



Texmaco Rail & Engineering Ltd.

Belgharia Works

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National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex
Bandra (E), Mumbai – 400051
Symbol -TEXRAIL

BSE Limited
P. J. Towers,
Dalal Street,
Mumbai – 400001
Scrip Code - 533326

Dear Sirs,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the transcript of the Conference Call with analyst / investor(s) held on Monday, 15th May, 2023 at 4:30 p.m. (IST).

The same has been uploaded on the website of the Company i.e. https://www.texmaco.in/wp-content/uploads/2023/05/Q4FY23_Result_Concall_Transcript.pdf.

We would also like to confirm that no unpublished price sensitive information was shared / discussed during the Conference Call.

This is for your information and record.

Thanking you,

Yours faithfully,
For **Texmaco Rail & Engineering Limited**

K. K. Rajgaria
Company Secretary &
Compliance Officer



“Texmaco Rail & Engineering Limited
Q4 FY '23 Earnings Conference Call”

May 15, 2023



- MANAGEMENT:** **MR. INDRAJIT MOOKERJEE – EXECUTIVE VICE CHAIRMAN**
 – **TEXMACO RAIL & ENGINEERING LIMITED**
MR. A.K. VIJAY – EXECUTIVE DIRECTOR, FINANCE
 – **TEXMACO RAIL & ENGINEERING LIMITED**
MR. HEMANT BHUWANIA – CHIEF FINANCIAL OFFICER
 – **TEXMACO RAIL & ENGINEERING LIMITED**
- MODERATOR:** **MR. NAVIN AGRAWAL – HEAD INSTITUTIONAL EQUITIES**
 – **SKP SECURITIES LIMITED**

Moderator: Good afternoon, ladies and gentlemen. Welcome to the Texmaco Rail & Engineering Limited's Q4 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the management opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Agrawal, Head-Institutional Equities at SKP Securities Limited. Thank you, and over to you, sir.

Navin Agrawal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you to this earnings conference call on behalf of Texmaco Rail and SKP Securities. We have with us Mr. Indrajit Mookerjee, Executive Vice Chairman, along with his colleagues, Mr. AK Vijay, Executive Director, Finance; and Mr. Hemant Bhuwania, CFO. We will have the opening remarks from Mr. Vijay, followed by a Q&A session. Thank you and over to you, Vijay-ji.

A.K. Vijay: Hi. Good evening to everybody, to all the participants. The results for the year ended 31st March 2023, as well as the Q4 is already in your hands. And as you might have gone through the results, the company had a difficult year -- in the year '22-'23 because of the period that the impact of the COVID was still there. And as a result, if you have noticed the results, on Q1 the performance was very disastrous. In fact, rather, the company has incurred few losses in the first quarter. But nevertheless, with our sincere effort in the Q2, Q3 and Q4, we tried to make it up and not only build it up but made some small profit also.

So of course, we should have done better, had we had the full year of operating available to us, but in the first quarter due to the, number one, effect of the COVID, due to also the effect because the reason of this that our order book that time was from railways were not there, availability of wheelsets for the private parties were not there. So coupled with all these problems, we have to face huge losses in the Q1, which we tried to make up, and we are happy to share with our shareholders the company has been not only able to overcome that losses, but also made some profits. And from now onwards, looks like that we have a clean slate to move forward.

Just for accounting information, for the year, revenue was INR2,281 crores, it's -- I'm talking about net revenue and compared to INR1,653 crores the previous year. The EBITDA, gross profit and loss and profit before tax for the year were INR139.9 -- INR180 crores, I'm sorry, INR63 crores and INR28 crores against INR168 crores, INR68 crores and INR32 crores. So you are saying that basically both the years were virtually flat whereas we all know '21-'22, the COVID was -- major effect was there because of COVID. But due to the -- as I stated above, the loss in the Q1 and non-reveal the wheel set, and non-reveal order by the railways, performance for this year was impacted.

The business perspective of the company, especially the government's focus on the rolling stock division and rail infra segment too is quite reasonably good. In fact, rather, this kind of going market in rail segment, we were not seeing in recent past. So we are hopeful that, yes, this position is going to continue as a focus of government is very much on the rail segment. It is similarly that what the focus government brought in for the road segment few years ago, the same focus is now on the rail segment. And seems to me that, yes, for next 5 to 7 years, this rail business is going to be very prospective.

Having said that thing, the company's order book is very comfortable. Today we are sitting on the order of almost 20,000 wagons and overall order value is INR9,000 crores order size, still pouring in. We have also now started booking orders on export front, both in Rail EPC and Railway wagon divisions. So that also seems to be a good sign for the organization. Yes, that we are getting orders, not only from railways, but from private sector. We are getting orders for exports.

Similarly in the Rail EPC, we are diversifying into newer areas and making sure that our focus of operations remains an area which are well controllable, because we have got our fingers in last pastime. And having -- not having the adequate experience in that line at that point of time, booking orders for things which were not within our control and as a result has to suffer additional cost over there. So having learned that education now we are more focused, looking only those orders, which are basically with well manageable, can be completed in a shorter duration time and which are normally profitable. So all these factors basically is helping us in improving our overall performance.

Now apart from this, the company also has expectation of the fresh tender from railways, which we are heading, that is going to come up and this is revolutionary tender in the sense that, railway is asking for -- maybe asking for supply of about 50,000 wagons, which would be purely to the design of the supplier. So we have now -- the concept which we have been talking to railways for long that you permit us to conceptualize and design and then manufacture the wagon supply to use, so that you get a better life, better efficiency and better payload ratio. So that railway has now heeded to, and accordingly they have now drafted a tender, which will take care for these requirements.

This is a challenge, where only the robust manufacturers who have got that capability, not only manufacturing, but also designing, also of conceptualizing and also of making sure that the new product technology has been used in the designing, but also in the processes. So that's where basically we are now focusing on. This tender is likely to come up very shortly and hopefully our company stands a reasonable chance to bag business into the standard as well.

This apart also we understand railways are also further coming up new tenders for the conventional wagon requirements which will also be industry we'll be participating. And I hope that all the participants who are -- competent participants are there, they will also be bagging some orders into that busy business.

As far as the Steel Foundry division is concerned, let me tell you, it was a very good year for us. We have been able to in spite of the first quarter not producing much, we have been able to jump into production, overall production by more than 40%. So this is a very good sign for us. And in fact, rather this improvement which we have got into the Steel Foundry division, we expect to continue in this year as well. The demand for export is also robust, demand for domestic market is also robust. And in fact rather we are now facing challenges even to meet our own requirements because of the requirements have been so large.

Hopefully, with our plans for some capex investment both in the rolling stock as well as the foundry segment, which is basically required for the balancing equipment, we should be able to overcome these challenges and increase our production, whereby we can continue to meet our demands both domestic as well export.

With this basic overall situation and all this thing, we are hopeful that, yes, the top line, bottom line will continue to grow for the company in coming year also and we are expecting that -- one thing I just have to add to this thing is that company has also entered during last year a joint venture agreement with European company for not only for manufacture of wagons for Indian market, but also for export. And this will also boost our operational capacity in India as well as for exports.

With this, I submit to our Chairman to add further on statement which we have made a presentation to the shareholders. Thank you.

Indrajit Mookerjee:

Yes, I think Vijay, you have covered most of it. So I can only tell you in one simple statement that we are in the path of ascension. So every quarter has been better than the last quarter and we believe that sequentially we keep on improving because of the market, because we have also gearing our inner strengths to produce more and bringing in new design, collaborating with the foreign companies.

So all these put together, both in the freight cars, as well as in the foundry, there also the capacity is being expanded right now. So we expect that the results should start moving up. We also are looking at more percentage of -- more numbers of private wagons to be done. We also are -- I think we have been very happy to say that we also are bagging the export orders, which are at very good profitability. So all this put together, I see that sequentially, there the company results should start going up. And I think most of the other details have been covered by Mr. Vijay.

So any question. Hemant, would you like to -- anything else to talk about the finance or --

Hemant Bhuwania:

Hello, sir. I think Mr. Vijay and you have covered all the points. So I have nothing to say from my side.

Moderator:

So should we open the lines for Q&A, sir?

Indrajit Mookerjee:

Yes.

Moderator: The first question is from the line of Kaushik Mohan from Ashika Stock Broking. Please go ahead.

Kaushik Mohan: Great set of growth on the top line on this quarter, congratulations for that. Sir I just wanted to understand, in your press release you have mentioned about a fresh tender has been expected to be issued by Indian Railway for 50,000 new design modern wagons. Can I understand value in the price, like what is the total value of this 50,000 railway contract, can we potentially?

A.K. Vijay: See, this tender for 50,000, I covered in my narrative part, that expected tender about this thing. Value as far is concerned, is difficult to say something about now because the tender has not yet come out. So it will all depend upon the design, what design is basically being prepared that will require what kind of a component, what kind of advancement will be required. So it is very, very, as of today to fix a value for that will not be -- but then I can only add this, compared to the conventional wagon, it certainly will be a costly wagon.

And may even cost anything -- to double the cost what we charge for that, what is basically payable for conventional or 80% of that price, you don't know until unless you have designed and figured out what are the features you are going to add into these wagons, depending upon the actual requirement of railway, which will be known once the tender is out.

Kaushik Mohan: Perfect, sir. Sir, I have an add-on question on this. Like you have spoken about the maintenance in this tender. So what could be the actual split between the tender value of the construction of the wagons and maintenance of the wagons?

A.K. Vijay: At present railway is charging all the vendors, almost about 5% of their freight earnings as maintenance charges for their wagons, because today's practices every wagon, whether owned by a private or by railways are maintained by railways. So of course, that 5% is a little too high to be charged to any one. It will be lower than that. But then again, depending upon what nature of guarantees, warranties they require, what nature of on-time they require, what is the -- because the downtime certainly Railway would like to reduce the new tender that wagon should not be under downtime.

So all these factors taken together and all these things that this has to fix. But this is long-term contract, the value will be also large and that will depend upon, yes, what is the total your quantum of guarantees and warranties which are expected of the vendor who is supplying the design environment.

Kaushik Mohan: Got it, sir. I have another question relating to your financials. Sir what can be the EBITDA margins that can we expect from the coming years -- the coming quarters?

A.K. Vijay: See, Kaushik, let me just -- let me just brief you on how we performed over in that. So in Q1, we executed only 120 wagons and as a result of which, there were some unabsorbed fixed cost which has -- because of which we had resulted into losses. In Q2, our production ramped up. We have received orders and the proto was approved somewhere in July. And we started the series production from August onwards. So in Q2, we did somewhere close to 500 wagons. In Q3, we crossed the number of 1,000 wagons. And in Q4, we crossed the number of 1,400 wagons. So

as the production further picks up from here, you will definitely see a better EBITDA, what we have reported currently.

- Moderator:** The next question is from the line of Rahil Shah, as an individual investor.
- Rahil Shah:** Can you please repeat the volume wagon for FY '23, total number of wagons you produced?
- A.K. Vijay:** So production was somewhere around 3,200 wagons.
- Rahil Shah:** Okay. And can you share like what are you expecting to do for FY '24 given the order book you have?
- Hemant Bhuwania:** See, currently, we have an order book of around INR9,000 crores, out of which, the Heavy Engineering consist of around INR6,700 crores order book of the INR6,700 crores. Steel Foundry is of INR400 crores, Rail EPC division is INR1,500 crores and our joint venture and subsidiary is for INR400 crores, altogether INR9,000 crores. So we expect with the further -- we can further ramp up by another 30% to 35% during this year, wherein the number of wagons will go up in the same proportion.
- Rahil Shah:** Did you say 30%?
- Hemant Bhuwania:** 30% to 35% from here.
- Rahil Shah:** Okay. So that also relates to the like production volume for wagons?
- A.K. Vijay:** Yes.
- Rahil Shah:** Okay. And are you sharing any -- so how will that translate into revenues for FY '24? Any --
- A.K. Vijay:** See, I would only like to add one point over here. Hemant has very amply clarified to you that how the situation is emerging and how we are doing about this thing, but 30%, 35% doesn't apply for particularly product for division wise. Altogether, company will be rising by 35% approximately.
- A particular division can do much better whereas other divisions may remain little improvements, because of the reason of nature of business. Like in Rail EPC, we are now expecting that kind of a boost in the current year. So naturally the more -- major boost will come from our wagon and Foundry division. And together also, but the company overall will still perform more than 35%. So that is how the percentage increase will be greater in these segments than the segment which is Rail EPC.
- Moderator:** Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.
- Ankur Kumar:** Congrats for a decent set of numbers, sir. Sir, my first question is on the margins. So if I look at Rail EPC segment, for this quarter, you are saying that we have moved from 1,000 wagons to 1,400 wagons. Sorry, question is on the Heavy Engineering segment. So in the Heavy

Engineering side of segment, we're making only 4% margin this quarter. So can you comment on the margin, because you said we made 1,400 wagons this quarter versus 1,000 wagons last quarter. But there is not much improvement, if I look at margins for the segment.

A.K. Vijay: Mookerjee sir, would you like to answer this?

Indrajit Mookerjee: So I think it's -- Hemant you should answer.

Hemant Bhuwania: Yes, sure, I'll take that, sir. So in Q4, you see that our rollings in the Heavy Engineering division, they have achieved a turnover of around INR550 crores, whereas the EBITDA margin that you say, yes, that is not up to the mark. We will definitely like to improve upon that. That can only go up once we perform, once we improve on the number of wagons that we execute.

Indrajit Mookerjee: Let me also add. You are finished, Hemant? Have you finished?

Hemant Bhuwania: Yes, sir.

Indrajit Mookerjee: Okay. Just let me add to this that as you are aware that the railway -- the Indian Railway orders are at a pretty challenging margin, not a very high margin. Whereas we are doing a large proportion of our volume with the railway wagons. So this is the reason why Hemant sir just now mentioned that we need to do more, so that we could make other than railway, private wagons also. And we see -- and also fortunately, we also have good amount of orders of private wagons. And on top of that, we are now finding the export market to be very lucrative. So we also have decided to go on manufacturing the -- to go on winning bids for -- winning contracts for the exports.

So all this put together, we are looking at a very, very encouraging situation for the months to come. Yes, we have to do certain reorientation of our business. For example, there are certain business we have to -- we will have to -- not been. We are going to come down on some businesses which are already occupying our factory like making certain railway component shells, which are in that phase, we will make more numbers of locomotive shells. So instead of that, we make more wagons.

Then we also have at a very stage of planning to increase our capacity and also Mr. Vijay have already mentioned of our signing with a joint venture with a foreign company where we would make the -- where we will increase the capacity of our production. So all this put together, private wagon exports and clubbed with certain reorientation on the business portfolio and the capacity expansion I think are going to give us very encouraging results to come.

Ankur Kumar: Sure, sir. And in the press release, you're also -- you're saying that cost reduction has been set as a major objective for this year and if I look at our biggest competitor, which has won this -- which has also won this railway order, they are talking about 8% to 10% of EBITDA margins. So do we think we can reach that level or that is like difficult to reach?

Indrajit Mookerjee: Hemant, do you like to answer? Because I think it is achievable. Hemant, would you like to answer?

Hemant Bhuwania: Yes, sure. So, see, the majority of the cost, what you see, it might -- the material cost around 80% to 84% of the cost what we incur is on materials. So we are trying to rationalize on the material cost, the components, which can be -- which can be manufactured in-house, we are exploring the opportunities, the components, which can be outsourced to a vendor as a result of which we get a better space utilization and we increase on the number of production. So all these aspects on cost rationalization is being looked into and we are working on that. And I think within first quarter or by end of first quarter, we should come out with some cost rationalization.

Indrajit Mookerjee: Yes, it is a cost and the product mix, cost, product mix, expansion of capacity, short-term, is cost and product mix, medium-term is a capacity expansion and moving into some other related products like, we just have decided to build a strategic business unit for supply of components to the wagon manufacturers abroad, which is the export. So all these are the various [inaudible 0:24:54] with profitability, given the current base load being from the railways and individual segment, the current railway segment, we are on a cost strike, a strike to push the cost down, and various other aspects. So which is what we trying to do now.

Ankur Kumar: Got it, sir. And sir in Steel Foundry, our margins are much better than Heavy Engineering division. So do you think that are like sustainable?

Hemant Bhuwania: Yes, the foundry for steel -- the margin for Steel Foundry what we reported is on a sustainable basis. So we should be able to sustain this margin.

Indrajit Mookerjee: Yes, increase -- we are looking at an increased margins. So it's not only sustainable, we are looking at various other aspects. Currently, we are -- right now Steel Foundry is supplying most of its products to our wagon plant. So we are looking at capacity expansion in Steel Foundry.

Ankur Kumar: So can we increase margin in all the three divisions?

Ashok Vijay: See, this is basically, I would like to add one point here that the beauty of our business is this thing, it is a volume game. The moment the volume starts going up, all cost starts percentage wise coming down and the margins start shooting up and that is what basically focus is also with us.

Now today, whether they produce 1,000 wagons or 3,000 wagons or 5,000 wagons, you will find that overhead cost, more or less in a cost, it doesn't go up in the same proportion as the number of wagon production goes up, similarly in the casting division also. But same things apply to that. Of course, it goes up a bit, because the production is going, so other facilities to be created, infrastructure to be created, maintenance cost goes up and also certain production and direct costs also goes up like labour and all, but not in proportion. And that's just a big boost to the bottom line and that is where we are focusing about.

Hemant clarified to you beforehand that yes, we are focusing cost reduction and in fact, in our press notes also we covered that very prominent. Cost reduction is a milestone, which we would like to achieve in a major way in this financial year and actions already started. Mr. Mookerjee has put this as a target for the company executives to make sure that each and every division, the cost reduction, it is not that only the direct cost reduction, it is the indirect cost reduction as

well, like how can we reduce the wastages, how can we reduce the -- your process time, how can we improve the efficiency of the machines?

So that dependency on the outside agencies reduce it to that extent and in-house improvement in production comes. All these elements which are -- we can add to my cost reduction and at the bottom line have already had been drawn out and people are start working on this thing.

So fortunately for us, this is a time when we are able to boost the production also. So together coupled with this, certainly the margins will have a better outlook compared to what it has been there, irrespective of the prices remain same or we go little higher than this. So what we are talking to you today is based on the order book which we have today, especially from railways and based on that even also the margins are little meagre there, but still we would like to make sure that the company makes a decent bottom line even in these orders. And then, of course, the additions of the orders for export, and addition of third-party, certainly will make differences in the bottom line to that extent further.

Moderator: Thank you. Mr. Kumar, we would request you to join the question queue for any follow-ups as we have several participants waiting for the turn.

Ankur Kumar: Sure.

Moderator: Thank you. The next question is from the line of Vasudev from Nuvama. Please go ahead.

Vasudev: As you mentioned in your press release and also in your opening remarks about this new tender for 50,000 wagons. So, firstly, how confident are you that this tender will come in Q1 and Q2? And also, since all the wagon players are fully booked for the next three years, so how will railways give the order like, where is the capacity to execute them? So this is my first question.

Ashok Vijay: See, we are reasonably confident about the tender coming at, because of course we are in the industry, we are running the business, so we keep the information and based on the information available to us and also the industry that this tender railway is pretty sure coming out of it. And as we indicated that is likely to come out in first quarter or latest by early second quarter. But then you cannot have any certainty about something with which we don't have control, but we are reasonably confident about this, to answer to your question number one.

Answer to your question number two, which is again, dependent upon the industry capacity. Now capacity today is a flexible game. As we explained, all -- during all our presentation that how we are now making sure that the capacity wise, with certain -- adding certain balancing equipment all this thing, we are constantly going to improve our capacity and capability to deliver the wagons.

So other wagon builders are also trying to do the same way, somebody will be doing little better, somebody will be doing little worse. But then yes, people will make effort to that. Our capacities have never been tested to the kind of infrastructure the company has created over the years. So this is the opportunity for us to test our capacity and we are coming up with our expectation. In fact, as Hemant has explained to you in the opening statement itself that how we have improved

the productivity from 120 to 400 to 1,000 to 1,400 and of course, we'll be reaching much, much larger milestones over there. So if you imagine that, yes, lastly, we were producing 1,800 wagons, prior to that we're producing about 2,200 wagons. We are now looking forward to producing about 5,000 and above. So that's the capacity will be built up by us and we will -- we are sure confident about it, if the tender comes our way, we'll be able to meet the requirements.

Top of this, as I explained, we also signed a joint venture agreement with a foreign party to manufacture wagons in India that will add to my capacity further. So these are all basically combined structure together. We are not overly concerned about the production capability of the company to meet the requirements in case additional tender is awarded to us.

Vasudev Ganatra: Okay. And just, sir with this JV, how much capacity is increased for us?

Ashok Vijay: So in the JV, we have initially planned 2,000 wagons on a per annum basis. To start with, it will start with around 1,000 to 1,200 wagons and then again as the JV sets up fully, it will ramp up to 2,000 wagons.

Vasudev Ganatra: Okay. And so finally, sir, how is the execution going on for the current order of 20,000 wagons that we have, and if you can give us that how many wagons did we dispatch in FY '23 and quarterly split of course if you?

Ashok Vijay: See, this was already explained in my opening remarks, but again for you I'll just repeat that. So the total number of wagons executed in the production during the year was around 3,200 wagons and we still have an order book of around 20,000 wagons in hand, combined Indian Railways and private. We expect further ramp-up of around 30% to 35% in this year, so that is how the order book would be executed.

Vasudev Ganatra: Okay. I'll come back in the queue for more questions. Thank you.

Ashok Vijay: Thank you.

Moderator: Thank you. The next question is from Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Yes, sir. Thank you for the opportunity. Sir just wanted to understand why is the wagon execution expected in FY '24, plus 30% number. So let's say about 4,000 wagons, 4,500 wagons, on a 20,000 wagon order. So if you could tell me what is the delivery schedule for this 20,000 wagons?

Ashok Vijay: Pritesh, let me tell you, I explained also that 35% is overall growth in the company, which we are targeting about, doesn't mean that the wagon will also go at 35%. So wagon can go some different numbers, foundry can go some different numbers, Rail EPC can go some different numbers. Overall, we'll be suddenly going by 35%. That is what basically we have mentioned and we maintain that. As far as the capacity requirement is concerned, we have to deliver 500 wagons, 500-plus or more wagons to the railways every month and we are more than confident to meet that requirement.

Pritesh Chheda: So can you tell us what would be the volume schedule for FY '24, will it be 6,000 wagons, 7,000 wagon or 8,000 wagons?

Ashok Vijay: Our aim is to reach that levels.

Pritesh Chheda: Which one, 5,000 wagons, 6,000 wagons, or 8,000 wagons number?

Ashok Vijay: You always go by the mean, I understand that formula.

Pritesh Chheda: Okay. My second question is, on the gross contribution margin from wagon, what is the gross contribution margin for wagon?

Ashok Vijay: Yes, Pritesh, I don't answer these questions. This was base of the papers which we have shared with all the shareholders.

Pritesh Chheda: Okay. And what is the capacity utilization, if you can share of the wagon?

Ashok Vijay: Right now, this is an interesting question and I love to answer this question, basically because I personally strongly believe that capacity-wise we are still not reaching our potentials. Truly speaking and suppose, for example, we are doing open type wagons, the company can produce 10,000 wagons in a year, but today we are doing a combination of wagon, in fact rather today presently, we are making some six type, seven type of wagons simultaneously. So that certainly makes a little dent on the capacity utilization.

Going forward, what we are trying to do, we are going to restrict ourselves to three types, four types of wagons, whereby we can do mass production and increase the number of wagons which you can deliver, instead of going for some seven types, eight types and all this thing in all orders, that's how basically the escalation is being done in the organization. And hopefully this year end, this story is a bit different to tell you.

Pritesh Chheda: And lastly, at the year end, let's say, couple of years, what kind of debt we will see on your balance sheet, because your balance sheet has seen increased debt for last -- for many years now?

Ashok Vijay: Yes, that's right, because you are aware of the fact that our Rail EPC has not been doing that good, because the reason of certain orders which we book, our certain orders, which were legacy orders, we were struggling there, so we have to rely upon that to complete those orders. I can only tell you that all the long-term or long tenure orders, more or less now standing complete, except for couple of such orders which are still under execution, some in Bangladesh and some in Bangalore Metro.

Apart from that, all orders are basically now our newly booked orders which were under execution, and they are short-duration orders. So the requirement of working capital also for that will come down and certainly this will help me in rationalizing my finance cost also, which is substantially higher because our borrowings has gone up.

Truly speaking the overall borrowing, I'll request Hemant to share with you, but as far as the long-term borrowings is concerned, I can tell you, it is still under very much control excepting

for our corporate loan, which we have to take towards the COVID period, the long-term borrowing is about INR100 crores. How much is the short-term borrowings, Hemant?

Hemant Bhuwania: So we have our working capital short-term borrowing of around INR750 crores across all the divisions and our long-term borrowing as on March stands at around INR220 crores. This includes borrowing which we had taken for expansion of our capacity Raipur Foundry, Calcutta and our Heavy Engineering division.

Pritesh Chheda: Yes, but that still doesn't answer how much of debt repayment you would plan to do over the next two years based on whatever cash flow or retention money getting released from the balance sheet?

Ashok Vijay: Pritesh, we have given you the answer very clearly that, yes, our total debt for this long-term other than the corporate loan which we have taken during the COVID period of INR100 crores is INR100 crores. And repayments are basically in five years' time. So on an average INR20 crores for this and INR20 crores for what my COVID loan. So this is altogether INR40 crores repayment is being made and we are making every last two years, we are making regularly since the loan was taken.

Apart from that all working capital loan, which is not required to be repaid, because it is relating to my operations and as the productions are going up, the operations are improving, there may be some more balancing working capital loan maybe required, but that is basically adequately supported by the current assets, which are being used for production purpose.

Pritesh Chheda: But any release of retention or debtors or any because of this old projects which can deleverage our balance sheet by any chance, or because we have the receivable of INR780 crores and then your other current assets, is there anything on closure of projects?

Ashok Vijay: Yes, basically it is all the long-term debt -- debtors and all this thing are slightly higher, because of our business in the Rail EPC segment. We explained earlier also that Rail EPC segment, number one, the management, they can view that this division requires a focused approach and cannot be done collectively with other divisions working.

As a result, the Board has proposed to basically bifurcate these two divisions, one is the brick-and-mortar division, other is the Rail EPC division. So Rail EPC division is being bifurcated into two separate companies to take approach that that business is very focused. And basically what we are trying to do is this thing that whatever jobs we have done and those jobs whatever amount which are claimable from the clients because of the delays and default from part of the client, that is where we are making more focused approach now with the divisions run being separately by individual business head.

And once the company is separated, it will be more focused that to that extent, the approach will be more focused. And certainly, We expect a substantial portion will be realized by us, which will be adding to bottom line as well, on account of the various claims, which we have generated and launch with various clients, and they are under now discussion, negotiation and settlement.

- Pritesh Chheda:** Okay. That's it. Thank you very much and all the best.
- Ashok Vijay:** Thank you.
- Moderator:** Thank you. The next question is from the line of Alisha Mahawla from Envision Capital Please go ahead.
- Alisha Mahawla:** Hi, sir. Good evening. Thank you for the opportunity. Sir, just wanted to know for the year '23, we have done 3,000 wagons or 3,200 wagons?
- Hemant Bhuwania:** So the production was 3,200 wagons. And if you see from the sales side, it was -- sales would be somewhere around 3,070 wagons -- about 3,090 wagons.
- Alisha Mahawla:** And can you give us a split, how much of that was for Indian Railways and how much was private?
- Hemant Bhuwania:** So railways was around 2,200 -- 2,260 and private was around 850.
- Alisha Mahawla:** And are they trending slightly lower than the monthly run rate that we would have preferred to do for the Indian Railways and is there any penalty in case we can't complete the order in time?
- Ashok Vijay:** So, Alisha, we already explained that in our opening remarks that, yes, we are ramping-up, these are at 120 wagons in Q1 then we move to 500 wagons, then 1,000 and then 1,400. So from here onwards you see that yes, we can only go northwards. And that would some -- the requirement for the railways as well.
- Hemant Bhuwania:** One more point Alisha, you need to note about this thing is that that, we were the only party required to do the prototype and then go for production as compared to my other wagon builders, who is getting -- who actually got orders for the wagons which are anywhere in their product range and they were not required to go for prototype.
- Our prototype requires almost three months to produce, so we started three months late compared to our peers. And as the result, last year we have to pick-up the production. Second point here is important we are doing a most difficult wagon, which is BCNA, compared to the open-type. BCNA is the covered type of wagon, which is almost about 1.5x to 1.6x of the normal open-type wagon. But, yes, that's no explanation for me not to do the quantity, but yes, it takes time to pick-up. We have to build the ecosystem for that, we have done all that thing. And today now in a position to ramp-up the production and meet those requirements where the railway is given to us. And rather meet the requirement for private sector as well simultaneously.
- Alisha Mahawla:** Understood. But is there any penalty in case they can't finish it in 39 months?
- Ashok Vijay:** The contract do provide for that. But then of course there are reasons for that why it's not be imposed, but that we will take up according to the contractual conditions.
- Alisha Mahawla:** Understood. And you're doing about 850 wagons on the private side. Any challenges on procuring the rail wheel sets from the private side now, or that has largely been addressed?

- Ashok Vijay:** It used to be, but no more.
- Alisha Mahawla:** So that is no longer acting as a negative pressure on our margins?
- Ashok Vijay:** No, this is not now. It was for the first two quarters as well as previous year challenge.
- Alisha Mahawla:** Okay. And just my last question, you've spoken of incremental 50,000 orders that is expected in the next couple of months, which would be for more specialized wagons, plus the annual Indian railways will do plus exports. So what is the kind of capex we're looking at doing to expand our capacity to in anticipation of the demand that we're seeing, whoever doing the JV, we're talking about 2,000 wagons. But is there any other capex that we're doing to increase our capacity?
- Ashok Vijay:** Yes, capex is there, but it is not substantial, because our infrastructure today can take care of increased production and we are hopeful that our infrastructure can support up to production of 10,000 wagons also in the year. So that's not a major challenge. Of course, we will have to add certain balancing equipment's which we are constantly doing about this thing. Hemant explained also that why our capex loan is there. We have taken some capex loan to improve on our infrastructure, adding certain balancing equipment and also ramping up the capacity for my foundry.
- So these together, we should be able to position to cater to the requirement up to this number that shouldn't be previous challenge. And once we reach those numbers, we will certainly find ways and means, whereby without making massive capital expenditure or capital investment, we further ramp-up capacity by improvement in the processes, etcetera. So we're constantly doing this thing and we'll be doing it. First time we have won the opportunity and now we are really coming up to the challenges which we have faced -- which we have been put.
- Alisha Mahawla:** Understood. And just one last clarification. I know you answered this earlier, but the margins on the wagon side is relatively lower and you're saying we don't have pressure on the railway side. And that a good amount of operating levers had come -- the numbers ramp-up and we reached 1,400 wagons. And what is causing this negative pressure on the margins on the wagon side?
- Ashok Vijay:** Mr. Mookerjee just explained to you to the team members that yes, the railway wagon, the margins are lower. Of course, but then there is a bulk and certainly it all -- that it has become, there is a number gain or the volume gain, the more the volume we have cost over it, will remain more or less constant -- in a constant factor, not going up in proportion to what the number of wagons produced is going up. So this is the advantage which people derive out of this. And accordingly, we are focusing on, going in the volume gain whereby on every incremental volume, we are not increasing the cost, which is adding to my bottom-line. So in spite of the -- there'll be a pressure of the margins in respect of the railway orders, we are confident of making reasonable money there as well.
- Alisha Mahawla:** Okay, sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

Sanjeev Damani: Good evening, sir. I just wanted to know that how much amount of claims that we have made which are likely to be realized in this year? So two figures, how many -- how much claims we have made? How much we are likely to realize? Are there any arbitration amount also given in our favour, and do we have any surplus assets, non-core assets, which we can realize to reduce our interest burden? These are my questions, sir.

Ashok Vijay: Answer to your first question, we have identified claims which is substantial in four digits. Answer to question number two, we have substantial push-out that we have already submitted to the clients, other are being compiled basically because it requires a volume of data to be submitted along with that, which is already being assembled and accordingly we are going ahead with client system.

Answer to question number three, we have gone for certain arbitration also and the client has come out with some settlement proposals, which we are negotiating with them because arbitration is still a time consuming process and settlement can be arrived that the client will be always most welcome one. So that's the answer to question number three.

And your fourth question, which is there in respect of that, yes, whether this -- the surplus debt, which is the company has got or not, yes, company has large bank of surplus debt, but the company also take judicious calls on that thing, like we have certain investments in companies, certain investment in land. So all these things are there and we will be working on those very judiciously.

Sanjeev Kumar Damani: But right now there is no program and for this year, no chalked out program to realize anything from that side?

Ashok Kumar Vijay: I hope -- I'm not in a position to answer this question, because this is something sensitive which is the Board has to take a call first before we could actually answer to that. Mr. Mookerjee, anything further you'd like to add?

Indrajit Mookerjee: No, I have nothing. There are claims as you have correctly said and these claims are all from the EPC. I think it is premature to keep on talking of numbers at this stage, but they're pretty large scales.

Sanjeev Kumar Damani: Okay. And my second question is regarding -- are we the most efficient producer of wagons in the world with our technologies and processes, or are we somewhere into one to five or something like that? Can you kindly tell us?

Indrajit Mookerjee: We are improving the -- we are constantly endeavouring to improve our strategy for which we are -- we have a -- we have revamped our already strong design group. We also are -- as you know that, we are also -- we have a joint venture. So the foreign partners have very strong design groups. So always our attempt at this moment to be ahead of that, yes. And all these are very important, because anything that railways would like to buy in future would love to have better performance parameters. So we are keeping that in as a very strong KPI for us.

Moderator: The next question is from the line of Naitik Mohata from Sequent Investments. Please go ahead.

Naitik Mohata: Just 2 quick questions from my end. One, what are we expecting the monthly run-rate for wagons in Q1, and what was it in Q4?

Ashok Kumar Vijay: So Mohata quarter, in Q4 we did 1,400. So in this year slowly from April onwards, we have started ramping up and we expect that, yes, in H1, within this year, we should expect a ramp up of around 30% to 35%.

Naitik Mohata: Okay. And the EPC order book that you have quoted like, we have INR1,500 crores order book in EPC segment. So what is the timeline of delivery in the EPC book that we are expecting?

Hemant Bhuwania: So EPC order generally is to the tune of between 2 years to 4 years depending upon the nature of jobs, but yes, if you, our EPC division order book was to the tune of INR3,000 crores which we have brought down to around INR1,500 crores as Mr. Vijay explained that we are accepting only those orders, which are for shorter duration and more of a supply part rather than on the erection and commissioning. So, INR1,500 crores I think should be -- the tenor for these orders will be somewhere within 2 years to 4 years.

Ashok Kumar Vijay: See let me also clarify to you because this discussion is very open. Rail EPC comprise of various sub works. We are market leader, especially in the field of signalling, in the ballast less track and in the overhead electrification. These are the core area, which we take contracts which are normally -- not have a longer duration. They are normally between 18 months to 24 to 30 months, not beyond that. There is another segment where we also are operating that was the track laying for the railway. This is a segment where the time taken at times contractually also is 36 months or long.

Now there the challenges lies long, because there are so many agencies working simultaneously the same thing, including civil agencies, including the bridge, including the -- your land acquisition agencies, including the planning agencies, including the designing agencies, altogether simultaneously keep working on the sites. So there is lot of challenges which we are earlier not aware of, now it seems to be. And accordingly, we have reduced our exposure to a very large extent on this. And excepting for couple of old contracts, we are not booking any new orders, especially in this segment until and unless this is basically predominantly loaded in favour of signalling, telecommunication or ballast less track.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, on the wagon manufacturing, earlier you had said that next year which is FY '24, the target for wagon manufacturing would be closer to 6,600 wagons in a year as per the 39 months contract. So is it right to assume that while overall business will grow at 30%, 35% or more, your wagon manufacturing from IR would be growing 100%?

Ashok Kumar Vijay: See, we never mentioned that it should cross 6,000 or so. So but what we mentioned was basically we will be meeting our obligation who are distinguished translate into the business of about 500-plus wagons per month for the railway segment. As we have recently seen, and if there are no challenges and everybody is -- the wheelsets or our clearances from railways

because railways also have to take these wagons for deliveries, so we will -- we should be able to ramp up our capacity.

We are geared up ourselves to meet the obligation which we have taken under the contract and also that simultaneously we can do some private also, so this basically we are doing. Depending upon the overall ground realities that whether the requirement for these wagons, whether the availability of these wagons are enough with the railways, we will be able to cope up and meet the requirement, which the railway given to us.

Sarvesh Gupta: Okay. And secondly, this bifurcation of the Rail EPC division So basically you are contemplating demerger of the Rail EPC division business into a separate listed company. So is that the right understanding?

Ashok Kumar Vijay: No, we are only demerging, we are only doing a slump sale to our wholly-owned subsidiary companies to make a management focus, especially to these budgets -- these divisions. Not doing a demerger.

Sarvesh Gupta: Okay. But that would mean at the consolidated level, is still everything would remain the same, except that maybe there are two management teams to take care of the two businesses, right?

Ashok Kumar Vijay: Yes, of course. They are two separate companies, these are separately owned by separate management team, who will be focused on their business, they are responsible for their business.

Sarvesh Gupta: Understood, sir. And, sir, on the margins part, now in Q4 of this year, our gross profit margin has dropped to 17% from 20% last year. So this is almost a 300 basis point decline. And that is the main reason I think we are also losing out on the -- so if we have to explain the loss in EBITDA in terms of margin from last quarter, I see 2 concern. One is your gross profit margin has fallen from 20% to 17% quarter-on-quarter.

And second is your -- the employee and other expenses have also increased more or less in the same proportion as your increase in revenue. So neither is our operating leverage, wherein we were thinking that our fixed cost will be absorbed over higher base, but our fixed costs are also increasing rapidly in the same line as revenues? And secondly, our material cost is increasing, even when we see the raw material steel prices everything more or less being in shape for everyone else. So what is the reason why both these things are not working in our favour?

Ashok Kumar Vijay: I'll answer you in brief about this thing. Number one, the last point first, the steel prices depends -- the cost of material depends upon the nature of wagon, which you -- nature of product which you are manufacturing. You'll appreciate that. So suppose in year 1, you produced X type of wagon, in year two you produced Y type of wagon and year three, you produced Z type of wagon, the cost for all the sales doesn't remain the same.

The story doesn't applies to similar fashion, which is there. Similarly, in case you are doing more of private wagons, less or railway wagons or more of rail wagons and less of private wagons, the ratio changes. So all these factors, we take into consideration while basically doing the production planning and all this thing. But since the railway requirements are urgent and railway

pressure is there, initially we took time, basically because we had to do the prototype -- the prototype must be completed.

Once we're over with prototype, we'll come up with the mass production. So these cost factors were accordingly being higher when we make the wagons which are normal wagon. So similarly, in case suppose we are making some different type of wagons, the cost can be different. So this cannot be equated. If we are not making one type of product, although we are making wagon, but the wagons we are making eight types of wagon presently.

So there are a variety of things, which goes into this thing, so cannot be equated by 17% and 20%. Yes, the margin has been lower as we explained earlier, our management team explained earlier, that railway orders, the margins are lower. This order has come only in this year, it was not there in the last year, which we have now started executing in the year 4, if you see that railway supplies are larger as a result, they were low margin in the wagon, the other product margins were reasonably well. But then yes, the quantity was quite low.

The third thing which you mentioned about this thing that the cost is also going in proportion to that is not correct. Cost is not going in proportion to that. There are certain expenses which are basically incurred one-time, and those are kind of a nature, which you need to actually account for.

So those were the nature expenses, which have been accounted for, maybe have accounted for in Q4, as a result, the other expenses are slightly higher. But overall, period if you see the cost is not going in proportion to what the actual production is going around. In fact, rather my overhead cost, becomes more or less at a constant level once the production start increasing. And the benefits of the higher production in my cost saving starts reflecting. So that will be reflected in the coming quarters, which will be basically going ahead from quarter one itself.

Sarvesh Gupta: Sir, what would be this element of one-time sort of a cost in quarter four other expenses?

Ashok Kumar Vijay: We have basically written-off certain amounts about INR5 crores, that also there were some one-time cost of INR5 crores, which were incurred. So those were the basic cost which were there.

Sarvesh Gupta: So, only INR5 crores is the one-time, then remaining INR48 crores would be more or less going forward also it will remain at the same level?

Ashok Kumar Vijay: How can I say, it will remain same, because the product always changes. I told you -- explained to you what the wagon production level. They all depends on product mix. So we'll be rationalizing the products being in a manner, whereby the margins are reasonable and we are able to deliver you the results which we are basically -- that our shareholders are expecting from us.

Sarvesh Gupta: Understood, sir. And on the cost rationalization target, so what would be a yearly sort of a reduction that we may be able to achieve in our overheads because of the cost rationalization measures that we have done at 30% above and want to implement in FY '24?

- Ashok Kumar Vijay:** It was 1 or 2 quarters, we are already working in a big manner. Our targets are very large. But then yes, we want to see whether in actual operation how much we are able to actually implement those. Ideas are there, we are working on those ideas. We will come out with that. But please give us quarter and two to come back to you on these questions.
- Moderator:** The next question is from the line of Dhaval Sheth from Dhaval Sheth Financials. Please go ahead.
- Dhaval Sheth:** Two, three questions. First is on Kalindee Rail. So as we have come to know that Kalindee Rail is on block to sell. So what is the update on it?
- Ashok Kumar Vijay:** I don't know, where from your information and news are coming, at least I can't answer this question because this is not the -- this is not the management stand ever taken by us.
- Dhaval Sheth:** Okay. Kalindee is not on block what we have learned from your answer?
- Ashok Kumar Vijay:** How can I say you on block, not block, you have asked me some hypothetical question which I can't answer.
- Dhaval Sheth:** Okay. When will the JV start with the foreign player, when will it start?
- Ashok Kumar Vijay:** Yes. The JV basically, we have signed agreement now. Of course, within a month or two, we'll be completing the complete diligence part of this thing signing the agreement, detailing and all this thing. And from there, the company to come into production as per our plan is normally 10 months to 12 months.
- Dhaval Sheth:** Great. Well, 10 to 12 months?
- Ashok Kumar Vijay:** That's right,
- Dhaval Sheth:** Yes. And as we all aware and most of the questions are on the net profit margin, which from the railway order book -- which is very keen. So what will be the -- to boost up the net profit margin, what will be the total mix in the private, government on export orders going forward? Can you give some -- can you throw some light on it going forward, what will be the percentage mix going forward, government target an export order?
- Ashok Kumar Vijay:** Normally see, export in private, we have put in one block, we cannot do individually that. So between railway and private normally the ratios all along has been 80%-20%. We will be more happy if it does to 75%-25%, but it all depends upon what pressure what demand and what supply challenges are there. Based on that, it always keeps varying. But on an average we are doing 80%-20%.
- Dhaval Sheth:** Okay. And how much is our capacity utilization in this year and in this quarter?
- Ashok Kumar Vijay:** I think I explained earlier also, capacity-wise, for doing one particular type of wagon, we have capacity even for 10,000 number of wagons, but since we are doing variety of wagons simultaneously at train go the capacity cannot be fixed at 10,000 for that. Accordingly it varies,

but we have explained is that going forward, we are restricting ourselves to four types of wagon, whereby we can be able to optimize the capacity and try achieving the maximum number what we are basically -- that infrastructure had been built.

Ashok Kumar Vijay:

So in terms of percentage sir?

Hemant Bhuwania:

Come again.

Dhaval Sheth:

In terms of percentage, what is the capacity utilization?

Hemant Bhuwania:

So if you -- the answer is very obvious on that. If my capacity is up to 10,000 number of wagons for similar types of this thing and you get multiple type of capacity, certainly the quantum you start reducing it comes down, but we are anyway at the level of 50%-60% only.

Moderator:

The next question is from the line of Raj Kishore as an Individual Investor. Please go ahead. Raj Kishore, your line is unmuted. Please proceed. It seems there is no response from the line of Raj. We will move to the next question from the line of Deepak Rajani from Darkini Inc. Please go ahead.

Deepak Rajani:

My question is, is there any progress on appointment of a new CEO?

Indrajit Mookerjee:

Yes, we are looking for a CEO.

Deepak Rajani:

That we are aware that you are looking for a CEO. I'm saying, is there a timeline, is there any...

Indrajit Mookerjee:

Do you want me to tell you at what stage, how many people interviewed, how much is from where, these are the questions you're asking for then I have to apologize, I wouldn't be able to give you that. Because this is a classified information, I wouldn't be able to tell you. Yes, as soon as we get someone replaced, we would be the first to go and tell you.

Deepak Rajani:

Sir, my -- is it reasonable to many months after trying to hire a CEO and not successfully being able to hire a CEO, to give an ambiguous answer like this, but you are looking and it is classified, does this sound reasonable?

Indrajit Mookerjee:

What is the answer that will satisfy you, sir?

Deepak Rajani:

No, I mean, the answer that would satisfy me, first of all, why is it that you don't have a CEO over the past several months? And why is it that you're unable to be able to hire and retain talent? What is stopping you from -- you are other companies that seem to be having great prospects. What is the difficulty? And are you -- can you least quantify it will take 3 months, it will take 6 months, some kind of time line, or you are going to say that this is classified and you can't share with us how long it's going to take, so the company is supposed to be...

Indrajit Mookerjee:

I think you are getting worked up for no reason at all.

Deepak Rajani:

I'm asking you a matter-of-fact question and you're giving me an ambiguous answer.

- Indrajit Mookerjee:** But if you wish me to tell you in how many months, I can only tell you that it should be as quickly as possible. I can't tell you the number of months, but it should be as soon as possible, because we are at the very final serious selection of CEO, does it satisfy?
- Deepak Rajani:** Sir, I don't think I have an option but to accept an answer like that, but I think you should introspect that that is the satisfactory answer?
- Indrajit Mookerjee:** I think you are making statements which are absolutely misplaced statements, like you just made some statements about our human resource policies and our retention of talent. I think these are unwanted questions.
- Deepak Rajani:** Sir the fact of the matter is that you hired somebody and he quit.
- Indrajit Mookerjee:** Mister, you have to tell us where have you seen the efficiency in this company, excepting that the Managing Director has left? Tell us the answer, give me the numbers. I will sit with you and give you the answers also.
- Deepak Rajani:** Fair enough, sir. I don't wanted to -- now, you are getting worked up.
- Indrajit Mookerjee:** It is very wrong to come to certain misplaced judgment. That's all I wanted to tell you. And I don't want to discuss on this point any further.
- Navin Agarwal:** Mr. Rajani, there was a question asked by you to the management, which they have answered that we are looking for it. I think we just need to give them the time and take the decision. There's nothing specific that they would be in a position to answer.
- Deepak Rajani:** Fair enough.
- Navin Agarwal:** Is there anything more you want?
- Indrajit Mookerjee:** I want to make this gentleman to be very careful when you're asking question because you are making misplaced judgments on retention and that works me up. Please do not ask such questions.
- Navin Agarwal:** I agree with you, Mr. Mookerjee. Mr. Rajani, if there is any further questions, please go ahead.
- Deepak Rajani:** No, that's it.
- Navin Agarwal:** Okay. Thank you, ladies and gentlemen. That was the last question in queue. As there are no further questions, I'd like to now hand over the conference to Mr. Mookerjee for his closing remarks. Over to you, sir.
- Indrajit Mookerjee:** So, thank you. But I think I personally am feeling extremely encouraged, because we have interested investors who are so interested in trying to know what we are doing and we have tried to speak on what we are doing, and I don't think we have tried to make any answers which are evasive. And I think we see a tremendous future not only in the industry but also in company,

because we are making many changes in terms of our mix, in terms of building up new divisions for later.

We just spoke of the export, which are really export the wagons, also export our railway components, because there's a very good market for component business in Europe and as well as in the western world and we share at a very proper international prices and we are trying to build -- through the businesses, we are trying to build up facilities to build, to produce them, we are trying to load. If you are, you'll be knowing we have a unit called Hi-Tech which is -- which had world-class manufacturing facility. So we are debottlenecking Hi-Tech to produce world-class equipment's, components.

We talked of the private wagons, we talked about the exports. At the same time also we talked of number gain in the railway wagons, because it should produce more numbers. We will be covering a lot of our fixed costs. And last but not the least, I think we have made already very clearly in our announcement, is that we are on a specific cost reduction drive, which includes improvement of wastages, which includes manpower and which includes other consumptions like energy, consumables, etcetera. So there are specific actions are being taken and I think you will see that the manpower cost has come down -- gradually come down as we move forward. So this is a very, very clear exercise for us on the short-term, medium-term is product mix changes, new divisions and capacity expansion.

So I think our path is very -- our directions, our vision is very well directed. We are very specific number oriented. So in the process, sometimes you find stumble, sometimes you move through like one gentleman was very upset because no Managing Directors are coming up, but things are not moving? They are moving as good as you have a Managing Director, because we have a very strong management width, the management bandwidth is very strong in our company. That's forgotten by this gentleman who were asking questions.

So all that I would like to say that we would like to deliver better and better results to you through the specific actions I had mentioned and we would like to get you a support. Your views, that will also help us a lot. But I think you're going to see different quite radical changes in the results of the company. That's all I can say, if I'm not say too much.

Navin Agarwal:

Thank you very much, sir. Thank you for interacting with the investors. On behalf of SKP Securities Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines. Thank you.