



“Elecon Engineering Company Limited Q2 FY20  
Earnings Conference Call”

**October 25, 2019**



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**ACCOUNTS**

**Moderator:** Good day ladies and gentlemen and welcome to the Elecon Engineering Company Limited Q2 FY20 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '\*' and then '0' on your touch-tone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Christensen IR. Thank you and over to you sir.

**Binay Sarda:** Good afternoon to all the participants on the call and thanks for joining this Q2 FY2020 Earnings Call for Elecon Engineering. Please note that we have mailed out the press release to everyone and you can also see the results on our website as well as it has been uploaded in the stock exchanges. In case if you have not received the same, you can write to us and we will be happy to send this thing over to you.

Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance, or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the results of this quarter and answer your questions we have with us the management of Elecon Engineering represented by Mr. Prayasvin Patel – CMD, Mr. Prashant Amin – Executive Director, Mr. Kamlesh Shah – CFO, and Mr. Chirag Darji. Mr. Prayasvin Patel will give a brief overview of the quarter gone past and then we will open the floor to Q&A session.

With that said, I would now hand over the call to Mr. Prayasvin Patel. Over to you sir.

**Prayasvin Patel:** Good afternoon all. Ladies and gentlemen, a warm welcome to our Q2 FY2020 conference call. Discussing the results at the stand-alone level, we have had a relatively healthy quarter with gear business reporting good performance. During the quarter, the total operating income declined by 20.8% year-on-year to Rs. 205.7 crores from Rs. 259.7 crores in the corresponding quarter of the previous year. The EBITDA on absolute basis stood at Rs. 35.4 crores as compared to Rs. 34 crores during the corresponding period of the previous year. This translates to EBITDA margin of 17.2% in Q2 FY20 as compared to 13.1% in Q2 FY19. We closed this quarter with a PAT of Rs. 4.5 crores as compared to Rs. 3.5 crores during the corresponding period of the previous year, an increase by 26.5%.

Coming to the consolidated financials of Q2 FY20; the operating revenues were Rs. 266.2 crores while we recorded an EBITDA of Rs. 43.3 crores translating to an EBITDA margin of 16.3% in Q2 FY20. The consolidated PBT stood at Rs. 11.7 crores for Q2 FY20 and net profit stood at 9.8 crores. Overall, we have a relatively healthy performance in the quarter largely driven by improved product mix and traction in the gear business as a whole. We are seeing a

gradual pickup in demand on the back of recovery in the economy, and we saw a ramp-up in order booking with orders worth 135.07 crores booked in the gear business and closed orders worth 46.7 crores in the material handling business. This translates to an order booking of Rs. 737.63 crores for the gear business and 514.48 crores for the MHE business for executions in the coming fiscal year.

We are pleased to inform you that we have recently won 3 arbitration awards aggregating to Rs. 59.8 crores. We are accelerating the delivery of marine orders which is on track as per schedule.

Now coming to the MHE division, we witnessed muted performance this quarter as execution of 3 orders worth Rs. 130 crores plus delay by the customers which are expected to be cleared in due course of time.

Our overseas business Benzlers and Radicon registered a revenue of 62.15 crores with an EBITDA of Rs. 8.44 crores. It gives me a great comfort to inform you that we are witnessing significant improvement in US operations wherein the loss has reduced to 1 crore in September 2019 compared to 4.6 crores in September 2018 and we are hopeful to break even in the near future.

Profits in Radicon UK however declined owing to shifting of loan from Mauritius and due to economic slowdown combined with uncertainty on Brexit which is more of a temporary in nature. We continue to focus on strategies to create long-term value for our shareholders. We have been concentrating on reduction of debt and reduction in customer receivables which have led to significant reduction in both the debt and receivables. We continue to streamline existing operations which has led to improvement in EBITDA margins and overall profitability. We are confident that the performance will continue to improve in the future looking at the revival in demand scenario and on the back of sound execution and favourable product mix.

Thank you all. We will be happy to address your specific queries about the business going forward.

**Moderator:** Ladies and gentlemen, we will now begin the question & answer session. We will take our first question from the line of Ritika Garg from Aequitas Investments. Please go ahead.

**Ritika Garg:** Congratulations on a good set of numbers for the transmission division. Sir, I wanted to know what is the outlook for the transmission industry and which segments are we seeing orders coming in from?

**Prayasvin Patel:** Basically, the transmission division is expected to do well in the construction business which is still showing positive traction, especially for the infrastructure building, and sugar has been doing recently okay up till now. And we have also got considerable orders from exports especially in the sugar sector as well as a few in the steel and cement sector.

Overall, the scenario seems to be reasonably okay considering the economic situation in, let's say, the last quarter being a bit low for the overall economy.

**Ritika Garg:** Do we expect H2 to be muted or do we expect it to continue our guidance of 10% growth for the transmission division?

**Prayasvin Patel:** It would be difficult to say right now but I am hopeful that after Diwali, things would take reasonable traction. I am hopeful that we will definitely be able to do better than last year in the top line as well as bottom line but we would still have to wait and watch. December would be the time that there would be further clarity.

**Ritika Garg:** How much debt do we expect to repay in H2?

**Kamlesh Shah:** We are expected to repay the debt to the tune of nearly 30 to 35 crores in H2.

**Moderator:** Our next question is from the line of Venkat Subramanian from Organic Capital. Please go ahead.

**Venkat Subramanian:** Prayasvin bhai, in your opening remarks, you sounded quite confident about domestic orders which are not being followed by a lot of other people. What gives us confidence about positive outlook in the near future?

**Prayasvin Patel:** Basically, as you know, the gear sector especially serves all kinds of industries. I would say anywhere there is an electric motor is used, a gearbox would be required in 70% or 80% of the case, and therefore, it grows in all sectors whereby we feel that generally speaking, there is some sector or the other which shows buoyancy.

On the other hand, we have outstanding orders right now of 737.63 crores. Those also will have to be executed. Not all of them can be executed during this year. However, there is a reasonably good backlog which should sail us through this year at least.

**Venkat Subramanian:** How we, therefore, now think that there are green shoots visible because you probably get to see the earliest signs. So, are we seeing some investments on the ground or some inclination towards investments?

**Prayasvin Patel:** What is giving me hopes is, 1) The construction business or let's say the infrastructure business leading to construction is still buoyant. 2) Government has now started realizing that it will have to help the industries to grow, and for that, they will be pumping in more money. So, considering that, I am hopeful that at least there will be some industry which is likely to grow, and which will further give traction to us. That is the only area which gives us the confidence. Apart from that, as I told you that we have a reasonably healthy order booking on hand and export is right now looking quite good. Both the situations put together; we seem to have the hope that we not only will do well by the end of the year but hopefully the 1st quarter of next year also should be quite reasonably healthy.

- Moderator:** Our next question is from the line of Sahil Jain, an individual investor. Please go ahead.
- Sahil Jain:** Sir, I had a couple of questions. Have there been any deliveries to the marine in the transmission business?
- Prayasvin Patel:** Yes, we will be delivering about 3 ship sets this financial year.
- Sahil Jain:** How big is the marine order in terms of amount and how many ship sets? Because I think it is a 3-year contract.
- Prayasvin Patel:** 520 crores is the total order approximately. I am rounding off the figure to 520. It should be 525 or 528 approximately. The total number of ship sets are 7.
- Sahil Jain:** So, you will be delivering 3 this year and 4 afterwards?
- Prayasvin Patel:** Yes.
- Kamlesh Shah:** Over a period of 2 years.
- Sahil Jain:** What is the quantum of EPC still in our MHE order book?
- Prayasvin Patel:** Overall, you have to understand that we are not an EPC contractor. We are not actually in the definition of EPC. However, we do a turnkey job for the power plant for the material handling portion and that would be about approximately 514 crores.
- Sahil Jain:** That's your total MHE order book?
- Prayasvin Patel:** Yes.
- Sahil Jain:** What is the EPC quantum in that? What is the product quantum and what is the turnkey quantum?
- Prayasvin Patel:** I would say only the outstanding orders that we have on hand. I do not have the exact figures on hand, but it should be about 80 to 100 crores which would be the EPC portion. The rest are all product supplies now.
- Sahil Jain:** The further orders have only been more products and not anymore turnkey?
- Prayasvin Patel:** Yes, because we have changed our strategy. We have now started going after products and not turnkey projects because of the fact that turnkey projects today the market for that is I would say giving negative margins. And therefore, the company has decided to refrain from taking such kind of orders where there are losses and it is better to go and sell products because it is easier to come out of those kind of supplies very fast and get the money easily and that the margins are also healthier in that business.

**Sahil Jain:** Out of the 80 to 100, I assume that most of it is from NTPC. There are two projects from NTPC, right?

**Prayasvin Patel:** Right.

**Sahil Jain:** Is there any arbitration amount we received in the H1 or Q2? Because there was a media notification also which came saying 36 crores. Have we received something?

**Prayasvin Patel:** Yes, I mentioned earlier in the starting speech that 3 arbitration awards aggregating to almost 60 crores have been received.

**Sahil Jain:** So, we have received the amount?

**Prayasvin Patel:** Arbitration awards have been received but the cash has not come through as it is yet to be. There is a gestation period.

**Sahil Jain:** When do we expect this money to be received, sir? Because I just saw my debt numbers. I just wanted to understand the debt.

**Prayasvin Patel:** It will depend on whether the client decides to further pursue litigation in this further or not. So, it will all depend upon that.

**Sahil Jain:** What portion of our receivables are under arbitration, sir? What is on the running basis our receivables and what is the arbitration amount of receivables?

**Prayasvin Patel:** If you can give us your email address, we can send you all that information because unfortunately we will have to compile it altogether.

**Sahil Jain:** Then, I will drop a mail to Mr. Binay or the secretary. Will that be good?

**Prayasvin Patel:** Yes.

**Moderator:** Our next question is from the line of Ritika Garg from Aequitas Investments. Please go ahead.

**Participant:** Sir, on our MHE division, do we maintain a guidance of completing all our legacy orders by quarter 3?

**Prayasvin Patel:** Legacy orders are continuing to be executed. In certain cases, the clients have delayed the execution and therefore we are expected that by the end of 3rd or maybe it may stretch to even the 4th quarter.

**Participant:** So, for the entire year, our MHE outlook will not turn EBIT positive on our MHE segment?

**Prayasvin Patel:** I am presuming that we will see the situation improve once the execution of these orders gets over and as soon as we also do a higher turnover next year.

- Participant:** Sir, what is the total retention in the outstanding and how much do we expect to receive during the year?
- Kamlesh Shah:** Our receivables on the part of what you are asking about 326 which was 364 crores as on 31st March 2019 and the same has reduced to 326 crores as on 30th September 2019.
- Participant:** This is the retention money, right?
- Kamlesh Shah:** I am talking about the retention money that 324 have settled during the time from April 2019 to 30th September 2019.
- Participant:** But our retention money outstanding as on 31st March 2019 was 300 crores, right?
- Kamlesh Shah:** Total was 354. 326 now presently is the outstanding over there.
- Participant:** How much do we expect to receive for the entire year?
- Kamlesh Shah:** The process is going on because we are dealing with the PSUs, we are expected to settle the order between Rs. 30 crores to 50 crores in the H2 of this year.
- Participant:** 50 crores more?
- Kamlesh Shah:** They are PSUs, you know their mindset how it works.
- Participant:** Sir, we are not able to understand exactly what you are saying.
- Prayasvin Patel:** I will repeat what Kamlesh has said. We are expected to receive about 30 to 50 crores. It is difficult to say right now the exact amount because it will all depend on the mindset of the PSUs. That is our expectation in H2.
- Ritika Garg:** How much did you receive in H1?
- Prayasvin Patel:** 28 crores is what we have received in H1.
- Ritika Garg:** And the total outstanding is 326 crores?
- Prayasvin Patel:** Yes.
- Participant:** On our gear business, are we receiving any further orders from the railway side?
- Prayasvin Patel:** Yes, we have just delivered a few samples which have been approved and now we have been set for receiving large orders. So, that will come through in the near future.
- Moderator:** We will take our next question from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.

**Nilesh Doshi:** Sir, you mentioned about some export opportunities and some hopes you were seeing from the export market. Can you please elaborate from which geography you are seeing? Are you seeing in the form of enquiries already with you or is just a talk what you are seeing? Especially, what kind of size you are seeing from the export market?

**Prayasvin Patel:** We have got a reasonably large order from the far east from the sugar sector. To be specific, it has come in from Thailand. And we are seeing good opportunities in the United States because this was a market which was not pursued that aggressively up till now and in doing so, we are finding some positive results. We are recently supplying a few gear boxes to some of the customers and who have promised us to further give us more orders in the near future. That is the market which has a large amount of potential going further in the future and the margins are also reasonably healthy.

**Nilesh Doshi:** So, in the case of the US market, what would be your strategy? You will be manufacturing in India or it would be done from the other geography? Can you please elaborate on what the strategy you are looking at?

**Prayasvin Patel:** The manufacturing would be all done in India and would be then ultimately sold to the United States.

**Nilesh Doshi:** Any assembly or anything to be done over there?

**Prayasvin Patel:** It will depend. Basically, there could be both the options of assembly out here as well as assembly in the United States. It will depend on what kind and what type of orders they are, but in most of the cases, the assembly would be done in India.

**Nilesh Doshi:** Sir, can you elaborate in terms of what competition we have in the US? Because I would believe it is a matured market and there are already existing players who would be there in the United States. What would we bring from our side as a differential which would attract them to work with us?

**Prayasvin Patel:** First of all, the United States is a market which is fairly large and widespread. There are local manufacturers out there as well as the Europeans are also there but it is also a large very large market where we see that people appreciate services and the kind of support that you provide to the customer which leads to bagging of orders rather than the price. If you are able to support the customer with good application engineering and by responding to his needs faster, you will get rewarded with orders. This has been our strategy. We have taken a few key persons who have been good at application engineering from here and we have parked them in the United States so that we are able to respond faster and better to the clients out there. And this should provide better results going forward.

**Nilesh Doshi:** So, in terms of getting into the business, are you focusing on a particular industry or you are moving across in terms of steel, sugar, everything in the US. How do I look at that?

- Prayasvin Patel:** We are looking at all sectors right now. Based on the customer data that we have from the past, we are evaluating this and moving further and also scanning various industries so that we are able to find new customers also. It is a learning phase that we are going through right now but it is giving us reasonably good results as of now and we are hopeful that going further, we will be able to bag more orders.
- Nilesh Doshi:** Last question to Kamlesh bhai. At the end of the current year, what do we expect the debt level to be?
- Kamlesh Shah:** We are expecting the debt level to reduce by another 30 crores which is minimum size. This is what we are looking for but our target we internally is within 40 to 50 crores anything to reduce our debt locally.
- Nilesh Doshi:** What would we reach at the net debt level?
- Kamlesh Shah:** We are expecting to reach the net debt level on stand-alone basis to less than 400 crores.
- Nilesh Doshi:** Sir, one more question if you can allow me. How big would be the US market currently and we would be more aiming at a market share taken away from the competitor rather than the growth what is coming in the US. Is that the correct understanding?
- Prayasvin Patel:** I would say yes. That is the correct understanding.
- Nilesh Doshi:** And what would be addressable market? I am more keen on our addressable market.
- Prayasvin Patel:** About USD 100 million annually.
- Moderator:** Our next question is from the line of Abhishek Poddar from HDFC Mutual Fund. Please go ahead.
- Abhishek Poddar:** First question is about net debt only. When you were talking about a 30- to 50-crore deleveraging in the 2nd half, are you also accounting for the arbitration award or that is obviously not being accounted by you yet?
- Prayasvin Patel:** No, that has not been accounted for because it depends upon how the customers moving ahead us.
- Abhishek Poddar:** Sir, the arbitration is in what stage? Have the customers already appealed in the high court or they are still thinking about it?
- Kamlesh Shah:** Arbitration, they are still thinking about that. So far if I give the update on the BGR, BGR has already released the bank guarantee. Still, all will depend upon the customers how they move about. I cannot predict customer's mindset.

- Abhishek Poddar:** I am just trying to figure out this 50 crores of deleveraging in the 2nd half. And when I see the cash flow for 1st half that you have published, it is about 10 to 15 crores kind of working capital increase which has happened. My question is, are you building in a working capital release in 2nd half as well?
- Kamlesh Shah:** No, we are not expecting because it is all which is on account of the marine project which is now, we are expecting our delivery. So, we have done this. And once the delivery starts the working capital will start reducing.
- Abhishek Poddar:** So, you are building some bit of working capital release in the 2nd half, sir?
- Kamlesh Shah:** May not require much on that part.
- Abhishek Poddar:** So, without working capital release also, you can do 30- to 50-crore kind of deleveraging. That is what you are saying?
- Kamlesh Shah:** Yes.
- Abhishek Poddar:** In the start of the call, you had said that some green shoots are visible in the economy. My question is from your order inflow perspective. Which prospects that you are seeing? Are there more enquiries from the customers which are already starting, and which are the sectors where you are seeing more enquiries happening?
- Prayasvin Patel:** It is basically coming from the infrastructure sector, especially the machinery builders in the infrastructure. Cement, there is a requirement which is coming up. And as I mentioned, sugar has up till now given us reasonably good orders. Those are the few sectors which are showing reasonable hope going forward.
- Abhishek Poddar:** Because your order inflow until now has been weak and when we said that we can do better this year compared to the last year, does that mean that you are expecting that 3rd quarter onwards, you will start seeing much better order flow and it is entirely contingent upon that?
- Prayasvin Patel:** First of all, you have to understand that we have 700 odd crores of outstanding orders available with us. That will give us a reasonably good momentum, and if these sectors give us further orders, we would be reasonably well off.
- Abhishek Poddar:** I think in the last call, you had mentioned that you were trying to improve your MHE order book towards the high-margin business.
- Prayasvin Patel:** Yes.
- Abhishek Poddar:** 514 crores of order book we are having, has that shifted already or that shift is happening and how much of that is the legacy orders?

- Prayasvin Patel:** As I had mentioned, the legacy orders would be to the tune of 50 to 80 crores, and after that when we shifted our strategy, it has reasonably healthy margins going forward.
- Abhishek Poddar:** Could you give some sense that in this 50 to 80 crores, what kind of losses we should be expecting?
- Prayasvin Patel:** It would be difficult right now to mention but I would say that over a period of time, they would get executed, let us say, by the end of this year and then from next year onwards, we see better margins.
- Moderator:** We will take our next question from the line of Ritika Garg from Aequis Investments. Please go ahead.
- Ritika Garg:** Sir, I wanted to know what was the marine order execution in Q2 and H1 and H2.
- Prayasvin Patel:** Up till now, there has been no deliveries that have been made in the marine orders and they would be done in H2, part of it in Q3 and part of it is Q4.
- Ritika Garg:** Sir, there is no revenue from marine order in H1?
- Prayasvin Patel:** No. Please understand that since we are on the POC basis of financials, they have taken into account the progress that has been done up till now. However, the invoicing would be done in the 3rd and 4th quarters.
- Moderator:** The next question is from the line of Sahil Jain, an individual investor. Please go ahead.
- Sahil Jain:** Sir, your finance cost FY19 was 73 odd crores and this year, it shrunk 37 odd crores for a debt of 430 crores. The interest cost looks a little high, sir. So, can you breakup the finance cost for me?
- Kamlesh Shah:** The interest cost includes the bank guarantee charges which they have to issue for the contract, the orders what we have. So, it is the bank guarantee charges and includes bank letter of credit also. And secondly, from this year onwards, the accounting for the lease rent has also changed. That is in new Ind-AS 116 called leases to introduced from 1st April 2019 onwards. According to the accounting, if it is done for the lease in two manners, one is to be charged with the interest cost which is called as finance cost and the balance is in the amortization as depreciation. Because of that one of the reasons is that also, major reason is that. Second is the letter of credit and bank guarantee.
- Sahil Jain:** Can you breakup, sir? Compared to last year, what has been the interest cost? I just want to know the interest cost of H1 FY19 to H1 FY20, is there any drop in the interest cost?
- Kamlesh Shah:** Because interest was the base MCLR called as base interest rate has also increased compared to the last year in the same period to this year also. That is also one of the reasons. I will give

the breakup. If you can send me the email, I will provide the breakup of finance cost and into that how the sale has increased and where it has increased also.

- Sahil Jain:** The other financial assets have gone up by 40 crores compared to your March 2019.
- Kamlesh Shah:** Other financial assets include the unbilled revenue because our accounting for project is on contract accounting. Under the contract accounting, we have to account for, as I know, unbilled revenue that is work completed but not billed to the customer under that particular contract accounting method. Unbilled revenue is accounted under the heads "Financial Assets." Once it gets billed, it is cleared from that account.
- Sahil Jain:** Is this a marine order?
- Kamlesh Shah:** Yes, it includes the marine order also and it includes the other NHEL.
- Moderator:** We have a question from the line of Nitin Gandhi from KIFS Securities. Please go ahead.
- Nitin Gandhi:** Can you share something on promoters' pledged holdings? What is the nature, to whom, and when do you propose to remove that?
- Kamlesh Shah:** So far as the pledge of shares are concerned, during the period from April to September 2019, there is no addition to the pledge of shares.
- Nitin Gandhi:** I am referring to the existing 95 crores of holdings pledged.
- Kamlesh Shah:** Whatever earlier was there, the status of pledged shares which were there as of 31st March 2019, the same is continued as of 30th September 2019 also.
- Nitin Gandhi:** I am just requesting you to clarify to whom is it pledged?
- Kamlesh Shah:** Mainly, it is to the 3 institutions. One is Tata Capital which was again the pledge of shares. Then, Aditya Birla Finance Limited which is also partly from machineries and specific assets and partly pledge of shares and very little portion to IFCI Limited. These are the 3 institutions where the shares are pledged to these institutions.
- Nitin Gandhi:** All money has been used for the plant & machinery?
- Kamlesh Shah:** It is related to plant & machinery. It is for the company, we can say. Specifically it is not for plant & machinery but for the company.
- Nitin Gandhi:** What is the date outstanding with them, all 3 put together?
- Kamlesh Shah:** IFCI is now I think between 52 crores, and Tata Capital is 10 crores, and Aditya Birla 20 crores. Here, I am talking about the round number. All put together is nearly 88, between 80 to 85 crores.

- Nitin Gandhi:** Are they asking for additional pledge?
- Kamlesh Shah:** No. Instead, we have prepaid the loan wherever it is required.
- Moderator:** Our next question is from the line of Ritika Garg from Aequitas Investments. Please go ahead.
- Participant:** Sir, just wanted to understand the outlook on our subsidiaries business for the year. How do we expect our subsidiaries to perform for the whole year compared to last year?
- Prayasvin Patel:** As we had mentioned in the opening remarks, the United States have reduced their losses from 4.6 crores last year by the end of H1 to 1 crore this year. And the other subsidiaries like UK, Sweden, and the rest, they have registered a turnover of 62 crores with an EBITDA of 8.44 crores and we are reasonably confident that going further ahead, the performance would continue in the same fashion. So, if you are able to eliminate the losses of the United States, the PBT would be reasonably good.
- Participant:** So, can you say that the top line will be flattish for the year but there will be some improvement in bottom line?
- Prayasvin Patel:** Yes, definitely.
- Moderator:** The next question is from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.
- Nilesh Doshi:** Sir, just a followup question. What's the revenue we achieved in Q2 and H1 from the United States?
- Kamlesh Shah:** The United States, we achieved a revenue – if I am converting to Indian rupees – it is exceeding of 21 crores in H1.
- Nilesh Doshi:** Kamlesh bhai, how do your account for the margins when you take order in the US and get manufactured in India? The Indian manufacturing part would be at the domestic margin, and when you sell in the US, you may incur loss because of the expenses in the US. Is that the way?
- Kamlesh Shah:** No, it is not the way. Because this is the subsidiary, all goes under the international transfer packing as per the rules which are applicable to that. Whatever losses are there, one of the reasons is for the fixed cost which we are incurring. Again, that's the top line.
- Nilesh Doshi:** So, in stand-alone, we don't make any loss as far as such orders are concerned?
- Kamlesh Shah:** Yes. If you see at the end, all put together if you combine both the US and India for one particular order, it has not been done.
- Nilesh Doshi:** In consolidated, I can understand but stand-alone, we don't make loss, right?

**Kamlesh Shah:** Yes, correct.

**Nilesh Doshi:** Kamlesh bhai, just to understand, how many clients currently we may be working with in the US?

**Prayasvin Patel:** It would be going into hundreds and thousands.

**Moderator:** Ladies and gentlemen, that was the last question. I would now like to hand over the floor back to the management for closing comments. Over to you sir.

**Prayasvin Patel:** First of all, I would like to thank all the investors for taking keen interest in this con-call.

I would like to also wish them a very very happy Diwali and a happy New Year to all the Gujarathis also since we have the New Year coming in soon.

And I need to assure you that we are trying to do our very best and hopefully if the economy improves as the government has been promising, things would look a lot healthier. In the meantime, we have been able to reduce our debt and our financials are improving though slowly and gradually, but they are on the positive side.

Please sustain your interest in Elecon going forward. Thank you very much.

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