

# “Vardhman Special Steels Limited Q1 FY2021 Results Conference Call”

August 07, 2020



**ANALYST: MR. URVIL BHATT - IIFL INSTITUTIONAL EQUITIES.**

**MANAGEMENT: MR. SACHIT JAIN – VICE CHAIRMAN AND MANAGING DIRECTOR - VARDHMAN SPECIAL STEELS LIMITED  
MR. SANJEEV SINGLA – CHIEF FINANCIAL OFFICER - VARDHMAN SPECIAL STEELS LIMITED  
MS. SONAM TANEJA - COMPANY SECRETARY COMPLIANCE OFFICER - VARDHMAN SPECIAL STEELS LIMITED  
MR. AKSHAY JAIN - CORPORATE FINANCE - VARDHMAN GROUP**



**Moderator:** Ladies and gentlemen, good day and welcome to the Vardhman Special Steels Limited Q1 FY2021 Earnings Conference Call hosted by IIFL Institutional Equities. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Urvil Bhatt from IIFL Institutional Equities. Thank you and over to you Sir!

**Urvil Bhatt:** Thanks Bikram. On behalf of IILF Securities Limited, I welcome you all to this Q1 FY2021 results call of Vardhman Special Steels Limited. From the management side we have Mr. Sachit Jain – Vice Chairman and Managing Director and Mr. Sanjeev Singla – Chief Financial Officer and the team. Without taking much time, I would like to handover the call to Sachit for his opening remarks. Over to you Sachit!

**Sachit Jain:** Thank you. Ladies and gentlemen good afternoon thank you for coming here to our call. Along with me Sanjeev Singla, CFO, Sonam Taneja, our Company Secretary Compliance Officer, Mr. Akshay Jain from Corporate Finance and also, we have Bridge Investor Relations, our Investor Relations team.

Of course we had crazy times since this COVID pandemic it has caused a lot of disruptions in everybody’s life, day to day and as I discussed a bit in the June call, we used this pandemic to do many good things we connected a lot to our people, invested a lot in training, training on TPM, training on 5S, we got in also training in our Japanese approach of Aichi Partner. We have also found several cost saving initiatives, several improvement possibilities I would say we had used this time well and after the plant started up we have seen the advantage of that.

Of course, the first quarter as you know the results are in front of you, pretty bad situation because April we had hardly sales, we just started some marginal production on April 22, 2020, May was little better, June was little better, but overall the first quarter was bad but the good thing is worst is behind us.

What we have also seen suddenly there is a big jump from July. In fact, I would say that second quarter we should be making a profit in each of the months and of course cumulative for the quarter. In that sense suddenly, we are seeing an improvement. This improvement is because of a big jump in tractor sales. It is not a traditional market because we normally do not sell to the factory segment but lot of the component manufacturers are located in the north and we have good relations with them. We could use that old relationship of the group and family to able to get some business.



Also, two wheelers are doing very well. Within two-wheelers it is the rural segment dominated two-wheelers doing better so I guess Hero Motocorp is doing pretty well which is one of our customers. Also, for customers for exporting components they are doing well.

Overall, we were pleasantly surprised with the big pickup in July. August is even better as it seemed as of now. So it looks like moving ahead the worst is clearly behind us and they seem to be headed for okay time.

We have also used this time, this opportunity to talk to our banks to help reduce our interest rates. We are raising money in the CP markets at very attractive rates so all and all our financing costs are also going to get lower than what was anticipated.

Lastly, I would say our working with Aichi, our partners is going very well. We are on track with all our projects despite the fact that we have send the Aichi team back so we have been working remotely over calls on Zoom and other media calls and regularly various teams get in touch with various teams specifically and they are also working with the OEMs in Japan and in South East Asia to see how to get sales moving in South East Asia.

In fact, I would go so far if you say that the strategic alliance with Aichi is exactly in line with Prime Minister's Atmanirbhar Bharat scheme I mean the kind of things that he has announced his vision that to make industry competitive as well as to become part of global supply chain so thanks to Aichi. The plan is over the next few years to become part of the global supply chain of the Japanese or the manufacturers in South East Asia as well as it is also talking of making us competitive to be able to work in import substitution.

Some of the critical steels that are still getting imported to India from Japan those are steels which are going to be targeted to Indianized and localized so we are working with some of the auto companies in this area also.

Overall, we still do not know how the COVID pandemic will shape up because as Delhi and Mumbai seems to be pulling off a bit this is moving to the smaller cities and lockdowns are coming and happening in the various places so we do not know the impact of all those but unless we have a major problem somewhere else I would say we can start looking at better times.

I also hope there could be some other sectors of the economy pickup this will lead to a bigger boost in the auto requirements as well as subsequently steel requirements from us.

At this point, I will stop with the opening remarks Sanjeev if you can take us through the little bit of the financials, nothing much to look at but still whatever you can take them through and after that we are open for questions.



**Sanjeev Singla:** Thank you Sir. As Sachit Sir explained in Q1 because of COVID-19 situation it has severely impacted our financial performance, you will see from the results itself. Almost all the figures absolute in terms are not comparable with the last quarter or even in the full year because the volume is very less. It is almost one-third of the volume as we have achieved in the immediate last quarter of the last year.

So as far as the variable figures are concerned those are almost close to one-third wherever there is a fixed cost component it almost close to same level as was in the corresponding quarter of the last year.

The volume for the quarter was 12487 tons, it is a year-on-year decline 65% and in revenue side it is 68 Crores of revenue in the first quarter as against 240 Crores in the corresponding quarter of the last year a decline of 71% and the little more impact it is because of the decline in prices which happened in the second half of the last year.

EBITDA in the current quarter it is -7.68 Crores as against 16.03 Crores in the corresponding quarter of the last year. The decline in profitability mainly because of the fixed cost where we are incurring the full fixed cost in terms of salaries, power cost, administration cost, in the current quarter but because of the no production in April and partial production in May and June the allocation could not be done.

So that is all on financial side. Now I request for any questions we are open for that.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have first question from the line of Devang Sanghvi from ICICI Securities. Please go ahead.

**Devang Sanghvi:** Good afternoon everyone. My question is regarding volume. We had almost a washout quarter for Q1 but we have a better July and August as you have suggested so what kind of volumes are expected for FY2021 any volume guidance?

**Sachit Jain:** We are not giving any guidance because we do not do that but overall, I would say that last three quarters will not be way off from last year's three quarters so we assume volume recovery.

**Devang Sanghvi:** In terms of pricing are there any negotiations going on with auto players because we have six month pricing policy I think it will be delayed at the moment?

**Sachit Jain:** We are talking to the auto majors, all the auto majors for price increase starting April.

**Devang Sanghvi:** With retrospective effect?

**Sachit Jain:** Yes, that is the way it is if any prices are with effect April but we have not taken any price increase in our results of first quarter presented. If there is any price increase it will be with retrospect April 1.

**Devang Sanghvi:** Sir in terms of finance cost you are expecting some decline as you had suggested in opening commentary so what kind of change that has been envisaged?

**Sachit Jain:** Again, we do not share specific examples but we will be able to negotiate with the banks to reduce the interest rate, one is the interest rate of the bank reduced we have a margin over their MCLR or whatever is their lending rate. We have been able to negotiate those downwards so that is an additional which will come in the subsequent quarters and also as the market rates have gone down because of our strong ratings we are AA with a negative outlook of course, AA rated company of CRISIL, long-term and short-term is A1+ we are able to raise CPs so overall cost of borrowing because of CPs is lower than what it has otherwise been and CP rates have definitely come down so we will see cost of our borrowings go down.

**Devang Sanghvi:** We are seeing a higher traction in the tractor segment and two-wheeler segment so do you expect somewhere in second half something from CV side?

**Sachit Jain:** Already we are seeing that the demand in August is higher than in July. Each month the demand is higher so we are seeing that as traction in the car segment also and the way we see it that in the car segment there is a lower end cars which will benefit the most as people would like to stay away from shared mobility so Hyundai and Maruti would be two big beneficiaries and we are approved by both the companies and yes we are a little higher end but are approved in all three of these companies so we will benefit as these companies benefit.

**Devang Sanghvi:** Thank you Sir. Thank you for the answers. I will get back in the queue.

**Moderator:** Thank you. The next question is from the line of Jeetu Panjabi from EM Capital Advisors. Please go ahead.

**Jeetu Panjabi:** I am going to ask you two broad questions. One it is fantastic to hear that you are saying that in this current quarter we are going to see profitable month which is excellent to hear. The question I have is if you take the last six months or so and assuming the demand size is there, as soon as it picks up, is there any challenges in the paths to normalization in the supply side for you?

**Sachit Jain:** Jeetu I could not understand your question can you repeat that please?

**Jeetu Panjabi:** The question is that in the next six months assuming the demand side is positive will there be challenges for you from supply side, from a production side to meet the demand?

**Sachit Jain:** Yes, that possibility cannot be ruled out. So, we have two strategies we are working on to overcome this factor. As you know that our application has moved ahead with Ministry of Environment to increase our production capacity we are reasonably hopeful that maybe within this calendar year we may get the approval to increase our capacity and we have everything in place to ramp up production so let us say



coming first quarter of the next year onwards we should be able to increase our production. Secondly, we are also talking to other suppliers if needed to source, if it comes to the crunch. Third, we have certain nonstrategic businesses that we can shed as more attractive businesses, demands are more attractive customers comes in we can share as well as attractive businesses so we have these three methods to attack this current problem.

**Jeetu Panjabi:** Would it be fair to say that we should get back to 90% of normal volumes by the last quarter of this financial year?

**Sachit Jain:** Again, let me say, Jeetu at this point in time to predict how the demand continue if there is a lockdown happening somewhere or not but I feel reasonably confident in saying that at least in one of the remaining three quarters we will see fairly normal business volume.

**Jeetu Panjabi:** Excellent. One last question we are talking of Aichi in the opening introduction, is there any chance of an accelerated demand side originating from their relationships?

**Sachit Jain:** Yes, in fact they are working at greater speed. Their Chairman was here in February and in fact we had a visit from the Chairman as well as from the President both visited in February and both had conveyed to our teams that they are in a hurry for a Japanese company to push that they need, so it is up to us our teams together to work if we can get the right quality levels which is required by the Japanese and let me explain what I mean by the right quality levels. Normally on an overall basis they find their quality reasonable. The problem with Indian quality is sometimes the variability is higher so they are working with our teams to reduce the variability and our quality so lot to lot consistency. We are already amongst the best in the country but from the Japanese perspective the variability needs to be even lower so we are working on that and two they feel there is reasonable scope to cut costs because their idea is Japanese quality at Korean costs to the Southeast Asia market. So, we have found areas to reduce costs, we are working together and any cost reduction that happens will also benefit our Indian operations so we are reasonably confident that again we have said that our normal EBITDA margin is between Rs.4500 to Rs.5500 a ton we will hit this range within again at least one of these three quarters moving ahead.

**Jeetu Panjabi:** Excellent. Well done. Thanks for the opportunity. Keep well Sir.

**Moderator:** Thank you. The next question is from the line of Venkat Raman from Orient Securities. Please go ahead.

**Venkat Raman:** Thanks for the opportunity. I just wanted to know regarding Aichi deal in terms of the exports to Aichi's Group companies abroad how big is the differential between their current pricing and expect promos and what is our cost structure? Are we within reach or it will take a year's time?

**Sachit Jain:** Everything is within reach. One good thing about this Japanese partners is they always look for a win-win situation so when they are looking at a competitive price they are looking at ways to reduce the cost also to see that we benefit as well as they benefit from what I have seen working them and the



targets that they got for us moving ahead and reasonably confident that we will be able to serve them at their prices and at our desired profit margins.

**Venkat Raman:** Do they have any operations in China because they are planning to shift because of the US?

**Sachit Jain:** They only have a plant in Japan and this is their investment in India is their second investment anywhere as far as steel making is concerned; however, since they also are probably among the largest cogen in the world, their forging operations are present in several countries.

**Venkat Raman:** Second question which I wanted to get was now that the iron ore prices are going up what is the situation regarding scrap are we seeing an increasing trend?

**Sachit Jain:** Yes, prices are rising so clearly, we will see in the second quarter the average prices would be higher than in the first quarter, Singla am I right, please correct me?

**Sanjeev Singla:** Yes Sir, you are right and it will be marginally higher than the first quarter but the real impact will come from the third quarter.

**Venkat Raman:** The price increase from OEMs will come only from the third quarter, October?

**Sachit Jain:** As of now we are still talking about the April price increase.

**Venkat Raman:** For this increase, the increase in the raw material prices for the July.

**Sachit Jain:** We have asked for the price increase from the OEMs with effect April 1 that we have process of negotiations, how much we get, whether we get, etc., all that is a part of negotiation so those discussions are going on. Just now we are talking about April to September prices and we have asked for a price increase whereas the OEMs were asked to maintain prices. So, there is a discussion going on. The current price increase which is as Singla will primarily affect us in our third quarter, for that the price discussions will be from October to March of 2021 and those discussions will start sometime in November or December. Unfortunately, this industry the discussions drag on for much longer and they are always back dates.

**Venkat Raman:** Okay sir. Thanks a lot. That is all from my side. Thank you so much and all the best.

**Moderator:** Thank you. We have the next question is from the line of Urvil Bhatt from IIFL. Please go ahead.

**Urvil Bhatt:** Can you just provide us some update on the debt position and overall working capital whether you have seen some increase in inventories or receivables just some color on that?



- Sachit Jain:** We have actually seen a major reduction in receivables because business was hardly there in the first quarter so the first quarter we have been quite cash positive and as the volume has started going up and sales going up from July so the receivables started increasing again but on overall basis we are quite comfortable with the working capital front. One interesting thing that we have done you will see that we have deposited a large deposit with Punjab State Power Corporation Limited so we have paid our energy bill in advance up to March because they were giving a very good scheme that if you pay in advance you are getting 1% per month. Cost of borrowing is lower than that and therefore we have deposited a large sum of money there. Of course, we made an estimate what our power consumption going to be and from that we have a large proportion of that we have paid which is why you will see that income coming in with other income interest cost is higher than what it should be. The other income is that you will see the first quarter and you will see more of the other income in the second quarter the large two components of the other income is first is the interest on the FD that we have 50 Crores FD that we have which is the money put in by Aichi which is meant for capex so that is the one component of the other income large component the other large component of the other income will be the interest received from Punjab State Power Corporation.
- Urvil Bhatt:** Okay overall debt and cash position is largely stable?
- Sachit Jain:** It is very comfortable and we should be below 1:1 net debt equity definitely well below 1:1 by the end.
- Urvil Bhatt:** Any color on cost saving initiatives that you must have taken given the COVID I just wanted to understand how much of that is sustainable going forward?
- Sachit Jain:** All the cost savings you are talking about is all sustainable cost one of the reason of the cost saving is that we are talking was coming to profit
- Urvil Bhatt:** Just wanted to understand where exactly things have moved I mean whether it is I can see employee cost has gone down there must be some benefits in other expenses as well?
- Sachit Jain:** First quarter you can look at nothing. You will see the impact of this in terms of the profitability that we are talking about so we are able to absorb the technical fees of Aichi which are reasonably high and we are able to absorb and yet we are saying we will be able to stick to 4500 to 5500 EBITDA margin, EBITDA per ton that we had set earlier which last one-and-a-half year we have not been able to achieve.
- Urvil Bhatt:** That is great. Finally, any guidance for capex or how should we look for FY2021 and 2022?
- Sachit Jain:** Capex we now have a partner so all capex plans we have still not finalized the capex plan for this year so we will be finalizing it before the second quarter meeting so I hope we will announce and give a guidance for the next three years capex plan in the next concall. Just to keep everybody informed that the 50 Crores cash that was invested by Aichi was based on their estimate of what would be the approximate capex required in this plant that is at least they made an approximation initially of course





now we will make a more detailed plan and so on, but the next quarter we should be able to announce our capex plan for this year and the thing that you will start this year, till the time that will get completed in the next year but better than that more than that we will give guidance for the next three years.

**Urvil Bhatt:** Thank you. That is all from me.

**Moderator:** Thank you. We have the next question is from the line of Ankit Merchant from Reliance Securities. Please go ahead.

**Ankit Merchant:** My question is related to the current pricing. Can you share some light what are the current prices right now and how much sort of an increase are we seeing in the next quarter to come and how much would be the impact of international prices. The question is related to the working capital are you finding any problem related to working capital?

**Sachit Jain:** Let me answer your second question first. We have no problems as regard getting working capital. We have very comfortable banks. We have HDFC Bank as a bank, ICICI Bank, SBI, Axis and YES, so between our five banks we have no problem at all any kind of working capital requirement so that is one. Two pricing there are 400 different grades so we do not share prices of any grades because the prices also different from customer to customer. Third the price increase that we expect is very difficult to say that we have asked for a particular price the OEMs are saying a rollover price, price will settle where we have asked or maybe a 0 or somewhere between. It is very difficult to give a guidance we are discussing and negotiating with companies which are much bigger than us so it is very difficult to give and they all suffered this period so these are not normal times. In normal times you would be reasonably confident of what we could get, but in these times very difficult to make an estimate.

**Ankit Merchant:** Are you facing any delay from their side, from your customers and your payment?

**Sachit Jain:** Marginal. Singla you would like to add anything out there?

**Sanjeev Singla:** Most of the customers have made the payment on due date but of course during lockdown some of the payments got delayed late, yes broadly we are in line that we are getting payments in time. On the working capital front, I would just like to add that we have not availed any moratorium or extension as was given by the banks during the lockdown period rather we have made a part prepayment because of the availability of fund due to timely realization from our customers.

**Sachit Jain:** Singla if you can share how much is the prepayment that we have made since April?

**Sanjeev Singla:** Since April we have made prepayment of 10 Crores of term loans and also we have made 25 Crores of payment on working capital loans.

**Ankit Merchant:** That is great.

- Sachit Jain:** Can we also share the deposit we have put with PSPCL at this point in time?
- Sanjeev Singla:** Apart from this as on June 30, we have total deposit Rs. 43 Crores with Punjab State Power Corporation.
- Ankit Merchant:** That would be sufficient enough for a year?
- Sachit Jain:** Basically we made an estimate of what our production would be and then we have made the payment accordingly and suddenly as the demand has gone up the expectation of power consumption has gone higher so when made an estimate in June the amount that we have paid was sufficient to last up to March with a little bit of cushion because if you spill up over into April we get 0 interest of that so we have to balance it very well that it has to finish in March. So as the demand is higher suddenly the power consumption also has gone up and therefore we have made further deposits in July and looks like we may have to make a further deposit in August also we may be able to.
- Ankit Merchant:** On your procurement of scrap steel are you finding any difficulties related to sourcing or anything?
- Sachit Jain:** See on business front we are facing no problem from any parts. As we share in the annual call in June we paid our workers full salary, we paid our managers full salary, we also ensured our contractors workers were paid full. So, we would be one of the only companies in the steel sector or the allied engineering sector in the north which has not faced any worker shortage problem. In fact, we also offered some workers to some of our customers that if you need some workers to get your plants started but then suddenly the demand shot up so we couldn't keep up with our offers so as of now we are working hard to meet the requirements of our customer because the market is pretty strong at this point in time. Just for the sake, we are saying at this point, I had no way knowing whether October will remain strong or not so as of now August and September seemed to be reassembly strong. I guess all the OEMs are preparing for stocking up for the Diwali sales so we have no way of knowing what goes to have afterwards?
- Ankit Merchant:** That is great to know. All the best. In case of more questions, I will come back in the queue.
- Moderator:** Thank you. We have next question from the line of Devang Sanghvi from ICICI Securities. Please go ahead.
- Devang Sanghvi:** Thank you for the opportunity again. My question is regarding import substitution you are working order particular thing. Can you throw some light on the same? What type of products we are planning to substitute in this year?
- Sachit Jain:** High end gear and for certain other parts of automobiles where the steel still gets imported from Japan.
- Devang Sanghvi:** When will these be materialized, in the next 12 months or something?



- Sachit Jain:** It is very difficult to say so we are going there that is where the advantage of Aichi comes in since they understand the Japanese OEMs requirements and they have contacts at the head office level also so we get an advantage in terms of having the technical know-how to how to improve our quality to reach those levels as well as their ability to work with the OEM directly at the head office level to get us a preference. But I do not think we will see any major impact in the next 12 months. This is automobile industry so anything takes longer in terms of development process.
- Devang Sanghvi:** What is the maintenance capex we have to incur every year for maintaining our plants?
- Sachit Jain:** It is nothing fixed because it is an old plant and we do keep changing the equipment as and when it is required but as I said again even the change equipments we are discussing with our partners we will have a final discussion and we will present the capex plan in the next concall.
- Devang Sanghvi:** Last question what will be the volume of bright bar for the quarter?
- Sachit Jain:** Do we share those numbers?
- Sanjeev Singla:** No Sir. Definitely we are not.
- Sachit Jain:** He has not been sharing those numbers I would say the demand is equally strong in the bright bar section also.
- Sanjeev Singla:** Normally it ranges 20% to 25% of our total volume, around 20% to 25% of our total volume.
- Devang Sanghvi:** 20 to 25% of our total volume?
- Sachit Jain:** Yes.
- Devang Sanghvi:** Thank you Sir. All the best.
- Moderator:** Thank you. We have next question from the line of Anil Kumar Sharma, an investor. Please go ahead.
- Anil Kumar Sharma:** My question is at what capacity we are running presently?
- Sachit Jain:** We are running at reasonably high capacity utilization.
- Anil Kumar Sharma:** Roughly around 75 we can assume?
- Sachit Jain:** We do not share those numbers because those are forward-looking numbers but definitely higher than that.
- Anil Kumar Sharma:** Thank you. Best wishes.

- Moderator:** Thank you. We have next question from the line of Rohan Mehta, individual investor. Please go ahead.
- Rohan Mehta:** Good afternoon. Just if you could shed some light broad time estimates as to when you hope to reach our new capacity levels with the enhanced capacity?
- Sachit Jain:** We need the government approval from the Ministry of Environment which we should get I would say latest by March next year but I would say within this calendar year and we have to replace some old crane which also should happen in may be let us say by June, July next year. So, by June or July we should be able to increase our production.
- Rohan Mehta:** So, the effects will start reflecting by next year, FY2022?
- Sachit Jain:** This year our own main target how close we can get to last year's volume. So, makeup on the loss we had in the first quarter if we can but that is the target for this year that lead to get as close to last year's sales total volume as possible. Anything would we had only for next year.
- Rohan Mehta:** Just one more aspect, you mentioned about the exports going as planned so on that front are we planning any combined visits along with Aichi to customers abroad in new geographies and whether we see export picking up from the current 3% share that is there?
- Sachit Jain:** First of all, I did not say exports are going on track I said the development work for exports with Aichi is going on track. The results of that will happen over the next 1.5 to 2 years or so. The second question, March we had planned to visit to Thailand the visits overseas to Thailand to Philippines and to Japan my own visits are long overdue but because of COVID situation nobody is able to travel so that is the problem. I am ready and waiting to travel, they also wanting me to travel but unfortunately no one can travel at this point.
- Rohan Mehta:** The first target markets would be Thailand, Philippines and Japan right Sir?
- Sachit Jain:** Not Japan because the target Japanese OEMs but their vendors are all going to be in Thailand, Philippines, Indonesia, ASEAN region really.
- Rohan Mehta:** That is all Sir. If there is anything more I will join the queue.
- Moderator:** Thank you. We have next question from the line of Anuja Patel, investor. Please go ahead.
- Anuja Patel:** Good afternoon Sir. I have few questions related to the capacity. What will be the bright bar capacity till 2022?
- Sachit Jain:** Our capacity is a combined capacity not because we have also added drawing line to it which shares the capacity with bright bar or such equipment. So overall, I would say about 40000 tons a year Singla?



- Sanjeev Singla:** Yes Sir, by 2022 it will 40000 tons plus.
- Sachit Jain:** Yes.
- Anuja Patel:** How would we enhance the melting capacity and the rolling capacity to higher level?
- Sachit Jain:** Melting capacity we already have all the equipments just we need a crane and we are in the process of negotiating that crane so it will take roughly a year for the crane to come in and get installed so that is one and two we need to put in a gas line so we were waiting for the gas line but still that has got delayed we are putting in an LPG manifold so that should get done in the next five to six months so we will be ready to increase the capacity once the approval of the Environmental Ministry comes in.
- Anuja Patel:** So, we hope to reach our new capacity level, the enhanced capacities by say a year?
- Sachit Jain:** Next financial year starting June, July we should be able to face on a monthly basis from the capacity point of view.
- Anuja Patel:** Thank you Sir. That is all from my end. If there is anything I will rejoin. Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference to the management for closing comments. Over to you Sir!
- Sachit Jain:** Ladies and gentlemen thank you very much once again for being with us and showing patience I know last year has not been good as well as the first quarter has not been good, but I assure that the full management is fully geared up and thanks to our partners now. We are on a much stronger footing than before and I am confident that we will not disappoint you in the coming years. All the best and I will see you again next quarter. Thank you.
- Moderator:** Thank you very much. On behalf of IIFL Institutional Equities that concludes this conference call. Thank you for joining with us, you may now disconnect your lines.