"Blue Star Limited

Q2 & H1 FY23 Earnings Conference Call"

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MANAGEMENT: MR. B. THIAGARAJAN – MANAGING DIRECTOR
MR. NIKHIL SOHONI – GROUP CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Blue Star Limited Q2 and H1 FY23 Earnings Conference Call. We have with us today from the management, Mr. B. Thiagarajan, Managing Director, Blue Star Limited; and Mr. Nikhil Sohoni – Group Chief Financial Officer, Blue Start Limited. As a reminder, all participant lines will be in listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. B. Thiagarajan. Thank you, and over to you, sir.

B. Thiagarajan: Thank you. Good morning, ladies and gentlemen. It's a pleasure and privilege to join this call today. Thank you very much for sparing your time to attend this briefing from Blue Star on Q2 FY23 Results.

I am going to give a brief introduction after which Mr. Sohoni will brief you on the highlights and then we will answer your questions. If you have noticed all throughout in my television interviews and interactions with some of you and the press, I had indicated that the market is doing well. The demand for all our products and services including cooling products had been good. That's what I had been indicating, even though there had been many reports that the market has completely slowed down.

Now, you will see from the results, all segments have done well. In specifically the room air conditioners compared with last year or compared with even FY20, we have shown good growth.

There was a second subject which was being discussed all through for the past 3 months that is commodity price softening and therefore whether the margins will improve, we had maintained that it is not likely to improve because we had raw material bought at old prices and perhaps we have to look at the second half of the financial year for benefits. But then, the rupee continues to depreciate. Of course, there is a view that it is dollar strengthening than rupee depreciating. It is offsetting the commodity price savings that will be accruing from now on. Therefore, on the margin front, it is going to be a tightrope walk, but we have mitigation measures for Q3 and Q4.

Apart from B2C, B2B business has continued to do well with record level of order finalizations and order inflows and there is huge pressure to execute the orders, whether it is a large infra project or shops, showroom, boutiques across main cities as well as tier 3, 4, 5 towns. That trend continues driven by many sectors such as Metro Railway, water projects, electrification, retail segment and the food related segments such as QSR.

Another subject is the impact of supply chain disruptions. We continue to procure in advance and our inventory holding would be around 75 days instead of the usual 45 days holding, for both the raw materials of metallurgical nature and the components.

We are not yet sure when things will normalize as far as the supply chain disruptions are concerned. The vendors across have been indicating that some kind of stability can be seen in China from January onwards and therefore things may begin to improve. But as of now, there is no concern about supply chain disruption except for the higher inventory holding levels. On its impact on the capital employed, we have been managing our capital employed well, and we don't think that is a challenge. We would have preferred the supply chain disruptions to go away by now, but it is not happening.

On the outlook:

We are optimistic about the second half of the financial year as well. It is arising from the fact that the room air conditioner penetration level is low. The increase in the residential property consumption should help that cause as well. Embedded in that is a question on price increase. We have to review that in January, because the product portfolio will again get rejigged with new products coming in. The commissioning of the Sri City factory should give us some kind of competitive advantage compared with the Himachal plant.

In the B2B segment, there is a huge order inflow and therefore carry forward order book and order finalization even in Q3 continues to be good. We have no insight further than what is available in the public domain on whether there will be a slowdown, how much it will impact in India. As far as the financial year 2022-23 is concerned, we are optimistic about the prospects for the second half of the financial year as well.

And with this opening remarks, I hand it over to Mr. Nikhil Sohoni to give you the update on the quarter.

Nikhil Sohoni: Thank you, Mr. Thiagarajan. So, good morning, gentlemen. This is Nikhil here and I'll be providing you an overview of the results for the quarter ended September '22.

The sentiment in the Indian economy continued to be positive despite the ongoing geopolitical uncertainties and the impact that the strengthening dollar has on the global currencies. The CAPEX by both public and private sector continued to be encouraging. Consequently, all the sectors that we operate in saw a healthy growth and enabled us to end the quarter on a positive note.

1) **Financial highlights for the quarter ended September 30, 2022 on a consolidated basis are as follows:**

- Revenue from operations for Q2FY23 grew 27.1% to Rs 1576.24 crore as compared to Rs 1239.74 crore in Q2FY22.

- EBIDTA (excluding other income and finance income) for Q2FY23 was Rs 85.59 crore (EBITDA margin 5.4% of revenue) as compared to Rs 70.70 crore (EBITDA margin 5.7% of revenue) in Q2FY22. Operating Margin was marginally lower in Q2FY23 owing to higher input costs in certain segments and higher operating expenses.

- Profit before tax grew to Rs 57.53 crore in Q2FY23 as compared to Rs 47.44 crore in Q2FY22.

- Tax expense for Q2FY23 was Rs 14.89 crore as compared to Rs 15.99 crore in Q2FY22.

- Net profit for Q2FY23 grew to Rs 42.64 crore as compared to Rs 31.45 crore in Q2FY22.

- Carried-forward order book as of September 30, 2022, grew by 30.6% to a record Rs 4162.05 crore, compared to Rs 3185.91 crore as on September 30, 2021.

- Capital Employed as on September 30, 2022, increased to Rs 1441.16 crore as compared to Rs 938.14 crore as on September 30, 2021, owing to higher inventory holding to mitigate continuing supply chain disruptions and capital investments for the manufacturing capacity expansion projects.

- Consequently, we ended the quarter with a net borrowing of Rs 392.62 crore (debt equity ratio of 0.37 on a net basis) as compared to a net borrowing of Rs 44.34 crore (debt equity ratio of 0.05 on a net basis) as on September 30, 2021.

2) Business Highlights for Q2FY23

Segment I: Electro-mechanical Projects and Commercial Air conditioning:

- Segment I revenue grew 32.6% to Rs 959.07 crore in Q2FY23, as compared to Rs 723.40 crore in Q2FY22. Segment result was Rs 60.72 crore (6.3% of revenue) in Q2FY23 as compared to Rs 46.54 crore (6.4% of revenue) in Q2FY22.

- Order inflow for the quarter grew by 68.9% to Rs 1197.95 crore as compared to Rs 709.13 crore in Q2FY22.

1. Electromechanical Projects Business:

The overall pace of execution remained healthy. We witnessed a strong uptick in enquiries and order finalizations in the data center segment, metro railways and the factories segment. Inflow of tenders in the infrastructure sector continued to remain encouraging. We also booked our first order for railway electrification.

We received our largest ever order for an integrated data center project during the quarter.

Carried-forward order book of the Electro-Mechanical Projects business was at Rs 3053.83 crore as on September 30, 2022, as compared to Rs 2240.12 crore as on September 30, 2021, a growth of 36.3%.

2. Commercial Air Conditioning Systems:

Growth in demand across all the segments that we operate in, enabled growth in revenue for the commercial air conditioning business during the quarter. We further consolidated our position in tier 2, 3 and 4 towns with approximately 65% of the revenue for the quarter coming from these cities.

We continued to maintain our number 1 position in Conventional and Inverter Ducted Air Conditioning Systems as well as Scroll Chillers and second position in VRFs and Screw Chillers.

Some of the major orders received during the quarter were from West Bengal Medical Services Corporation Ltd., Nouveau Diamonds (Surat), L&T – Hockey Stadium (Rourkela), etc. to name a few.

3. International Business:

We witnessed growth across all segments and territories that we are present in. We further expanded our offerings across markets to cater to new customer segments. We witnessed strong demand for our commercial air conditioning and refrigeration products and a few notable orders were received during the quarter from fast food chains like Americana, Dominos and Tim Hortons. We have also set up a wholly owned subsidiary in the United States to pursue opportunities there.

The projects business in Qatar continued to do well. The operations of the joint venture at Malaysia continued to be impacted owing to a slowdown in construction and order finalizations.

We will continue to focus on the expansion of the Blue Star product range and building brand awareness and brand visibility in different markets that we are present in.

Segment II: Unitary Products:

Segment II revenue grew 15.4% to Rs 524.79 crore in Q2FY23 as compared to Rs 454.71 crore in Q2FY22. Segment result was Rs 32.40 crore (6.2% of revenue) in Q2FY23 as compared to Rs 23.26 crore (5.1% of revenue) in Q2FY22. We continue to expand our distribution footprint across the country apart from promoting our new range of affordable premium products.

Cooling and Purification Products:

Despite being a seasonally lower demand quarter, our room air conditioner business registered a growth of 17%.

The new energy labelling came into effect from July 1, 2022, with all our products conforming to the new BEE ratings.

We grew in line with the market and maintained a market share of 13.25%.

The Sri City project is progressing well and is expected to commence commercial production in January 2023.

Commercial Refrigeration Business:

The commercial refrigeration business witnessed a growth in demand across all segments with consumption levels back to normal. Demand for our supermarket refrigeration products from the retail segment continued to be encouraging. Demand from the hospitality sector also revived during the quarter.

We continued to maintain our leadership position in Deep Freezers, Storage Water Coolers and Modular Cold Rooms. We also launched a new range of visi coolers with a wide capacity range to suit different customer needs.

Segment III: Professional Electronics and Industrial Systems:

Segment III revenue grew by 49.9% to Rs 92.38 crore in Q2FY23 as compared to Rs 61.63 crore in Q2FY22. Segment result was Rs 13.80 crore (14.9% of revenue) in Q2FY23 as compared to Rs 9.83 crore (16.0% of revenue) in Q2FY22.

We witnessed robust demand for medical diagnostic equipment with increasing awareness and investments in the healthcare sector post COVID. Demand for the non-destructive testing business as well as data security solutions for the BSFI sector also continued to be encouraging.

Major orders were bagged from Arcelor Mittal Nippon Steel India Ltd., Jindal Saw Limited, HDFC Bank Limited, Tata Steel Limited and ICICI Bank Limited to name a few.

With a wide portfolio of contemporary products and solutions forming part of our offerings, the prospects for this business segment continue to be positive.

Business Outlook:

The demand for our products and solutions from the segments in which we are operating in continues to be good. We will stay focused on our mission to grow faster than the market, profitability improvement and efficient utilization of capital, while continuing to invest in manufacturing capacity addition, R&D and expansion of international footprint.

With the push in infrastructure investments and commencement of capacity expansion cycle in the manufacturing segment, we expect order inflows in the projects segment to remain buoyant throughout the year.

On the other hand, low levels of penetration will continue to aid market growth in the room air conditioner business going forward. Opportunity for our commercial refrigeration business is expected to be robust with the growth in food processing and the organized retail sectors.

Further, the softening of commodity prices and higher levels of indigenization will enable us to partly mitigate the impact of depreciation of Indian Rupee against the US Dollar.

We are optimistic about the prospects for our businesses in H2.

With that, ladies and gentlemen, I'm done with my opening remarks. I would like to pass it on back to the moderator who will open the floor to questions. We'll try and answer as many questions as we can and to the extent that we are unable to, we'll get back to you via email. With that, we are now open for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Rahul Gajare from Haitong Securities. Please go ahead.

Rahul Gajare: My question is on the revenue. Blue Star has actually bucked the trend where most of the players or peers have seen pressure on their revenue growth and profitability. Could you throw some light on what is it that has helped you gain a market share? And is there any geographical contribution which has impacted this market share gain and revenue growth? That's the first question.

B. Thiagarajan: We will first address the B2C part of it. Our market share was not uniform across the country. There were certain parts of India where we have been doing extremely well and also certain parts of India where we have been not doing that well, specifically the Hindi speaking belt in north India. We had communicated earlier the strategies on product repositioning and expanding the distribution footprint. In order to pursue growth, we have re-positioned the product portfolio in room air conditioner business to compete with range of products in Hindi speaking belt by making the brand relevant to them supported by the expanding distribution footprint. Virat Kohli was brought in as our brand ambassador with this perspective. The product repositioning is complete and expanding the distribution footprint is halfway through. That helped revenue growth in the Room AC business.

As far as the commercial refrigeration business is concerned, Q2FFY22 was COVID impacted. While the room air conditioner business saw growth last year after the summer season, commercial refrigeration business took longer to recover. Therefore, there is a growth compared to Q2FY22. Though the businesses are opening up, but not to the extent we would like, but we expect a CAGR of around 20% in commercial refrigeration business alone driven by the processed food or the food retail sectors and the pharmaceutical industry. All these are driving revenue growth in the commercial refrigeration business.

Further on the commercial refrigeration business, the market itself is growing and we stay focused on tapping the opportunity. We are not getting into large projects there. Our ambition is to remain number one in deep freezers and modular cold rooms.

Coming to electromechanical projects segment, we are very clear that we were playing a very cautious game of picking and choosing the segments in which cash flows will be good. We were not chasing the market share. Our aim is to be a preferred vendor in the data centre and the factory segments. Investments in the infra segment are also picking up. As we have the competence, we are participating in those opportunities such as water and Metro railway and power distribution.

Coming to the shop-showroom-boutiques, Retail, after many, many years, the investments are back. This Diwali, opening and renovation of restaurant and retail outlets also picked pace. We will further strengthen ourselves by introducing products that are world class.

In VRF, from those doubtful days whether Blue Star will ever be able to develop and launch and sell a VRF, we are now a clear number 2 player there and we will continue to grow. There the strength is the investments that we have made in R&D as well as manufacturing.

Professional Electronics segment continues to grow based on the capital cycle coming back. Therefore, it is a combination of a favorable market environment and adopting right strategies in certain businesses like the room air conditioner business. This will continue to be the direction. However, there are also some businesses where we have not done well as we would have expected such as air coolers and water purifiers contribution from which continue to be negligible. We would like to grow in those businesses at 20% plus, but that has not happened. Thank you.

Rahul Gajare: My second question is on the Project business. How is the domestic pipeline and specifically the competitive intensity that you feel, change in the domestic business? And given that you have intention to grow your international business, how do you plan to go about it? Do you have a limit for the revenue mix that you're looking at between domestic and International?

B. Thiagarajan: The competitive landscape there has not changed at all. Given that the entry barriers are not that big, there is always intense competition and players actually reducing it to a L1 game. The contractual conditions of any kind are being accepted. Getting the contractual conditions applied and to comply with them continue to be challenging in spite of the change in laws. Air conditioning is a sophisticated science. But unfortunately, it is invisible as well. That the decision makers spend more time on bathroom fittings, carpets, paintings on the walls etc. rather than the air conditioner is a reality. Air conditioning cost as a percentage of the total project compared with the civil and other parts of the project is still negligible. The competitive intensity is high because of the industry players themselves reducing it to cutting corners and executing the job.

The construction practices have not got modernized fully. Our strategy has been clear. Firstly, to ensure superior project delivery and ensure that best practices are followed there. Secondly, not to chase market share and ensure profitable growth and good cash flow. Thirdly to position ourselves as a pre-eminent, undisputed leader as far as MEP services are concerned. We will continue with this strategy.

To repeat, just because construction cycle is on, we are not going to be chasing orders to grow the revenue. We will deliver superior projects in the country, and we will continue to upgrade and modernize our practices. We will be content with a 20% to 25% growth during the construction cycle and continue to focus on 6% to 6.5% operating margin from that Segment.

Moderator: We have our next question from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: My first question is with respect to the project business once again. Given the fact that large orders are kind of flowing in, can there be any upside to the profitability that we are looking at, so, basically, I mean, the ticket size would be large and because of that some operating leverage can be there like data centers, etc., do they carry better margins? And if you can also give the order breakup across sectors, this will be great?

B Thiagarajan: Yes, there could be an improvement in margin due to the operating leverage, but that may not happen in FY23. We still maintain 6% to 6.5% outlook basically because we are in a commodity cycle which is volatile and the orders that have flown in will get executed in an 18 months to 24 months' execution cycle. Margins will continue to improve, but the improvement could be in FY24 rather than in FY23.

Ravi Swaminathan: Order book breakup across sectors, so basically how much is infra, how much is commercial real estate?

B Thiagarajan: We will publish that data in due course. All sub-sectors such as factories and data centers, infra projects and building would be broadly equal.

Moderator: The next question from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

Shalini: This is Shalini. Sir, my question is could you help us understand what has caused the debt levels to go up in September? And also, just give us a guidance on how this number would look in the subsequent quarter, what is the peak debt level that we can expect?

Nikhil Sohoni: We have to look at the net borrowings position as there is surplus cash which the company retains. The net borrowing is around Rs.392 crores. There is an increase in capital expenditure compared to the last year, as we are in the process of commissioning the Sri City plant for which we would have incurred capex of more than Rs.200 crores. The inventory levels are also slightly higher because of the supply chain disruptions. We would be maintaining around 70-days inventory compared to the earlier holding period of 45 days, that will be a combination of raw materials and also some amount of pipeline stocks. All of this will have to funded by some amount of debt. As we build for Q4, we have to stock again. So, there will be some amount of increase in debt levels as we go forward. We will try to maintain a very healthy debt-to-equity ratio. The peak level as such can't be defined, but the debt levels can be expected to increase by Rs.100 to Rs 150 crores going forward.

B Thiagarajan: The debt-to-equity ratio stands at 0.37. Increase in the he net borrowing level of Rs.100 crores to Rs 150 crores will be due to capex investments and increased working capital because the scale itself has grown. Working capital turns have not deteriorated due to debtors, it has deteriorated slightly due to the increased inventory holding. That inventory holding is critically important for maintaining the supply chain.

Moderator: We have our next question from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: So, I just want to get some clarity. So, if you look at over the last probably couple of years, we have worked on products side, where we have done the engineering and everything, we have worked on the distribution side, on the marketing side. So, probably, can you highlight like what are the other areas which we have identified where we can structurally work upon and probably we can continue this momentum in the times ahead also?

B Thiagarajan: Good question. Thank you for your observation. The very first thing that one will have to work on is frequency of major global events causing supply chain disruptions or exchange rate. Over the past five years, frequency of these events have gone up. Therefore, building resilience is an area we are focusing on. The second is in research and development, you are in a market where it is price-sensitive because the growth is coming from first time buyers, tier-3, 4, 5 towns aspirational middle class, whether it is B2B, B2C, if it is a B2B, you're having MSMEs or startups growing the market. So, therefore, the expectation is it should be an affordable product. The third area to work on is to increase the export revenue. There is work to be done in expanding our global footprint. We have incorporated a subsidiary in the US. Then comes the manufacturing footprint expansion. We have the Sri City plant to be commissioned. The trial production has started, and the commercial production should commence by January. Ability to execute such large projects, hiring talent and growing fast will be a major priority. Lastly, competitive intensity is going to be higher. In room air conditioners, many people are expanding the capacity and in order to avail PLI, all players will have to sell more, because in PLI x-axis is the investment and the y-axis is the incremental sales over FY21. Therefore, there will be higher competitive intensity. While the market will grow, products will become affordable. Building capabilities to deliver competitive products through product innovation and other levers is also an area that we will continue to work on.

Manoj Gori: So, just to continue, so, if you look at probably on the distribution side, can you throw some data points like what it is currently and probably what it was pre-COVID and -?

B Thiagarajan: We don't believe that the distribution numbers will deliver real results. There could be a figure from 6,000, it has now become 7,500 and to grow it further to 10,000 number, 10,000 to 12,500 etc. However, that is not the approach we would like to pursue at all. If India's market size is going to be 8 million units, what is Blue Star market share goal and how that divides into various states, various towns and various outlets is to be estimated. Unfortunately, that data is not available in one single source. We are very particular about getting to that kind of planning. If it is in Aurangabad, how many ACs will be sold, what is the potential in each of the outlets, what is my share etc. That can be delivered with 4,000 dealer network 7,000 dealer network, 12,000 dealer network and the focus is not the number of dealers but from where we are getting that share. If our all India market share is 13.25%, the share would not be uniformly 13.25% from all the stores in which we are present. Therefore, we don't review this number of distribution points at all.

Moderator: We have our next question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: So, in the beginning of the financial year, the commentary was from all the players to increase prices by the festive season to take care of the table change. That has not happened. Plus we had thought of increasing 50 bps market share this year. So, I just wanted to check H1 market share I presume is 13.25%. For base H1, what was the market share? And is there a scope of delivering on that 50 bps improvement in market share? And I also wanted to check with you how south has been in this H1 for you in RAC? And is the competitive intensity increasing in South because everybody's putting the new capacity addition in south?

B Thiagarajan: We have been very consistent in our communication on price increase. We had increased the prices in April 2021, July 2021, October 2021 and January 2022. Post the closing of the financial year, we also took another price hike in April 2022 though not to the extent we would have liked to. We did not have to take another revision for the energy label change as the new models were future-ready and the energy label change related corrections had already been factored. We were willing to look at a price revision due to the commodity prices softening. Good sales in March, April and the first 15-days of May led to an expectation of an 80% to 90% growth and consequent stock-out in some quarters. However, the tapering of demand from the second half of May led to increased inventory holding. We had also taken a view that it is better to look at January to June. Our outlook was a 15% to 20% growth over FY20 in FY22 partially also due to price increases which is how it panned out. The growth for FY23 could be 15% over FY22. Without the impact of price increase, margins would have dropped by more than 10% and hence price increase helped. Further, reduction in advertising expenses from the pre-COVID levels also helped margin. At Blue Star, we have contained margin erosion substantially by adjusting the prices. As far as the next round of price revision is concerned, it would be reviewed in January after factoring in product portfolio, supply chain mix etc. By the beginning of Q4, we expect supply chain mix to change as capacities that are being put up would be ready to commence commercial production both for us and competition. We also expect operations at China to stabilize post the Chinese new year and the USD – INR exchange rates should also stabilize by then. That's the overall view.

Sujit Jain: What was the market share in H1?

B Thiagarajan: The current market share is 13.25%. Our goal is to reach 15% market share by FY25. There could be some improvement in FY23 and with the expansion of distribution footprint which as I had mentioned is still work in progress, we should be able to get that the market share goal.

Moderator: We have our next question from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

B Thiagarajan: I am stepping out for a TV interaction You have to excuse me. Nikhil will continue.

Bhavin Vithlani: Late in the May when you had an analyst meet, you had guided for unitary cooling margins rising to 8%, 8.5% this financial year. Apparently, that supposed to be was the peak of commodity cycle. So, where are we in terms of the guidance for this?

B Thiagarajan: We maintain the expectation of 8% to 8.5% for this financial year.

Bhavin Vithlani: The last question is more of a balance sheet related. We have seen consistent decline in the trade payables days and that is resulting in increase in the working capital, so from 140 days in '21 March, we are now down to 80-days. So, if you could just help us understand where do we see it settling and what is the strategy behind this?

Nikhil Sohoni: It is important to bear in mind the period for which we are looking at the payables days. The payables days have dropped compared to last year as the first quarter of FY22 was impacted very heavily due to COVID and therefore the turnover and the number of days would not be comparable to the current year. That factor will have to be kept in mind. There is otherwise no big shift in the working capital cycle except for the increased inventory holding to take care of the supply chain disruptions. There is no change in either payment patterns or in terms of collections otherwise.

Bhavin Vithlani: So, is 80-days a new normal or we can see further decline in the payable days?

Nikhil Sohoni: The current levels are normal and we do not expect a further decline.

Moderator: We have a next question from the line of Bhoomika Nair from DAM Capital. Please go ahead.

Bhoomika Nair: Lot of plants are getting commissioned in the next quarter or so in the south market. Our plant itself will also start ramping up, plus there is Amber and then there is a Lloyd plant as well which is coming up. Do you think while on one hand there will be some settling of the cost structure in the upcoming season with supply chain and rupee, etc., but these new plants increased cost structure can drive some competitive intensity in the market?

Nikhil Sohoni: The plants getting commissioned in the next quarter have been under construction for some time. Given the 7% to 8% penetration, there is enough opportunity for all players. There will be increase in competitive intensity but the increased penetration will enable everyone to tap the opportunity. There are also opportunities globally. The export markets will open up as we go along which would also be served by the additional capacities.

Bhoomika Nair: My second question is on our exports for ACs where we were looking at some white labeling opportunities. If you can just talk about progress and where are we in that entire aspect?

Nikhil Sohoni: There are plans for expanding global footprint. We will be coming out with announcements in around six months' time on that.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question of the day. I'd now like to hand the conference over to Mr. Nikhil Sohoni for closing comments.

Nikhil Sohoni: Thank you very much, everyone. With this, we will conclude quarter's earning call Do feel revert to us in case any of your questions are not fully answered and we'll be happy to provide you additional details by e-mail or in person

Moderator: On behalf of Blue Star Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.