention money blockages is less, so this has helped us to bring down from 60 days to 51 days. Even if you see the net current assets for this year, as on March 31, 2019 it is close to 128 days whereas March 31, 2018 it was almost like 140 days, so there has been substantial improvement in the working capital. We are happy to say that lot of efforts gone to bring down the working capital slowly what we have been working towards to bring down by another 5-10 days over a period of next 6 months to 12 months.

Now in terms of debt the gross debt has gone up to Rs 371 Crores, if you see last quarter it was Rs 324 Crores so there has been increase in the debt. Going forward the plan is to keep at this level, the order book almost double but the debt level is more or less is in a very comfort zone, so our intention is to keep at this or to bring down, so the efforts are continuing on this.

In terms of capex last year if you see we did close to 33 Crores and we ended up net capex addition for this year close to 40 Crores because of increase in the order book. Maybe FY2020 will continue to add another 40 Crores certain assets we need to add to tackle the new orders and you would have seen the order book is quite comfortable and for FY2020 the order book target looks like on track in spite of the recent political changes and all, We will be growing at 22%-25%, so it is on track. Certain projects where we see that would become slowdown in terms of government change, we have not factored in our turnover and certain projects where we see it may take some more time so we have put towards Q3-Q4, so the guidance what we have given during Q3 it is on track.

Now I request Mr Ramaiah to share some of the recent developments in terms of business and other orders.

S Kodandaramaiah:

Good afternoon to everybody. Satish has given all the inputs on the revenue, sales, the top and bottomline.

Now looking at the business as a whole, what is interesting in fact now we have been sharing with you consistently in the last couple of years and the last two quarters also there has been a substantial growth in terms of the order backlog, the last year we had a backlog of 4268 Crores, which has gone up to 7400 Crores almost 73% growth. I think the main point in this is that the LCO concept and the diversification which we initiated as a result of 2013, 2014, 2015 dilemma we had in the power sector blues where you know there was sudden dip in the power sector investments particularly in IPP sector as well as the government sector and those efforts are paying the results obviously.

Not that we are lessening the focus in a way related to Power sector business, couple of things, product mix changes significantly has taken place both for the topline and the bottomline growth. The important aspects what we have to see that related to the non-power sector has been a focus, I think the main focus has been also into the oil and petrochemical sector in terms of cross-country pipeline where we are now having 3 major jobs and recent diversification which we have made into the steel, we have taken a 125 Crores job at Dolvi and the other major thing has been the electrical side, there has been upswing because one is the electrification drive which government of India has initiated for the electrification of all the railway lines that is a sunrise business. We are executing 350 Crores job in the northwest railway and the work is progressing satisfactorily and even in the first year of beginning of this diversification of the electrical side is the second year of its inception we have completed two projects in the north east and the Madhya Pradesh and that has given us the confidence that the team is in place and therefore the entire conversion of plus 500 Crores of backlog, we have got the required resources and the mobilization to take care in the diversified Electrical segment of business.

Coming to the ETC business and the O&M business, what we can significantly see is that the ETC business the total mechanical jobs which includes domestic, international as well as the non-power which was 1984 Crores in 2018 backlog has gone up to 2222 Crores, that is the growth of almost 15%, then in the case of the O&M 865 Crores backlog last year has gone up to 984 Crores therefore the significance of this O&M, which is the higher EBITDA margin segment, the review is that the efforts have been to diversify into the government sector. In fact we had established very strongly by IPP sector where we had a 55% market share, the installed business 87000 megawatts, now what has happened with the new policy of NTPC where they are commissioning annually about 4000-5000 megawatts, and they are trying to offload partially the O&M work and AMC also, with 2-3 years contract period and we see this, we have been successful in getting the foot hold with NTPC for the O&M segment. We have taken the jobs in Sholapur, we have taken in Lara, and Khandwa therefore this is where add on of the O&M efforts and another side we have the O&M efforts we are also having success in the non-power sector also. For example we are entering into metals and mineral sector in the Tata Steel and then NMDC, and then Reliance Industries, petrochemicals, therefore the incremental growth what we are expecting is that the NTPC which has taken as a policy to diversify the O&M operation on a continuous basis in future, because they are going to add 4000-5000 megawatts every year that is to be in add on business and the efforts which were made into diversification into metal, sector and the petrochemical sector, that is an add-on which we can expect down the line.

The other vagaries on the infrastructure side, there has been a huge effort on that and particularly we are looking at major projects which has already been brought out earlier

regarding the Rs 1283 Crores and then recently we have taken the balancing reservoir that is 1238 Crores. In fact it is obvious balancing reservoir and is not exactly a civil work about 45% is mechanical work and balance is the civil work so that project has to take forward, then therefore these product mixes has enabled us to build up a backlog of 7400 Crores. Now in terms of the future business what we are planning is that the growth will be maintained in the coming year also in terms of order booking, diversification measures both in the domestic and international sector. In fact the major areas of opportunities, we have already listed out in the coming year and we have mapped over what Satish also told some opportunities in all the segments in the power sector, non-power sector, and the infrastructure, the export sector, O&M and all those things, we have been focusing each project and we hope that the same momentum and growth will be maintained in the this year also and we are confident of exceeding in terms of the order booking in the coming year, so this is how the business is there, one of the things that we have to take little bit of this one is that we have been fairly successful in diverting efforts into non-power sector both in a mechanical side and also in the civil side like we have through successfully. The AMTZ project of about 350 Crores which is getting completed in one or two months and then everything will be completed there and railway project we have done about 70% of the work, 34 km 250 Crores job and then that gives us a confidence these measures which were initiated last two years back, and we are now able to manage in terms of the acquisition skills in terms of the other assets we have deployed there and doing the work and on the export side, of course in the coming years we expect growth because the backlog of the export of about 736 Crores is available and we expect to book plus 400 Cr in this year. At present total of 12 projects we are executing, two in Bangladesh, nine in Middle East and one in West Africa that is Nigeria is a major job of \$76 million and other jobs are there in Saudi Arabia, Kuwait, Bahrain, Oman and most the jobs are in the progress and most of the plants are all captive plants, in fact captive power plant capacity which we were installing in the Middle East comes to around 2000 t megawatts therefore this continues to have a say in the future also because Middle East is going to expand its investments and this dynamics in oil sector we have seen and we hope this continuation of the order booking will continue for the Middle East also in the oil and gas sector and we have been very successful. Thank you very much.

Jami Satish:

Just to add for Q4 the mix in terms of power and non-power revenue, 35.5% has come from non-power, last year it was close to 13% and for 12 months the non-power revenue is close to 33% whereas last year it was only 9% and similarly from international business, Q4 we did close to 16.5% of revenue from the international business whereas it was close to 20% last year. For the entire year close to 21% of revenue has come from the international business whereas last for 12 months, it was close to 20% of the total revenue.

Moderator: We will now begin the question and answer session. The first question is from the line of Chirag Muchhala from Nirmal Bang. Please go ahead.

Chirag Muchhala: Sir so far FY2019 we had a very good growth and also would maintain the EBITDA margin on that 13% path, so considering the healthy order book as well as the outlook guided across all sectors so how do you feel over the next couple of years panning out in terms of sales growth if you can elaborate on the four segment wise as well as on a consolidated basis?

S Kodandaramaiah: In FY2020 we are expecting a 22% to 25% growth, perhaps you know our guidance would be around 2800 Crores and the mix can be ETC business about 950 Crores, civil about 950 Crores, O&M 670 Crores and then electrical about 250 Crores, this is how the revenue is and the EBITDA will be 13.45% and PAT will be 5.5% and even FY2021 also perhaps this will go up by another 20% growth we have planned, we anticipated it and the EBITDA levels will be 13.61% and 5.9% as well PAT is concerned and for what I can only say is that the percent order backlog 7400 Crores plus the anticipated order booking of plus 4500 Crores will give us a huge backlog in the coming year also therefore achieving around plus 3000 Crores in the next two years, which is next to next year. . There is a proper product mix which we are not depending on one segment, and what we were highly depending on power sector where you know we had a fair growth rate four years back now that scenario is no more there and we expect a continued growth in the next couple of years with present product and service mix of business..

Chirag Muchhala: Specifically for the ETC segment, so where do you see the addressable opportunities and with subsegments like we have been exploring the FCR and FGD jobs, so specifically for ETC for both domestic and international markets if you can elaborate?

S Kodandaramaiah: You see in the ETC business what is conventional and which has been a traditional business, we are there very much and in fact one of the developments which I can share with you is that the competition levels have come down. This is a development which is very unique in terms of ETC business. Recently we have quoted for four jobs where in when compared to the earlier rates we are getting about 12% extra rates.. What has happened as you know in the last couple of years, many players have disappeared because of the downtrend and lower margins available, not many people could not sustain because they were purely depending on the power as a business which we did not do that. I think that is the difference and we sustained that pressures and problems and today that is the first indication that even in the limited scope of ordering for example BHEL has got from 10000 megawatts of backlog to be cleared in terms of implementation and in fact there are only 2-3 players whether you go for the civil package or the ETC business. So that is a new trend for which we are catching up that is why established strong presence in Bangladesh for plus 400 Crores then Uppur, we are doing about 300 Crores, North Chennai we are doing

250 Crores and latest Busawal the mix of ETC plus civil work we are lowest at 286 Crores therefore that is on the power sector. Now as for as the FGD and SCR business is concerned FGD business lot of opportunities are there, but what we are trying to do is that we would like to catch on FGD business where we are going to be there or it is clubbed part of the main plant package where we are doing FGD and FCR as part of the main plant business and that can be the trend in future..Standalone FGD and FCR if you go the order value will be low, 40 Crores 50 Crores, 70 Crores and that call we will take it power depending on the competition and the price level. As per the opportunity is concerned as I have shared earlier also about 164000 megawatts FGD conversion is taking place in a phased manner. In fact NTPC has taken the lead, that means orders of 35000 megawatts have been placed as as on today, another 30000 megawatts include in the new units they are in the process of placing the order and then other IPP players as well as the other players have to complete all these orders in next two years, therefore lot of opportunity is there but as on today we would like to club it to the main packages to the extent possible and that is our philosophy as far as the FGD is concerned. Now regarding the non-power ETC business, this is where we are now trying on focus on the oil sector, petrochemical sector and the steel plants. In fact steel plant has been a new experience for us. Dolvi we entered them late. In fact already the construction was started two years back. We entered late, but even then the customer has favored us giving a 125 Crores order and now it has gone up to 187 Crores and now JSW is expanding in the capacity from 12-13 million, 13-18 million, 18-24 million, therefore that will grow up. The total investment recently the board has approved an investment of 48000 Crores therefore we assume at least 10% of that will come for construction work. That opportunity will be there therefore both the Dolvi and Vijaynagar plants we are in tie up with them. We hope some portion of the package to a 10%-20% of opportunity we will be able to catch upon it. Then the cross country pipeline work we are obviously bidding based on the experience. That is which we have completed one job successful to Ennore 65 Crores job, another two jobs we are executing there. . Then another area is that prefabricated building work, which we have taken up of a 75 Crores from the railway and another major area where we focusing on the minerals and metals. For example, NMDC is coming with lot of expansion plants. The government policy is also, they want to make this mining and mineral sector very aggressive growth because of the demand in the market and NMDC is coming with lot of new opportunities for expanding the mining capacity and we are working in collaboration with the Thyssenkrupp Group the German multinational company and we are in the process of bidding for the new opportunities coming up with NMDC.. On the O&M side NTPC annually 5000 megawatts capacity addition will continue to be there that we will pursue it apart from a traditional IPP sector what we are going to do and some foray into the Captive Power plant sector also and non-power sector..

- Chirag Muchhala:** Sir on that domestic ETC side are we witnessing any terms of trade to be adverse like I mean lower advantage or very higher returns to money etc, for their steel?
- S Kodandaramaiah:** In terms of EPC order booking, today the leading player is BHEL. For example existing orders they are executing as far as L&T is concerned, GE is concerned, they have not gone into a new backlog of orders, only BHEL has grabbed additional 5000 megawatts in the current year and another 5000 megawatts are under bidding stage by NTPC mostly. NTPC is there and then SJVNL is putting up a plant and THDC is putting up a plant in UP, therefore from these new investments about 8-10 units are coming up with total installed base about 5000 megawatts and our presumption is that most of the jobs to be taken by BHEL. As I told you just earlier the latest trend is that and ETC business we are getting 10%-15% higher rates than compared to earlier rates, it was therefore compared to one year back and two years back, the prices are getting appreciated .
- Chirag Muchhala:** Sir overseas business with an ETC contributes to what percent of sales now and what is the difference in the margin profile between overseas and domestic project with an ETC?
- S Kodandaramaiah:** Margin wise it is much, much better.
- Jami Satish:** Chirag during Q4 from international 16.5% revenue generated from the internal business whereas last year it was 20% but for the entire year it was close to 21%. In terms of margin profile when compared to domestic it will be 3%-4% higher .
- S Kodandaramaiah:** Another area is O&M we are making a foray into the international business. Last year we have booked order set of 40 Crores , and tha gives substantial additional margins and this incremental revenue is also contributing to the business.
- Chirag Muchhala:** Now moving to O&M so in that considering the fact you just mentioned that NTPC is now planning to tender out 4-5 gigawatts worth of projects annually, so is there any increase in the competition profile and is our current traditional 17%-18% EBITDA margin sustainable?
- S Kodandaramaiah:** Because of all the players in the market today we have got a head start in terms of mobilization capabilities, in terms of operational capabilities and our experience and we are able to position, and another advantage for us is that in many of the places where we have taken the job and our establishment is already there, so that is an advantage where we are leveraging it and we hope we will continue to get t advantage in future also. Therefore at least 30%-40% of the O&Ms opportunities of the NTPC will be able to take it.

- Chirag Muchhala:** Okay and Sir do we see any stronger scale in the O&M segments revenue for the past two years, the growth has been around 7% and 9% when in FY2018 so do we see that sales significantly picking up?
- S Kodandaramaiah:** As far as the backlog is concerned if you see O&M, we have built up a backlog of +14% compared to last year. Today the backlog is 984 Crores. Now the latest development I can tell you one of the initiatives which we have taken, our O&M Group has taken is that in the NMDC we are the lowest bidder for the material handling package of 63 Crores, this is a major breakthrough we had in the non-power O&M sector and similarly we will try to leverage the same in petrochemical and other sectors also, therefore we cannot expect phenomenal growth like what we have in the other sectors, what we witnessed but 10%-15% growth should be not a problem and 18% EBITDA margin is not an issue.
- Chirag Muchhala:** Now Sir moving to our overall consolidated financial, so how do we see, so you mentioned about the debtor days and the retention money days in your opening remark but if you look at the networking capital cycle as a percentage of revenue as of because we do have quite high the current and noncurrent assets then that is still elevated around 35% to 36% so how do you see reducing over the scale of non-power sector?
- Jami Satish:** See in terms of growth of the business this number in terms of absolute as well as percentage is coming down. This is mainly if you see in the domestic erection business we need to support our subcontractors and all, now the business mix is changing obviously the net current assets will come. Number of days for net current assets used to be close to 140 days and now it has come down to 128 days, it will come down to may be 118 to 120 days next one to two quarters. This change is due to proper change of the business mix.
- Chirag Muchhala:** Sir any update on what kind of free cash flow we are looking to generate let us say over the next one or two years?
- Jami Satish:** The business is growing now. The order book is almost double as compared to last year. This year lot of efforts has gone in terms of improving productivity and efficiency will improve and we have built capex close to 40 Crores this year and we may add another 40 Crores to have equipment in-house to have better productivity and efficiency rather than depending on third party vendors, so FY2020 with the increase of the business and as well as increase in the collection in terms of retention money and finance bill, we are working at least 40-50 Crores of free cash flow should be generated from FY2020 and maybe 2021 it should be more or less to 70 to 80 plus.

- Chirag Muchhala:** Sir last question on the large Sarva Shiksha Abhiyan order that we have got, so what is the status update on that? Has the execution started and what kind of billing are we likely to see?
- Jami Satish:** 120 Schools for one project and for other project close to 50 schools work has already been started. We have 200 plus of employees working on the site and office is centralized at Visakhapatnam. Project is going as per original schedule only.
- Chirag Muchhala:** So Sir what kind of sales are we likely to book for that project in over the next couple of years FY2020-FY2021 if you can guide?
- Jami Satish:** See FY2020, we are expecting around to 35% to 40% of the project we should bill in FY2020 and the balance should go in FY2021 to complete the project in next two years.
- Chirag Muchhala:** Thanks for your answer Sir.
- Moderator:** Thank you. The next question is from the line of Ankit Kanodia from Smart Sync Services. Please go ahead.
- Ankit Kanodia:** Thank you taking my question. Good afternoon Satish Ji. I had one question that we have got some really good numbers this year and looking at our current order books which is going under very good pace, what I wanted to understand is why our net fixed assets is going down year on year from FY2017 to FY2018 to FY2019. For the last two year consecutively it is going down. Can you just throw some light on that?
- Jami Satish:** Ankit Ji the capex which used to be 60 Crores to 65 Crores 2-3 years back now we put efforts to bring down the additions in terms of capex. On average if you see the last two years it was in the range of 35 to 40 Crores max and depreciation is close to 40-42 Crores every year, so the capex is not going up which good part.
- Ankit Kanodia:** Why is the capex is good that is my question and we are getting more orders.
- S Kodandaramaiah:** I will tell you one thing actually why capex is not going up. You see the redeployment of the resources particularly the material handling capacity a lot of assets we have built up about totally to 200 Crores, what has happened at one time we were doing 3 lakhs to 4 lakhs tonnes of mechanical equipment. For those capacity achievements, resources are available now, that is how the diversification has happened in the non-power sector and export also, we are utilizing all these resources therefore growth in the business in terms of order booking and also the sales at correspondingly we may not need to add the capex because existing capacity is available if you use it properly and in fact we are hiring out our equipment for additional revenue wherever, the opportunity available..

Jami Satish: If you see 2013, 2014 where we used to have 50-60 erection projects now the number substantially has come down most of the equipment's we are trying to use for the new project. In fact for international projects we tried moving equipment's from India itself rather than adding more of capex, so existing equipment's are used maximum rather adding new capex. Now the equipment's are available at a very competitive price need based we will go for hire model Even for Nigeria equipment's of 22-25 Crores worth of equipments we have moved from India from existing source only.

Ankit Kanodia: Thank you so much.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Chirag Muchhala for closing comments.

Chirag Muchhala: I would like to thank the management for giving us the opportunity to host the call and to all the participants for the presence. Sir would you like to make any closing comments?

S Kodandaramaiah: I think as we build upon now the course of this concall, the outlook is that you know is to stabilize the diversification measures into non-power sector, infrastructure area where we can choose the project, focus on exports, because we are delivering it consistently and then O&M, finding out new business segments in the non-power sector, captive power segment and also NTPC and then as well as the domestic ETC is concerned, we continue to have our share with BHEL and now the competition has come down substantially. There is an opportunity to get a better pricing in the ETC business and other sectors also for that focus will be there and the new investment which are coming up in the steel business, metal business, mineral business, we are positioned already apart from the infrastructure and that is where our substantial focus, because we would like to redeploy the resources as much as possible both the capital assets as well as manpower resources to cater to these diversification which does not need much of additional investments or additional payments and we can maintain the growth and that is how the whole opportunity will be and what I can only say is that what was 90% power sector dependent company has come down to 44% in the last three years, so that is a significant change that has taken place and we are sustaining that with growth as many of our competitors I do not like to say they have disappeared, but they had problems because they did not think of matching diversification and that is why we are very much in the front of these initiatives..

Chirag Muchhala: Thank you Sir.

Moderator: Thank you. Ladies and gentlemen on behalf of Nirmal Bang Equities Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.