SKIPPER
Limited

Dated: 17th February, 2024

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block-G
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Symbol- SKIPPER

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400 001
Scrip Code- 538562

Subject: Transcript of the conference call on Unaudited Financial Results for the Quarter ended 31st December, 2023

Dear Sir,

In accordance with Regulation 30 read with Schedule III of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are forwarding herewith the transcript of the conference call with Investors and analysts held on 13th February, 2024 on Unaudited Financial Results of the Company for quarter ended 31st December, 2023.

We request you to kindly take the aforesaid information on record.

Thanking you,

Yours faithfully,
For Skipper Limited

Anu Singh
Digitally signed by Anu Singh
Date: 2024.02.17 15:09:10 +05'30'

Anu Singh
Company Secretary & Compliance Officer

Encl: As above

"Skipper Limited
3QFY24 Earnings Conference Call"
February 13, 2024

MANAGEMENT: **MR. SHARAN BANSAL – DIRECTOR – SKIPPER LIMITED**
MR. SHIV SHANKAR GUPTA – CHIEF FINANCIAL OFFICER – SKIPPER LIMITED
MR. ADITYA DUJARI –GENERAL MANAGER FINANCE AND INVESTOR RELATIONS – SKIPPER LIMITED

MODERATOR: **MR. SATYADEEP JAIN -- AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Skipper Limited 3QFY24 Earnings Conference Call, hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be no opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Satyadeep Jain from Ambit Capital. Thank you, and over to you, sir.

Satyadeep Jain: Thank you. Hello, everyone. Welcome to Skipper Limited 3QFY24 Earnings Call. On the management side, today, we have with us Mr. Sharan Bansal, who is the Director; Mr. Shiv Shankar Gupta, the Chief Financial Officer; and Mr. Aditya Dujari, GM Finance and Investor Relations. Thank you, and over to you, sir, for your opening remarks.

Sharan Bansal: Thank you, Satya. Good afternoon to all of you and thank you for your continued interest in Skipper. Please take note any forward-looking statement made during this call must be reviewed in conjunction with the risks that the industry and the company face. Some of the key operational and financial highlights in comparison to the previous year quarter were as follows.

I'm pleased to inform you that the company registered its best ever revenue quarter of INR8,015 million against INR4,448 million in previous year quarter on back of strong performance across all its major business segments, achieving growth of 80% over previous year quarter period while maintaining healthy operating EBITDA margin of 9.6%.

The segmental revenue breakup were as follows: Engineering, INR5.77 million, up by 54% over previous year quarter; Polymer at INR1,086 million, up by 11%; and Infra segment, INR1,753 million, up by 1,672%. The company engineering export sales were at INR1,023 million and constituted 20% of overall Engineering segment revenue. And Y-to-date export sales were at a level of INR4,369 million, constituting 29% of overall export Engineering revenue.

The company achieved its best-ever quarter revenue in the Infra business, fuelled by robust execution, BSNL and other T&D projects. Our revenue surged by an impressive 16.72x compared to the previous year quarter. We foresee the similar momentum to continue for next quarter also. Years of dedicated effort towards building a robust retail distribution network for our Polymer business has now started showing encouraging results.

Polymer business achieved its best ever nine months revenue performance. Revenue increased to INR3,491 million against INR2,572 million in the previous year nine months, up by 36%. Polymer sales volume increased to 24,654 million tons -- metric tons against 15,454 metric tons in the previous nine-month period, registering a growth in volume of 60%.

Our Skipper pipe brand campaign as India's Safest Pipes with brand ambassadors, MS Dhoni and Chris Gayle, is paying rich dividends. Higher growth witnessed in certain markets, indicating campaign effectiveness. Company intends to increase its campaign spread to other geographies as well as open new markets in the coming couple of quarters.

Our quarterly operating performances were as follows: reported EBITDA increased to INR770 million, and operating margins stood at 9.6% for the quarter. The Engineering segment EBITDA margins for the quarter stood at 11.8%. Going forward, we expect similar trends to continue and deliver consistent margin performance in this business on back of better quality contracts getting executed and rising share of international business.

The EBITDA margins for Polymer and infra business will continue to be benefited from fixed cost being rationalized over larger revenue base. The management focus continues towards bottom line improvement. The consolidated PBT increased to INR291 million and PBT margin at 3.6% of the sales for the current quarter period against INR118 million in the previous year quarter with PBT margin of 2.7%.

The consolidated PAT increased to INR205 million with a PAT margin of 2.6% of sales for the current quarter period against INR95 million in the previous year quarter with PAT margins at 2.1%. Order book and inflow. On the order front, during the quarter, company secured significant sized transmission tower export contracts from Middle East Asia and several other T&D projects, both domestic and international, including telecom.

The total inflow for the quarter was in excess of INR4,000 million with export inflows constituting 40% of the total inflows. In nine months, we secured new orders in excess of INR31,450 million. The current order book currently stands at INR57,790 million and is well diversified across sectors and segments. The order book to Engineering and Infra segment sales since now stands at 3.7x of FY23 sales, giving us the revenue visibility for the next three to four years.

The domestic T&D environment looks vibrant and the company is committed to leverage and address the vast potential of India transmission sector with its integrated operations with the government's accelerated efforts towards scaling with one-grid infrastructure and improving electrification in urban and rural area. Skipper supports this growth.

Further, on international front, companies are witnessing a surge in global inquiries and getting benefited from China Plus One trend. The company will continue to get benefited from the pent-up demand as the global economy opens up and global focus and investment on building T&D infrastructure catering to renewal continues to grow.

Also, the company looks forward to tap emerging opportunities in sectors aligned with the government's rising interest.

Skipper's rising diversification into the business of telecom, railway electrification, water, EPC and field irrigation has tremendous potential leading to strengthen its revenue stream. The tender pipeline for us to participate looks deep, and the current bidding pipeline are at their all-time high level of INR150,300 million with international share at INR98,300 million and domestic at INR52,000 million.

Also, I am happy to share that the company is in advanced stages of negotiation to secure some good sized international and domestic contracts. And coming on to the rights issue, I just wanted to brief you all. Further, we are pleased to announce the successful closure of our rights issue offering. The rights issue received a strong response from both our existing shareholders as well as from other investors and witnessed participation from both domestic and foreign public shareholders. The issue was oversubscribed approximately 1.77x.

The success of our capital raise is a strong demonstration of the confidence that our existing shareholders and new shareholders have in the prospects of the company and underscore their belief in our abilities to leverage the growth opportunities offered by the sector. This infusion will help finance our growth ambition and will allow us to emerge with a stronger balance sheet and increased flexibility.

Thank you. We are happy to take your questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Dhruv Agarwal from Niveshaay Investment Advisors.

Dhruv Agarwal: Congratulations on a very good set of numbers. Sir, on the international terms, how do you see the demand coming in from the Middle East countries, United States and North America? And how do you see the competition in those international markets also? If you can name some of the players from whom do you see the competition and also name some of the Turkish players as well, sir?

Sharan Bansal: Yes. So demand from -- in a lot of geographies right now is very robust, primarily because a lot of international countries are investing in the renewable sector, renewable power generation. Now renewable power generation necessarily comes with investments in power transmission also, which is why we are seeing healthy demand in a lot of markets.

Skipper does operate in about 65 countries and we are seeing decent demand in a number of them. Particularly, right now, we have seen good orders coming from Middle East and Australia for our company. And in the future, we are expecting good amount of orders and business from North America and Europe also.

In terms of competition, mostly our competition is with Chinese and Turkish players and some one or two Indian players as well. So that is the competitive landscape. I hope I answered all your questions.

Dhruv Agarwal: Sir, can you please name some of the Turkish players as well like from -- like Turkish and Chinese players as well?

Sharan Bansal: Some Turkish players who we regularly compete with are called [Mitas and Sara].

Dhruv Agarwal: Okay. Okay. And Chinese, sir, if you can name?

Sharan Bansal: Chinese, I'm sorry, I don't have -- their names are a bit complicated. I would be able to share those names with you later on.

Dhruv Agarwal: Okay. And sir, like one more question related to this. Any impact on revenue vis-a-vis Red Sea issue in this current quarter? And I'm sure going forward, do you see any issues given that in the upcoming quarters?

Sharan Bansal: We do have some contracts in -- which are affected by the Red Sea crisis, particularly in Israel and Egypt. The rest of the Middle East is not that affected by this problem. However, even in these countries, the shipping lines are able to go around the longer route around the Cape of Good Hope and reach their destination.

So I think this is -- in the short term, we may see some freight increase, only particularly in these two countries, in Israel and Egypt. In other countries, there will be some amount of rate increase, but our contracts are well able to cover that increase.

Dhruv Agarwal: And my question specific on the finance cost. If I calculate the interest expense and finance cost as a percentage of total borrowing within the long-term and short-term debt, instead of calculating it as a percentage of sales, it is coming to around like 15.7% in the year '23, 16% in year '22 and so on, sir. But on the other hand, if I compare the weighted average cost of borrowing, it is coming close to 10.5%. So why there is a gap of around 5% to 6%? Can you please highlight that it is -- like am I missing something or is there anything...

Sharan Bansal: Yes. So we have said in earlier con calls also, the total finance cost is not just the interest paid on long-term and short-term debt. It also includes the interest paid on vendor bill discounting and customer bill discounting. Also, it is inclusive of the bank guarantee charges and margin charges. As you know, in our company, there are a lot of bank guarantees that we have to deal with. So all those charges are part of the finance cost overall in the company. So which is why I did not correct to calculate the overall finance cost divided by the short-term, long-term debt. That will not give the correct picture.

Dhruv Agarwal: And sir, just one more question. The PAE has increased their investment for deploying the transmission, etcetera, including the lines and the substation close to around INR4.75 trillion from INR2.44 trillion previously. So can you give some colour on like how do you see the demand rollout from this increased expenditure and what kind of market share can people be able to obtain from this? And also what kind of margins we can expect from this as well?

Sharan Bansal: Which customer are you talking about?

Dhruv Agarwal: PEA has increased their expenditure, right, on the transmission infrastructure, right? So INR4.75 trillion from INR2.44 trillion?

Sharan Bansal: Are you asking about Government of India expenditure?

Dhruv Agarwal: Yes, yes, yes. Funding from Government of India, yes, yes.

Sharan Bansal: So one thing in transmission, you have to understand that there is a bit of -- fair amount of private participation also where transmission investments are concerned. Government of India make the investments through power, but it's not exactly a budget allocation for them.

So the transmission market is fairly robust and there's an active participation from companies like POWERGRID, Sterlite, Adani, etcetera. So they are the ones who are bidding and taking the project, and government essentially creates an enabling environment where they have identified projects of around INR2.5 lakh crores to be bidded in the next five years to connect 500 gigawatt of renewable power.

Effectively, that is what is leading to the growth in demand in overall in India. And of course, international markets, we've already spoken about the connection of renewables, which is driving the transmission demand.

Dhruv Agarwal: Sir, my question was only -- regarding only like what kind of shares Skipper will be able to attain from this. Can you give some guidelines on that?

Sharan Bansal: Well, currently, in the segment that we operate in, which is the ultra-high voltage segment, the 400 kV and 765 kV in India, we have close to about a 10% to 15% market share. And I think we will be comfortably be able to maintain that.

Dhruv Agarwal: Okay. Just one last question, sir. Is there any unexecuted BSNL order book out of the total order book that stands in the quarter 3? And what is the share of the BSNL in the current quarter revenue, sir? Can you share that financial, sir?

Sharan Bansal: I don't have those numbers readily available. However, BSNL project is going well. We still have announced some quarters of execution left in this contract. So -- but I don't have the numbers available -- readily available, how much is it is muted and how much was done this quarter.

Moderator: The next question is from the line of Deepak Purswani from Svan Investments.

Deepak Purswani: Congratulations for a very good set of numbers. Sir, firstly, in terms of the bid pipeline, last quarter, the bid pipeline was somewhere close to INR12,500 crores. And this time, it has increased to the INR15,000-odd crores whereas order inflow has actually declined vis-a-vis the last quarter. So if you can throw some light, how should we read into it, whether clients are taking a little longer time or it's just a normal course in the business?

Sharan Bansal: See, in terms -- in all the performance metrics of the company, it will be much better to look at it on an annualized basis than on a quarter basis because quarter numbers may be impacted by a various number of factors by purely about how many bids are getting finalized in that quarter, which customer is moving, how fast.

So honestly, if you look at the annual number, we have secured about INR3,100 crores of orders so far in the first nine months. In the last quarter also, looking at the order inflow that are coming in, we are quite confident that we should be close to the number of -- close to or exceeding the number of last year, which was about INR4,000 crores annually.

So honestly, order inflow, etcetera, is really not a concern. There will be continuous robust inflow of orders continuously for several years.

Deepak Purswani: And sir, you did mention regarding -- when you are also at advanced stage of discussion on some of the orders. What would be the typical ticket size of these orders, if you can throw some light on that?

Sharan Bansal: For major contracts, anywhere between INR200 crores to INR400 crores is on a per-contract basis. That is the order ticket price, which we are targeting.

Deepak Purswani: Okay. And sir, in terms of the debt level, what was the debt level at the end of this quarter? And also, if you can throw some light on the working capital cycle as well?

Sharan Bansal: Our debt level at the end of quarter two was approximately INR700 crores, including long-term and short-term debt. We have not published the numbers of quarter three debt as the requirement is not there.

And in terms of the working capital cycle, we are at about working capital cycle of 120 days right now.

Deepak Purswani: So sir, with the proceeds of rights issue to the extent of INR50-odd crores, would that be fair to assume this quarter again that would have come down to that extent?

Sharan Bansal: The proceeds are yet to be received by the company as the final allocation of the rights issue will be done hopefully by the end of this week. So we expect the proceeds to come in by next week, perhaps.

Deepak Purswani: Okay. And sir, in terms of the capex, how much has been the capex incurred so far?

Sharan Bansal: This year, we expect -- I think we've invested about INR70-odd crores.

Deepak Purswani: Okay. And sir, finally, on the pipe business, I mean on a nine-month basis, again, growth has been pretty strong to the extent of 26%. But if I'm looking at the Q3 level, that has been -- come down to the 12%. So on an incremental basis, if you can throw some light, how should we look into these numbers?

Sharan Bansal: Yes. I think overall, there's been a very good volume growth in this business, approximately 50% to 60% volume growth we've had. However, top line-wise, we've seen slightly lesser growth than that because the resin prices have contracted quite a bit compared to last year. But volume growth is strong, and we'll -- we expect that to continue to remain strong in the coming years as well.

Moderator: The next question is from the line of Dhiral from PhillipCapital PCG.

Dhiral: Congratulations for the very strong set of numbers. So my question is if I look at the export revenue on a nine-month basis, we have seen a sharp decline of almost 8% to 10%. So any particular reason for this?

Sharan Bansal: The export has seen decline in what sense?

Dhiral: Sir, revenue. Export revenue on a nine-month basis, if I look at nine months FY23 compared to nine months FY24, we have seen it decline by almost 8% to 10%.

Sharan Bansal: It is that because the domestic execution is quite strong right now on the back of the BSNL contract as well as the various transmission contracts, which we are securing. Otherwise, the export execution is in more or less in line with last year.

Dhiral: Okay. So with the export for the full year, last year, we did an export revenue of INR730 crores. So what is the guidance for the current year, sir?

Sharan Bansal: It will be similar to last year's level.

Dhiral: Okay. Okay. And sir, as you talked about this year, order inflow will remain same as compared to last year. So what kind of growth we are envisaging for next year and for FY26 overall?

Sharan Bansal: See, already, the company, about two years ago, we have secured about orders of INR1,500 crores to INR2,000 crores annually. Starting from last year, we have seen good amount of order inflows starting to come in.

So now honestly, in terms of market availability, we don't see a challenge of getting orders. Our capacity will only be the constraint going forward. So we are planning new capex plans. And as we grow capacity, then obviously, we can target higher and higher amount of orders also.

Dhiral: Okay. So what kind of capex are we looking maybe for the Engineering segment?

Sharan Bansal: We haven't firmed up our capex plan for next year. This year, as I was mentioning earlier, that we have spent about INR70 crores of capex, but that has been towards more capacity optimization and debottlenecking. We haven't gone for a capacity expansion till now, which now we are in the planning for both brownfield as well as maybe greenfield expansion.

Dhiral: Okay. And sir, lastly, in terms of margins, if I look at our margins, we are very close to the double digit. But maybe by next year, sir, do you expect this margin is comfortable at, say, about double digit, sir?

Sharan Bansal: On a blended basis, I am not sure. We will be quite comfortable with our margin guidance of between 9.5% to 10%. However, incrementally, we should see margin expansion as and when -- as our -- as we get better and better quality contracts in the Engineering business and our PVC business also start to see better and better margins.

So yes, long term, we should see margins of 10%, 11%, etcetera. However, for next year, we would expect margins to be in the similar range.

Moderator: The next question is from the line of Namish Gupta from Namish Gupta & Company.

Namish Gupta: Okay. So sir, my question is regarding margin. Sir, you are saying that your margin is like -- your sustainable margins are like 9.5%, 10%, something, sir? Sir, I mean, what I have seen is like from March quarter, we are incremental. As each and every quarter, our turnover is increasing. So my assumption is that on every increase of turnover, there are economies of scale that should play out and margins should enhance due to that, sir. But I mean, this is not happening in our case, sir. So I mean can you just clarify on this point, sir?

Sharan Bansal: The turnover is increasing in a mix. You're right that there is some amount of economies of scale that are being obtained also. However, the revenue has been going up as the mix of PVC growth as well as growth in the Infra division, which have, on a blended basis overall margin of the company perhaps is not going up as sharply as what you would expect.

We are at a comfortable margin level compared to overall. Last year, if you look -- our overall blended margin was 9.1%. This year, our overall blended margin is about 9.8%, 9.9% already. So we have definitely had some amount of improvement overall in terms of economies of scale, etcetera.

Namish Gupta: Okay. I mean, is it due to some kind of mix that you are not getting some high-value order? Or your fixed cost percentage is very high that we are not -- I mean, we are not getting the economies of scale, sir?

Sharan Bansal: No, that's not the case. As I mentioned, that you will have to look at margins on an annual basis. Last year, the overall margins were about 9.1%. This year on a nine-month basis, we are at 9.9%. So obviously, margins have gone up.

Moderator: The next question is from the line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: Sir, I want to understand, you have mentioned in the presentation that you aim for growing at 25% CAGR in terms of revenue for the next three years. So just a clarification, is this from FY24 or on FY23 number, sir?

Sharan Bansal: It is on the FY23 numbers.

Rusmik Oza: '23. So because I was asking the question because this year, I think we'll end up growing at around more than 50%. So does that mean that actually because it's a compounded at 25% for FY23, then you go to around close to, say, INR3,800 crores, INR3,900 crores by FY26, but then that reduces the next two years CAGR to around 10% because this year, you should do around close to INR3,200 crores revenue.

So just if I can understand the math there, does it mean that going forward for the next two years, your CAGR could be around 10%, 12%? Or will it be more than that?

Sharan Bansal: Well, we will be giving next year guidance with the quarter four results. However, obviously, our efforts will always be, as we have done this year, about being conservative where the guidance is concerned and outperforming.

So as this year instead of 25%, we have done much better, like you mentioned, close to about 50% growth. So yes, our efforts will be there. Whatever guidance we gave for subsequent years, we do outperform that guidance.

Rusmik Oza: Okay, okay. And sir, since I'm new to the company, can you just explain what is the total capacity in the T&D segment? And what is the utilization right now?

Sharan Bansal: Our utilization in the Engineering segment is approximately about 80% right now.

Rusmik Oza: 80%. And how can -- how far can we go in this in terms of utilization, sir?

Sharan Bansal: So there's some amount of enhancement that will happen. We should be close to about 90% in the coming quarters. But as capacity will also start going up, some amount of brownfield capacity expansion will also start happening in subsequent quarters.

Rusmik Oza: Okay, okay. And in terms of Polymer, sir, capacities around 62,000, nine months, we have done around 24,000. That means we should do around close to 33,000 for the year. How do we see the utilization levels of this going up in the next two to three years?

Sharan Bansal: As are -- of course, we do have capacity in this business. Here, capacity is not a constraint as the market is opening up for us, thanks to -- on the back of our ad campaign and our dealer distributor network.

So I think as our brand is getting more and more accepted in the market, volumes will continue to grow. And like I said, we -- the capacity is not a constraint in this business for us.

Rusmik Oza: Okay, sir. I have two more questions, sir, one is on the same, T&D. Since the utilization level is 80%, is there any expansion plan in the foray for the next two, three years going forward?

Sharan Bansal: Yes, surely. There will be expansion plan. We will be planning both brownfield and greenfield expansion.

Rusmik Oza: Okay. Any capex would you like to give for this?

Sharan Bansal: Not right now. We will be sharing you along with the Q4 numbers.

Rusmik Oza: Okay, okay. And my last question, sir, is on the tax rate. We're paying around 33% tax on PBT. When do we shift to the new tax regime? Or we'll continue with the same tax regime for some more time?

Sharan Bansal: We expect to move to the lower tax regime next year.

Rusmik Oza: Next year. So from next year, you can expect 25% instead 33%, right?

Sharan Bansal: That's correct.

Moderator: The next follow-up question is from the line of Dhruv Agarwal from Niveshaay Investment Advisors.

Dhruv Agarwal: Sir, on the last con call, you said that over the years the H1 revenue in relation to the total revenue is 40%. So in the first half, the revenue was around INR30 crores, INR27 crores. So is it a back calculation after reconsidering the quarter three sales, it comes close to around INR200 crores. So are you confident to do in the quarter four of around INR1,200 crores in…?

Sharan Bansal: No. How did you calculate INR1,200 crores?

Dhruv Agarwal: Sir, like generally, H1 revenues is 40% of the total revenue you said in the last con call. So I just did the back calculation of INR30 crores dividing by 40% minus this nine months revenue, so it comes close to around INR1,200 crores.

Sharan Bansal: So the first six month revenue was...

Shiv Gupta: INR1,327 crores.

Sharan Bansal: INR1,327 cores. Okay. See, 40-60 is just an indicative number. Obviously, it cannot be something, which is an exact guidance, but it's a very loose guidance.

So I think the point is, we have seen a very good growth in top line already in the year. I think we're at about 60%, 65%, something. And we have seen the revenue, the quarterly execution grew to about INR800 crores in the range in quarter two and quarter three.

Now how much if you grow by quarter 4, again, that remains to be seen. But again, overall, execution is robust.

Dhruv Agarwal: Okay, okay. And sir, like what kind of conversion rate one can expect from bidding pipeline to flow into the order book? And how many quarters do you expect, sir, this order -- inflow in the order book?

Sharan Bansal: What kind of -- sorry, once again?

Dhruv Agarwal: What kind of conversion rate one can expect from the bidding pipeline to flow into the order book, sir? And by how many quarters?

Sharan Bansal: Okay. So as of now, like I mentioned, we will be constrained for capacity in the coming quarters. So unless and until we increase capacity, we will not be able to take in more than INR3,000 crores to INR4,000 crores of orders annually. So they all depend on our capacity expansion plans and which, of course, are underway. And hopefully, then we will be able to take in higher amount of orders next year.

Dhruv Agarwal: And so currently what would be the conversion rate, sir? Can you give some guidance on that?

Sharan Bansal: I mean, right now, we are pursuing about INR15,000 crores of orders and we are targeting about INR4,000 crores of orders next year. Then I would say about 25% conversion.

Dhruv Agarwal: Okay. And just one last question, sir. When do you expect the operating leverage to come into play in the business? Like you are growing so well like revenue, one thing, is fantastic to grow, but like the operating leverage part is not playing in the business. Like can you give some colour on that, sir?

Sharan Bansal: You mean in terms of working capital?

Dhruv Agarwal: No. Operating leverage, sir. Like change in profit divided by change in sales. Like sir, it is not growing as much as the sales is growing, sir.

Sharan Bansal: I'm surprised you feel that way because when we look at the EBITDA margins compared to last year, as I was mentioning to the previous caller, that EBITDA margins have moved up from 9.1% to 9.9% on a nine-month basis.

PBT numbers, which were at a low margin of only about 1.3% in the previous year nine months has moved up to about 3.8% this year.

So certainly, there has been some benefit of operational leverage coming into play. A fair -- I mean, by top line growing about 60%, the bottom line has grown by about 250 bps. So certainly, I think there has been a good amount of operational leverage already that is coming and more can be expected as the company grows.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sharan Bansal: Thank you to all the participants. We are confident of delivering profitable revenue growth with a consistent margin in the current year and expect to clock healthy revenue growth for the next financial year as well on back of pending Infra, Engineering contract and strong Polymer segment performance. We will continue to focus on improving bottom line profitability, stabilize operational cash flows, trim our debt, thereby leading to improvement of company's margin profile and strengthen its balance sheet position and capital return ratio.

The company's effort towards sustainable business practices will help to achieve its goals by making meaningful contributions to the national and global infrastructure. We appreciate your continued support, and look forward to interacting with you again in the next quarter. Thank you.

Moderator: On behalf of Ambit Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.