



“KEI Industries Limited
Q2 FY2020 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the KEI Industries Q2 FY2020 Earnings Conference Call, hosted by Edelweiss Securities 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, please signal an operator by pressing “*” and then “0” on your touchtone telephone. I now hand the conference over to Mr. Amit Mahawar from Edelweiss Securities. Thank you and over to you Sir!

Amit Mahawar: On behalf of Edelweiss, I welcome everybody to KEI’s second quarter results conference call. We have with us today management represented by Mr. Anil Gupta, Chairman and Managing Director, Mr. Rajeev Gupta, ED & CFO. I now hand over to the management for brief opening remarks post which we shall open the floor for the Q&A session. Thank you and over to you Mr. Gupta!

Anil Gupta: Good morning Amit and good morning to all the participants in this conference call. I am Anil Gupta, Chairman & Managing Director, KEI. I will give a brief about performance of the company in Q2.

During the second quarter of FY2019-2020, the company has achieved net sales of Rs.1230.16 Crores against 996.79 Crores in the same quarter last year, so the growth in net sales is 23.41% over corresponding second quarter last year.

Earning before interest, depreciation, tax, EBITDA during this quarter is Rs.126.5 Crores against 102 Crores in the previous year the same quarter, so the growth in EBITDA is also 24%. Profit after tax during this quarter is Rs.76.17 Crores against 41.37 Crores in the profit after tax. So the profit after tax is increased by approximately 84% over last year. PAT over net sales is 6.19% during this quarter as against 4.15% during last year same period.

During the first half of FY2019-2020, the company has achieved net sales of 2311 Crores against 1880 Crores. So the net sales in the six months period is around 23% over corresponding period and growth in EBITDA in the first half is 30% over last year same period.

Profit after tax has grown by approximately 66% as compared to last year same period, profit margin has improved from 3.91% to 5.28% as against last year same period. Volume growth in cable division during first half is approximately 19% as compared to last year same period.

Now during the second quarter of FY2019-2020 institutional sales of cables, domestic is Rs.466 Crores against 392 Crores last year, and export this year is 219 Crores in the second quarter as against 121 Crores last year. So the total institutional sales including export is 685 Crores against 513 Crores achieved last year. So the total growth in the institutional sales including exports is around 33% over last year.

During the first half of 2019-2020 the total institutional sales of cable has grown by 28% to 1215 Crores against 950 Crores achieved in the last year. During the second quarter of FY2019-2020 sales through our dealer network was Rs.355 Crores as compared to 342 Crores of the last year, growth is approximately 4% over last year same period, but in the first half of 2019-2020 sales through dealer network is 721 Crores as against 640 Crores of the same period last year, so the growth over six-month period is 13% over last year. The total active working dealer for the company approximately 1450 at the moment.

During the second quarter of this year FY2019-2020, revenue from EPC division is Rs.201 Crores this is apart from the cable sales, which we do to our EPC division against last year same period of Rs.149 Crores, this growth is approximately 35% as compared to last year, but this growth has come mainly because of increase in our turnkey projects of extra high voltage cables so that share has grown from 15 Crores to 42.6 Crores in this year. So the growth of around 27 Crores has come from the execution portion of the extra high voltage cables, which we undertake turnkey projects of extra high voltage cables through power transmission utilities.

In the first half of 2019-2020 the EPC sales is 396 Crores as against 307 Crores against last year, so the growth is approximately 29% so this includes the share of execution of extra high voltage cable, which is 83.5 Crores in six months as compared to 17.6 Crores over corresponding period. Overall we expect to achieve a growth of around 18% in FY2019-2020. We have pending orders of approximately 4370 Crores and we are L1 in 128 Crores of extra high voltage cable tenders so the total pendency is approximately 4500 crores and we expect to get these purchase orders very shortly maybe in a week's time. So the total pending order as on date is around 4500 Crores.

Now, the financial charges of the company in the second quarter was Rs.35.54 Crores as compared to 30.48 Crores, but in percentage terms over sales the finance cost has reduced to 2.89% from 3.06% of the net sales. Financial charges of the company in the first half of FY2019-2020 are 68.5 Crores as compared to 59.14 Crores. Financial cost in terms of percentage is reduced to 2.96% in first half compared to 3.14% of the net sales.

Now I brief about the business outlook. As I said that we have pending order of 4500 Crores and we are having good order booking in our cable business as well as new booking

from export orders is also improving. We expect that retail sales should also start improving from third quarter and should see a good improvement in the fourth quarter further.

The capacity utilization during first half of 2019-2020 is 83% to 85% in the cable division, 68% in the house wire division because of the additional capacity we have created in Silvassa in our new factory and 89% in stainless steel wire division.

With this, I hand over the mike back to Amit and we are available for any further questions we will be glad to answer. Thank you.

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 Apoorva Bahadur from Jefferies. Please go ahead.

Apoorva Bahadur: Congratulations on a good set of number in a difficult environment. Sir couple of questions, first of all if you could start off by giving us the breakup for your HT cable, EHV and house wire sales?

Anil Gupta: Sure. You can note down, in this quarter the LT power cable sale is Rs.512 Crores and HT power cable sale is Rs.171 Crores and extra high voltage power cable sale is Rs.95 Crores and our house wire flexible wire sale is Rs.220 Crores sales, stainless steel wire sale is Rs.33 Crores and our EPC other than cable is close to Rs.201 Crores and other miscellaneous is 9 Crores sales.

Apoorva Bahadur: Sir what was the FX gain or loss during the quarter?

Anil Gupta: This quarter forex loss was Rs.3.6 Crores.

Apoorva Bahadur: This was loss?

Anil Gupta: Yes, loss.

Apoorva Bahadur: Sir one more question, if I may so for the cable growth that you had said 19% for H1 FY2020 so what was it for the Q2?

Anil Gupta: Q2 also the same.

Apoorva Bahadur: Okay so it is 19%.

Anil Gupta: Yes.

- Apoorva Bahadur:** Sir this number of dealers for us has declined from 1500 in Q1 to 1450 any specific reason for that?
- Anil Gupta:** No, it is already we have never said 1500 it was also close to 1400 earlier.
- Apoorva Bahadur:** Okay, there is no significant decline, no drop also.
- Anil Gupta:** Yes.
- Apoorva Bahadur:** And lastly Sir just going through the balance sheet your inventory seems to have increased from 7 billion to 9.1 billion?
- Anil Gupta:** The inventor is basically increased by two, three factors, we have added new factory in Silvassa, and extra high voltage power cable is now operating at 100% capacity utilization and more over due to sales reversal close to 80 Crores inventory, which has not been recognized as the same and 40 Crores was the goods in transit, so practically 120 Crores is practically not the inventory line and balance is due to the increased capacity and the volume increase in the new factory and the existing factory.
- Apoorva Bahadur:** Sir this sales reversal was because of?
- Anil Gupta:** As per the new Ind AS guideline if the goods have not reached to the customer the sale has to reverse and it has to be shown not in that debtor but into the inventory.
- Apoorva Bahadur:** So if a product at a dealer end will be shown as an inventory before it reaches the dealer?
- Anil Gupta:** No, no before reaches to the customer. Therefore we have sent to L&T but goods has not reached to the L&T it will be showing as inventory though the GST invoice has already been raised but it has to reverse actually.
- Apoorva Bahadur:** Okay, that is only on accounting adjustment.
- Anil Gupta:** Only in accounting so basically this 80 Crores is part of the debtors not part of inventory and goods in transit, which was earlier was the 15 Crores as of March 2019 now it is 54 Crores so 40 Crores is because of the raw material goods in transit.
- Apoorva Bahadur:** Got it Sir. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

- Pritesh Chheda:** Sir with respect to the working capital debt, which we have seen increase in the H1 this inventory increase is there any change in our broader plan wherein we were thinking that growth will come without increase in balance sheet so is there any changes there?
- Anil Gupta:** No Sir, as we have guided earlier also our debt level will be maintained close to 700 to 800 Crores, our peak debt was 840 Crores in March 2018 and March 2017 so that will always be remained below the peak debt of 840 Crores.
- Pritesh Chheda:** And any reason for taking the board meeting resolution for equity raising?
- Anil Gupta:** Because in future we think that we need to grow by 20% then we need some capex, but it is enabling resolution right now, right now we have not planned anything it is only enabling resolution. As we progress in that direction we will let you know.
- Pritesh Chheda:** And lastly on the B2C side of business, which is our dealer distributor driven business any comments for the slightly slower growth, your comments on the market growth, any changes in market share, any changes in our growth outlook if you could give some comments?
- Anil Gupta:** We are able to maintain our growth or even we have grown by 4%, but because of the diversification of the customer geographically we were able to maintain the 23% growth in this quarter, that is why the diversification our CMD did and that is working out and the pending order position is still showing that whatever we have given the guidance for the current year and the future year we will be maintaining that guidance.
- Pritesh Chheda:** Which is 18?
- Anil Gupta:** 18% as you know we are little bit conservative.
- Pritesh Chheda:** But on the B2C side which is a dealer distributor growth rate was suppose to be 25%, 30% ?
- Rajeev Gupta:** In six months we have grown by 13%, the Q2 was very slow the major reason is very heavy rains and floods all over India due to which retail activity had slowed down and due to which the credit flow, the liquidity flow are slow that is the reason that Q2 there is a growth of only 4% in the retail, but in the Q1 the growth was around 20% and over total six months is 13% in B2C also.
- Pritesh Chheda:** So we will grow 30% for the year or we may not grow 30% ?
- Anil Gupta:** We will see where market demand, but company as a whole we will grow as per the guidance because that is the beauty of the diversification.

- Pritesh Chheda:** As a company you will grow at 18% for the full year, but your B2C business would grow at 30% or may not grow at 30%?
- Anil Gupta:** In B2C may not grow at 30% this year because of the overall environment, but we expect that we may be able to grow by around 15% in the B2C.
- Pritesh Chheda:** Thank you very much Sir and all the best Sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Shivani Edwankar from Dhanki Securities. Please go ahead.
- Kaushal Shah:** Sir, this is Kaushal here. Sir in the EPC business we have seen a drop in our margins so if you can just elaborate and share some thoughts on that, and how do we see the growth in both the EHV segment and the EPC segment, also some thoughts on the expansion plan and how do we see the growth in the next year, which is 2021?
- Anil Gupta:** Kaushalji as we have earlier also guided that when in a particular quarter the supply portion is higher the margin seems then it is low. When there is erection part more than margin seems it is high actually, but the average out in a year it is same.
- Kaushal Shah:** So Sir what would be the number that we should build in for the full year in the EPC business?
- Anil Gupta:** EPC business if you calculate on a segment wise you will not find much difference as compared to last year because if you eliminate the segment revenue and segment profit you will find the same, close to same numbers not much difference.
- Kaushal Shah:** And Sir some thoughts on the expansion plan as well as the growth in the EHV segment?
- Anil Gupta:** Expansion plan as we were earlier guided that close to 120, 130 Crores from our internal accrual we are always capex increasing every year-on-year basis so that is undergoing is already the Silvassa plant wherein 90 to 100 Crores we are expanding and the second phase will be completing by March so that is going on and the same thing will go for the next year also from our own internal accrual.
- Kaushal Shah:** And Sir the Pathredi the instrumentation part?
- Anil Gupta:** It was already implemented.
- Kaushal Shah:** Thank you Sir.

- Moderator:** Thank you. Our next question is from the line of Jatin K from Alpha Capital. Please go ahead.
- Jatin K:** My first question Sir would be we are guiding a 17% to 18% full year growth while our 1H has been around 23% so are we seeing second half to be little good or as our guidance as conservative as we generally give?
- Anil Gupta:** As it is conservative and as it was earlier also.
- Jatin K:** One inventory you said some 80 Crores of inventory should be part of receivable so in that case receivable would go up, so anything to look into that?
- Anil Gupta:** Because as per Ind AS whatever goods has not been received by the customer we have to book a increase through entry so in this quarter the additional 80 Crores reversal is there so this means the sale has happened, but in the account it has been reversed to inventory and reduce the debtor by Rs.80 Crores.
- Jatin K:** And Sir what was the capex and working capital guidance for this year and next year?
- Anil Gupta:** This year as we guided that close to 90 to 100 Crores will be the capex and in next year also as per the internal accrual close to 50% every year we are expending in our new capex.
- Jatin K:** And Sir our growth guidance would be similar for next year also like currently said?
- Anil Gupta:** Growth guidance will be definitely close to 17% year-on-year basis we are guided and we are presented.
- Jatin K:** And on dealer distributor side are we seeing any uptick in this month's festival season and all?
- Anil Gupta:** We are not separate than the market as a whole if the total market is saying that the demand is slowdown or something else, but as a company we are maintaining our growth from the other verticals.
- Moderator:** Thank you. Our next question is from the line of Tarang Bhanushali from Yes Securities. Please go ahead.
- Tarang Bhanushali:** Well Sir congratulations on a good set of numbers. Sir if we look at our retail sales they are down almost 3% for the quarter so has that situation somewhat reversed in Q3?
- Anil Gupta:** Repeat your question please.

- Tarang Bhanushali:** Sir we saw 3% decline in our housing wire segment.
- Anil Gupta:** That is not decline it is a growth of 4% in Q2.
- Tarang Bhanushali:** Sir on the housing wire front just not on the retail front.
- Rajeev Gupta:** Yes, it has grown by 4%.
- Anil Gupta:** In Q2 the sale was 355 Crores as compared to 342 Crores.
- Tarang Bhanushali:** Sir just on the housing wire front so not just retail just the housing wires which is 202 Crores for us and in fact we had our new capacity also operational this quarter on the housing wire so we have seen a decline on that we believe that it is?
- Anil Gupta:** Sir, housing wire the sale was Rs.220 Crores I said it is not 202 Crores.
- Tarang Bhanushali:** So Sir has that scenario improved for us post the monsoons or still the situation is similar to that of Q2?
- Rajeev Gupta:** In October it is slightly improved because of the lot of holidays and the festival season and also extended monsoons all over India. We expect that November onwards it will pick up faster because October this year the monsoon was almost four months from July to October.
- Anil Gupta:** Currently for us it is important to maintain the growth whether it is from house wire or some extra high voltage power cable or from export so that we are maintaining the order book as well as we are maintaining the sale also.
- Tarang Bhanushali:** Sir and on the expansion part so for this year we are looking at housing wire so next year what would be our product category which we will be targeting?
- Anil Gupta:** Next year will be like LT, HT, HV depending on the fund available with us we will go for that, but that is how we can generate the turnover for 2021-2022 because as per the current guidelines we are growing by 15%, 17% the capacity is not available more than 6000 Crores to us so what we can achieve next year is 5800 to 6000 Crores only.
- Tarang Bhanushali:** Thanks a lot Sir.
- Moderator:** Thank you. Our next question is from the line of Harshit Kapadia from Elara Capital. Please go ahead.

- Harshit Kapadia:** Congratulations for good set of numbers Sir. Just update on first Sir in the initial remark you mentioned that the export order looks to be improving when I looked at your Q2 numbers the export order has actually declined on a Q-on-Q basis so if can you please Sir highlight what is the opportunity that you are looking?
- Anil Gupta:** Because our sale has increased so that is why it has declined.
- Harshit Kapadia:** Yes, yes, that is true Sir.
- Anil Gupta:** We cannot book order more than capacity. We have booked the order from the domestic institution then how we can book the order from export.
- Harshit Kapadia:** True, true but any other geographies that you are looking in terms of influence that you look in the recent time?
- Anil Gupta:** As we have earlier said we are serving institution whether it is from domestic or from exports, if we have taken order from exports then we are not booking from the domestic, if we are taking it from the domestic then we have to go to export because the capacity is same.
- Harshit Kapadia:** Okay, but your focus would be now more on domestic or exports?
- Rajeev Gupta:** No, focus is both the platform.
- Harshit Kapadia:** And on EPC side also do we see some opportunities coming in because that is almost 50% of our order book?
- Rajeev Gupta:** In EPC as we have earlier said that our turnover other than extra high voltage it will be only 1000 Crores so we are maintaining, last year it is only in EPC.
- Anil Gupta:** And actually our global EPC business is cable focused it is mostly in extra high voltage cable sales projects, which we do on turnkey basis, around 75% is the cost of cable only, rest of the 25% comes from the execution and in the distribution side whatever projects we do they are mainly under on cabling projects so that is the focus of ours to improve the marketability of our own manufactured products in our hand it is sort of a forward integration part.
- Harshit Kapadia:** And Sir second question Sir your gross margin has just improved by only 10 basis point whereas and look at some of your peers their gross margin improvement was a bit higher so was it because of the EPC business becoming high in this quarter and we were not able to see the gross margin expansion?

Anil Gupta: No, as I said that 80 Crores sale was additional, look into sale the profit was booked because expenditure was there. So that is why I said in a quarter margin 15 paise does not matter it is ultimately on average yearly you will find that actually.

Harshit Kapadia: And that is it from my side. Thank you and all the best.

Moderator: Thank you. Our next question is from the line of Raunak Vohra from AUM Advisors. Please go ahead.

Raunak Vohra: Sir breakup of revenue for HT, LT, power cables?

Anil Gupta: I will repeat LT power cable revenue for this quarter was Rs.512 Crores, HT power cable Rs.171 Crores, extra high voltage power cable Rs.95 Crores and house wire is Rs.220 Crores, stainless steel wire is 33 Crores, and EPC is Rs.201 Crores.

Raunak Vohra: And can you help me understand the breakup of interest cost for this quarter and for the year ahead in terms of bank guarantees and everything?

Anil Gupta: Basically it has increased only in the working capital wherein the proportionate sale increase because of that it has increased otherwise more or less is the cost of sales. So in the Q2 the number is interest on term loan is close to Rs.4 Crores, working capital interest is close to Rs.16.5 Crores, interest on LT is Rs.7.7 Crores, bank charges on LT is Rs.3.3 Crores and bank charges on bank guarantees Rs.1.6 Crores and other bank charges is 2.5 Crores so total comes to 35.5 Crores.

Raunak Vohra: And outlook for the second half in terms of interest cost?

Anil Gupta: Interest will be at par with the last year interest cost or it may be low, it will not increase because the borrowing also will not increase, in a particular quarter you are seeing the increase in the borrowing but our total borrowing is maintained.

Raunak Vohra: So can we expect something around 120, 130 odd Crores for the whole year?

Anil Gupta: No, last year the interest cost was 136 Crores so it will be close to 132 Crores around. So basically at par interest cost will be there.

Raunak Vohra: Thank you.

Moderator: Thank you. Our next question is from the line of Sharvari Doshi from Trivikram Consultancy. Please go ahead.

- Sharvari Doshi:** My question is regarding the EBITDA margin so in last call you had spoken about around 10.5% EBITDA margins for full year and this quarter the margins have been a little lower so does that guidance still stay put or is there anything that has been changing?
- Anil Gupta:** See on a full year basis this EBITDA margin because of increased sale in the second half will be maintained because of the retail sale was not increased there the EBITDA margin is higher as compared to the institutional sales so because of the little bit factor and the sales reversal is there so because of that it shows little low but not much low actually.
- Sharvari Doshi:** So 10.5% is still achievable?
- Anil Gupta:** 10.25% always be safe.
- Sharvari Doshi:** And my second question is regarding the tax rate. So there has been some deferred tax adjustment in this quarter but for the next half should we expect around normalized rate of 25%?
- Anil Gupta:** Yes, only 25.2% will be the rate of tax, no deferred tax write-back.
- Sharvari Doshi:** Thank you Sir. That is it.
- Moderator:** Thank you. Our next question is from the line of Sparsh Raina from Mirabilis Investment. Please go ahead.
- Sparsh Raina:** Could you please share the order book for EPC and also the state wise breakup for the EPC order book, are you getting more of the orders from UP side?
- Anil Gupta:** Right now we are not having major orders from UP, right now we are working in West Bengal, in Jharkhand, in Nepal so these are the sides and the Pondicherry. Earlier orders of UP is getting closed typically.
- Sparsh Raina:** Could you give a rough basic absolute value in terms of the order book from these Jharkhand, Nepal and Pondicherry is it possible?
- Anil Gupta:** Nepal is close to 400 Crores plus order book position, ADB funded projects and in Jharkhand is more than 700 Crores order for underground cable line projects and in West Bengal we are working close to more than 800 Crores order book position.
- Sparsh Raina:** Sorry I could not get the last one Sir.
- Anil Gupta:** West Bengal is 800 Crores plus order book position.

- Sparsh Raina:** Sir also in terms of what is the expectation for the future in terms of, could you repeat the part wherein lower margins for EPC what was the reason?
- Anil Gupta:** Margin was not lower in EPC, margin is as I said in a particular quarter if the supply portion is higher then it seems that the margin is low and in a particular quarter when the erection billing is higher then it seems high actually, but the average is the same actually that I said.
- Sparsh Raina:** That would be alright. Thank you.
- Moderator:** Thank you. Our next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Sir firstly in the EPC segment if you could explain the scope of the work and is it mainly catering in the EHV segment the EPC part, which we do?
- Anil Gupta:** In the extra high voltage cabling projects it is basically supply of cables done we have to make trenches or the HDD with horizontal drilling methods and we have to lay the cable either in the trenches or under the arc and then we have to join the cables because ultimately the cable length available to us are maximum 700 to 800 meters so if it is a 6 kilometer circuit we have to join the cables through the jointing kits. The whole project is mainly 75% of the project value is from the value of cables and around 5% to 6% from the jointing kits and balance 20% is the execution portion, which includes the civil work on ground and then slowing of the trenches, the execution portion. So far as the EPC projects in distribution side is concerned approximate value of the cable is anywhere between 35% to 50% depending on the nature of the project, rest of the items in routes are distribution transformers, ring main units and some installation items like structures to install the transformers and other things and balance around 35% is the execution portion, which is to lay the cable, to install the transformers, to install the ring main units, so this is the whole scope of the project in the distribution side.
- Saket Kapoor:** Sir are you present in the metro segment also Sir?
- Anil Gupta:** Yes, we are supplying cables to various EPC contractors for the metro projects all over India, but we have done a few projects of cable laying for Delhi metro and now we are doing it in Mumbai also, but other than cabling exposure is not there.
- Saket Kapoor:** And any exposure to KPTL the Karnataka Power Transmission?

- Anil Gupta:** Yes we are supplying to Karnataka Power Transmission Corporation, the underground cabling projects of 66 KV.
- Saket Kapoor:** And what is our order book there if you can just specify Sir?
- Anil Gupta:** At the moment we have completed the supply of the cables to two projects, but around 28 Crores is the pending extra high voltage power cable, but that is mostly going to complete within next four to five months.
- Moderator:** Thank you. We will take our next question from the line of Tanush Mehta from Dalal & Broacha. Please go ahead.
- Tanush Mehta:** Sir my question is regarding our distribution what is our geographic distribution in terms of North, South, East, West in terms of our distribution for cables and wires?
- Anil Gupta:** Close to 35% is from the North side and close to 25% is the West and balance is the South and East.
- Tanush Mehta:** And Sir can you repeat upon our sales from our distribution and secondary sales I just missed on that part.
- Anil Gupta:** You want the product wise sales?
- Tanush Mehta:** No, not product wise sales the overall sales.
- Anil Gupta:** Overall the dealer sale in this quarter was 355 Crores and the export sales total was 235 Crores and close to 650 Crores is the domestic institution.
- Tanush Mehta:** Rest all my questions have been answered. Thank you and good luck for the coming quarters.
- Moderator:** Thank you. Our next question is from the line of Rita Tahilramani from Invesco. Please go ahead.
- Rita Tahilramani:** Congratulations on a very good set of numbers. Sir considering the retail revenues has slowed down as against expected is it right to understand that this retail revenue will get compensated by the EPC revenue for the full year for us to guide 18% of revenue target for the full year?
- Rajeev Gupta:** It is compensated from the export and the extra high voltage power cable side. EPC is our pride, if you talk of other than extra high voltage EPC our total EPC is as it was earlier also

close to 1000 Crores for the full year. The EPC portion increased because of extra high voltage power cable because once we supply the extra high voltage power cable as our CMD Sir explained we do some EPC job for the extra high voltage power cable.

Anil Gupta: For the laying of cable and jointing of cables.

Rajeev Gupta: So because of that only the EPC portion has increased.

Rita Tahirramani: Sir in terms of your total EPC revenue including the cables how much have you clocked in, in H1 2020?

Rajeev Gupta: EPC cable revenue in the first half was 227 Crores.

Rita Tahirramani: And what was this in H1 2019?

Rajeev Gupta: H1 2019 was 69 plus 19 it was only close to 88 Crores.

Rita Tahirramani: Sir is it right to understand that as you explained earlier the EPC margins have been in the range of 9% to 10% against the 14%, which we saw in the previous two quarters is because you are doing more of execution in this particular period?

Rajeev Gupta: If the supply portion is higher the margin seems to be low because the turnover has increased because of the supplies, but otherwise as a whole in the EPC contract the total margin is 12% to 14% including the product as we have earlier guided so that will remain same.

Rita Tahirramani: And one last question how much is the EPC order inflow, which we have received in H1 2020?

Rajeev Gupta: Total order book we generally maintain close to 2200 to 2400 Crores not more than that because in a year we do only 1000 Crores turnover so at present the pending order position for EPC is close to 2000 Crores.

Rita Tahirramani: I am saying in terms of the order inflow how much have you done the order inflow?

Rajeev Gupta: This quarter we have not taken any order.

Rita Tahirramani: Overall in the H1 we have not taken any order.

Rajeev Gupta: We will take the order only when we will go below 2000 Crores or close to 1600 Crores level.

- Rita Tahirramani:** So it is right to say that in FY2020 we would not get additional orders nor we looking for orders in this segment?
- Rajeev Gupta:** If you see whenever we take any order the conceptual period is two years period to execute the contract so at present we are having the order and our run rate is close to 1000 Crores so we can book the order actually, if we are booking the order then we have to execute also.
- Rita Tahirramani:** So broadly in terms of even if you pickup orders it would be to the tune of 1000 Crores?
- Rajeev Gupta:** Our run rate in the EPC business including cable is 1000 Crores.
- Rita Tahirramani:** No, I was just saying in terms of order inflow even if we look for H2 the increase is similar to that?
- Rajeev Gupta:** Yes.
- Rita Tahirramani:** Thanks. That is it from my side and good luck for future.
- Moderator:** Thank you. Our next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.
- Dhaval Shah:** Sir just one question in the cash flow statement. Have we not taken loan against the purchase in the buyer credit replaced with the working capital loan from the bank?
- Rajeev Gupta:** Buyer credit since last year the terminology has been changed so there is no buyer credit.
- Dhaval Shah:** So now that has been compensated under what the working capital demand loan from bank?
- Rajeev Gupta:** Yes.
- Dhaval Shah:** Thank you. That was my only question.
- Moderator:** Thank you. Our next question is from the line of Ankit Jain from ICRA. Please go ahead. There seems to be no response from this line. As there are no further questions from the participants I would now like to hand the floor back to Mr. Amit Mahawar. Over to you Sir!
- Ankit Jain:** Thank you. Sir you have any closing remarks?
- Anil Gupta:** I thank you all our investors and our participants in this conference call for joining us and if you have any further questions on our financials or any other matters relating to company, please you are welcome to send the queries to Mr. Rajeev Gupta and we can have any

interaction any point of time and thank you very much for joining us in this conference call.
Thank you.

Rajeev Gupta: Thank you Anilji and all the participants.

Moderator: Thank you. Ladies and gentlemen on behalf of Edelweiss Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.