

"Subros Limited Q2 FY25 Earnings Conference Call"

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MODERATOR: MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI

SECURITIES INDIA PRIVATE LIMITED



Moderator:

Ladies and Gentlemen, Good Day and Welcome to the Subros Limited Q2 FY'25 Earnings Conference Call hosted by Batlivala & Karani Securities India Private Limited.

As a reminder, all participants lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference 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. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Annamalai Jayaraj:

Thanks, Nega. Welcome to Subros Limited 2Q FY'25 Post Results Conference Call.

From Subros Management, we have with us today, Mr. Parmod Kumar Duggal – Chief Executive Officer, Mr. Hemant Kumar Agarwal – Chief Financial Officer and Senior Vice President (Finance), and Mr. Sukhbinder Singh Gill – Assistant Vice President (Finance).

I will now hand over the call to Mr. Parmod Kumar Duggal for the "Opening Remarks" to be followed by a Question-and-Answer Session. Over to you, sir.

Parmod K Duggal:

Thank you, Jayaraj. Good morning, ladies and gentlemen, and a warm welcome to all of you for Subros Investor Call Q2 FY'25.

In Q2 of this Financial Year, we saw muted demand in the domestic market which has impacted the overall growth in the industry.

The Indian passenger vehicle industry saw slower than expected growth in the first half of FY'25 with a degrowth at 0.7% in Q2 and a modest growth of 2.4% in H1, whereas the domestic market has a modest growth of 0.5% in the first half of the year. This is much below than the initial expectation of 3% to 4% forecast, but underwhelming performance of passenger vehicle industry has now poses to recast our annual growth forecast for passenger vehicle segment.

CV segment, including truck and bus also is facing a major degrowth during the quarter, which is approx. 10% as compared to the previous period; however, there is a significant growth in two-wheeler and three-wheeler segment.

If we summarize the first half of the overall automotive industry performance, I believe there are multiple factors of muted growth due to the series of unforeseen event in the month of May, June and September which has dampened the momentum like elections, heat waves and heavy rains on



certain part of the country that has contributed to a degrowth except for two-wheeler and three-wheeler category.

Subros has stayed committed for driving the innovation and growth and which are crucial and challenging given the situation of the industry as of now. Subros overall growth of 8.7% in the first half of the year, whereas in Q2 our growth is 1.8%. In this growth journey, CV truck has played an important role where the growth is 28% due to the new emerging segment within the CV, which is the last mile connectivity trucks where the aircon is being installed by our OEMs. There is 16.8% improvement in quarterly profitability and approximately 56% improvement in H1 as against the previous year performance.

The results are improving based on our aggressive push for improving the internal efficiencies as well as localization where our efforts are consistent.

We have already posted our results on the stock exchange and let me elaborate the result one-byone:

As I mentioned, Subros has performed slightly better than the overall industry performance in Q2 of FY'25, growth of 1.8% with the significant improvement in margins as a result of our efforts in the operational efficiency.

Company has achieved a revenue of Rs. 828 crores during the quarter and Rs. 1,638 crores during the first half of the year.

In this quarter, car and non-car segment has contributed 93% and 7% respectively.

Our share of business in the passenger vehicle segment aircon market is consistent at 43%, and in the truck segment our share of business is around 51%, and in bus segment we are at 16% during the quarter.

Now, let me "Update you on the Overall Operational Performance":

The company has realized EBITDA of Rs. 83 crores in Q2, which is 10.03% of the net sale as against EBITDA of Rs. 73 crores, which is 9.1% in the corresponding period. There is an improvement of EBITDA by 13% as compared to the corresponding quarter.

Profit before tax in the quarter is Rs. 49 crores, which is 5.87% of the net sale. PBT margin in the corresponding quarter has improved by 17%. Profit after tax in Q2 is Rs. 36 crores which is 4.41% of the net sale. PAT margin has also improved by 36%.



On the "Overall Business Update," over the past few quarters, we have been consistent while our financial metrics are improving. We are committed to maintain this momentum for the forthcoming quarters as well.

Our focus on aggressive cost cutting, managing or optimizing on the fixed cost as well as variable cost to support our financial results are ongoing.

The company remains debt-free in terms of long-term borrowing, allowing the healthier cash generation which positions us strongly for future investment. Customers are also showing confidence in Subros, and this is the reflection that we got two important prestigious awards during this quarter from Mahindra & Mahindra Tractor Division and Daimler Trucks for our collaborated effort with them for Aircon Development for their Tractor and Truck respectively.

Looking ahead, we are excited about the project on the horizon, including the upcoming green plant at Kharkhoda, which is a set of major milestone for our journey towards sustainable manufacturing as well as our growth in future.

I also mentioned in my previous brief investor call that the railways is emerging as a big segment for us. In general, government effort on upgrading the railways in India is substantially improving and our products going into railways including the driver cabin and coach aircon is also progressing well. We have a couple of orders in hand and which we are now trying to complete that partially in FY'25 and partially in FY'26.

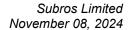
We are also focusing on expanding our product range, advancing its technology to meet the auto industries evolving needs, both in electric as well as in hybrid vehicle.

Our ongoing development on alternate fuel including CNG vehicle, hybrid vehicle and electric vehicle through the aircon product is also improving and today in our total revenue, 20% of the revenue is coming from these alternative fuel-based vehicle.

Further, the Ministry of Road and Transport has also announced that AC cabin for the truck, which is going to be mandatory by October '25. Our engagement with all our customers are now almost concluded and we secured large businesses on this new initiative, but the sales will start in the subsequent financial year.

In addition to that, our commitment towards sustainability is also progressing well and we already announced that carbon neutrality within Subros operation by 2040. Our actions are in place towards that.

Now, let me give you "Update about our Forthcoming Greenfield Project at Kharkhoda":





During last quarter we informed all investors that the board has given in-principle approval to proceed with this new project. In this board meeting we have got formal approval for this project for the investment of 150 crores. We will be setting up this plant for 4.5 lakhs to half a million capacity for Hoses and Tubes and ECM. This would be an important strategic investment by us in the Greenfield project for our growth and also to improve our presence in the automotive sector.

We will be investing to enhance this capacity, including all set of sustainability action, including the automation and digitalization and this plant would be operational by April 2026.

Before I conclude, let me "Summarize the Financial Result once again." Overall revenue of Rs. 828 crores with the growth of 1.8%, EBITDA of Rs. 83 crores with the growth of 13%, PBT of Rs. 49 crores with the growth of 16.8%, PAT of Rs. 36 crores with the growth of 36%.

That's it from my side. Now, we are open for taking questions.

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Amit Hiranandani from SMIFS Limited. Please go ahead.

Amit Hiranandani: Sir, if you can help us with the passenger vehicle industry outlook for the second half? And have we won any kind of a new model in this quarter?

Parmod K Duggal:

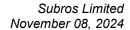
So, at this stage, it is very difficult to make any assumption about H2 because we have seen H1 with the muted growth and everything was poised to the response of the festive season how it would be. There is a mixed response because the retail of course has increased, but our business is more dependent on production by the OEM, not on the retail. To some extent, the inventory, dealer has reduced, but we don't know how much is the exact number, that would be clear by 15th of November or so when FADA will release the festive season response. But going forward, there is no new model which is going to be launched during the H2 by any of the OEM because most of the OEMs are now showcasing their new launches during the Bharat Mobility Show in the month of January. We have got new business of around Rs. 120 crores won during the quarter, but most of the SOPs are happening in FY'26. But overall as an industry performance expectation in FY-'24-25, we may say that the H2 will not be substantially different than H1.

Amit Hiranandani:

How much is the current import content in percentage term and how is our localization strategy going on?

Parmod K Duggal:

So, our overall import content of total turnover is around 16% and we have target to bring it down to less than 10% in the next two to three years' time. When we started, we were at around 42%, around six, seven years back and maybe in the last five years we reduced from 26% to 16%. So, our efforts are on now to push more and more aggressive localization.





Amit Hiranandani:

Despite the mixed outlook you have given for the H2 for the passenger vehicle, do you see this margin improvement journey to continue?

Parmod K Duggal:

I think it would be sustained, but whether it will improve or not, it depends upon how the economic situation will happen, because still with some remaining imports, foreign exchange impact will be there, whether the offset will be there in the quarter or whether it will take a subsequent quarter to offset, that all dependstrends would be now post-election in USA. But our efforts on operational efficiencies are ongoing and we will be consistent in realizing whatever action we have already taken.

Amit Hiranandani:

Any kind of input cost pressure you are facing?

Parmod K Duggal:

There is no as such pressure which would be negative for the business, but yes, supply chain disruptions are ongoing, the Red Sea crisis is ongoing, the logistic delays are happening because of the congestion overall. So, there is no as such pressure, but we have built up some safety stock. That's why our inventories have gone up because we built up for derisking our few inventories in advance.

Amit Hiranandani:

Continuing with the inventory thing, basically it has been observed there is an increase in the working capital requirement and the free cash flows came in slight negative in H1. So, can you just help us understanding the inventory and trade receivable, both have gone up in H1?

Parmod K Duggal:

So, there are two aspects to that. As I mentioned that inventories to the tune of around Rs.30, 40 crores we have built up as part of the derisking. That is one action for that. And the cash flow, there is no debt as of now, we are managing within our available working capital limits as well as through internal accruals. So, there is no financial pressure as such on the business.

Amit Hiranandani:

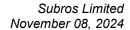
On the railways, you have been very optimistic. So, can you help us in understanding how much is the current revenue you are generating and the target for the next three years? And are the margins better in railways business?

Parmod K Duggal:

So, three questions you asked within one question. So, in railways, we have done so far in H1 around Rs. 7 crores of the revenue and the order booking for railways is roughly between Rs. 35 to 40 crores, out of that around Rs. 10-12 crores will be executed during the current financial year, balance will go into the next financial year as per the terms of the contract. For the next three years we see this segment is going to be very aggressively pursued both from the government side because lot of aggregators are also coming in to build the coaches now. So, we see this segment for us would be a growth in double-digit in the next two to three years' time.

Amit Hiranandani:

And, sir, about margin?





Parmod K Duggal: Margins are reasonably, I think it is comparable to all our business, because as a business policy,

we code businesses with the similar margins only.

Moderator: The next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management.

Please go ahead.

Arjun Khanna: The first question is in terms of the change for MHCV. So, while you mentioned in October 2025

and you have articulated earlier for us incremental is Rs. 160 crores. Given that we are closer to it, do you yet think that's the additional revenues we could generate per year or has there been a

change in thought process?

Parmod K Duggal: So, MHCV notifications are still intact. The SOP is the effective date of regulation is October '25.

Each OEM will decide whether they want to follow the regulations strictly or they want to build up the inventory and start production much more in advance so that the pipeline can be filled up with the air contracts. Still, our assumption of truck aircon business to the tune of Rs. 160 to 175 crores still intact unless there is a drastic change in overall industry sentiments. But based on our current

order booking and based on our engagement with customer, we are really optimistic of this number.

Arjun Khanna: Sir, the second query is regarding railways. While you did clarify to the previous participant,

earlier, we had mentioned that the railways is a higher EBITDA margin business, you had mentioned as high as 15% to 20% and now we seem to suggest that margins of railways are similar

to the current business, I was just curious, sir, is there competitiveness increased currently that's

why margins have come off?

Parmod K Duggal: There is no major change in what we said before and now. Since we got into railways in the last

two years only, based on the current basis, it is comparable to our existing business. But as we increase our penetration into railways and the scale is increasing, we may have chance to improve the margins for railway segment. So, I have given the status in my previous answer of current

situation, but as we go along in the next two to three years' time, it will definitely improve.

Arjun Khanna: Sir, just to understand the scale, so there would be AMCs, etc., also in these businesses going

forward, the services bit would be higher margin-related. Is that the right way of understanding

this?

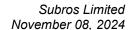
Parmod K Duggal: That's true. That's why the key driver for improving margin is not only the product sale, it is

lifecycle sales. So, this will include the services also.

Arjun Khanna: While you refrain from giving a target revenue, earlier we have said that our goal was maybe

Rs. 75 crores in the next three years, so that was probably FY'27 given we did Rs. 5 crores in '24,

are we on track for that or you think possibly could be even larger than this?





Parmod K Duggal:

No, we are as per that assumption only, we may surpass that number, but how much I am a little bit concerned not to give that number but yes, we will surpass that target which we announced before.

Arjun Khanna:

My last query is just Maruti as a percentage of sales for this quarter, what was that number? And the second part to it is we are hearing a lot of hybrid launches. We already have a few in the market. So, in terms of content per vehicle for them, what would that be compared to the contents for an ICE vehicle?

Parmod K Duggal:

So, Maruti is contributing roughly maybe around 80%, 82% of our total revenue. The second question is on the hybrid part. So, whatever hybrid Maruti is launching or has launched so far, we are there as a aircon supplier to them. In terms of content per vehicle, there is no substantial change. But in the case of hybrid from HVACperspective, there is no change because HVAC remain same, condenser remain same, the content will change only in case of radiator as well as in the compressor because they use electric compressor and since we are not supplying electric compressor so it is not with us, but radiator from a conventional ICE-based engine to hybrid, it would be roughly 1.6X.

Arjun Khanna:

Just for the electric air compressors, is there any thought process of setting up a line in India because we are seeing movement more towards EVs at least in terms of talk of new models being launched like Mahindras, etc.,?

Parmod K Duggal:

So, I will say that feasibility is still on electric compressor localization in India and we also see this is upcoming opportunity for us to make these compressors in India. But right now the risk factor is that despite industry is talking about electrification in passenger vehicle industry, but still we are around 1% penetration only. So, we need to be watchful because one line whatever we will set up would be for around 700,000 to 900,000 capacity. So, if penetration is so low, then the idle capacity will hit the fixed cost. So, we are watchful of that situation. As and when we have a firm number of market opportunity increasing rapidly, We will expedite our localization effort in that.

Arjun Khanna:

And what would be the ballpark cost of such a facility, sir?

Parmod K Duggal:

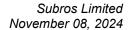
So, normally electric compression manufacturing will cost us between Rs. 90 crores to 120 crores.

Moderator:

The next question is from the line of Mihir from Equirus Capital. Please go ahead.

Mihir:

My question was that if we see the employee cost turned over last three, four quarters, it has been increasing for around Rs. 3 to 5 crores every quarter despite your sales being flattish. So, any reason behind that?





Parmod K Duggal:

So, employee cost has two elements; one is employee cost every year will increase to the tune of 8% to 10% because of the inflationary impact which we are giving through increment to the employees. So, that is one cause of that. So, another part is that due to this festive season, last quarter we built up some safety manpower and trained them because normally during the festive season, hydration levels are very high. Just to derisk our business, we had created a pool of trained manpower and that's how in last quarter that is slightly high.

Mihir:

So, this will be the number which would continue or will it slightly come down or how?

Parmod K Duggal:

No, see, again, it will again depend upon if market is growing and sale numbers are growing, manpower number will not be in a proportionate increase other than some level of indirect manpower remain same. So, as a percentage term, it will start diluting the moment we increase our sales.

Mihir:

My second question was on the EV front. Now, we are looking many EV launches later this month. So, how have we seen the traction on that part of the business currently like so on the like hoses and those parts like compressor is something which is imported right now but on the other part of the business?

Parmod K Duggal:

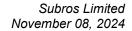
So, EV penetration, as I mentioned before also, so far it is low, but there are a few projects which OEMs have already announced, they will be launching maybe by end of this financial year or going to the next financial year. So, our presence, especially in Maruti's project, we are there for EV product other than the compressor. But for other OEMs, hose and pipe business all are tied up, not only for aircon, also for battery cooling. So, we are just watchful of their launch timing and based on that the realization of turnover will come.

Mihir:

My last question on this is that what is the percentage of like if you see penetration mix for EV, which would be adequate to put a compressor facility like what would it be, what is the ballpark number of penetration which you see that when it will be feasible to put a compressor capacity?

Parmod K Duggal:

A very difficult question. Even OEMs cannot answer that. So, EV penetration is right now a real challenge to make any assumption, because if you recall 2022 when this discussion started of EV penetration, everybody talked about 30% of overall market will move to EV by 2030 or so. Then these assumptions start diluting to 15%, 10%. So, this is the dilemma right now. So, if we expect that market will reach to 7 million by 2030 or 6 million by 2030 and 10% EV penetration will remain, by that time as an assumption so the market size would be roughly 600,000 to 700,000. We don't expect that 100% business will come to us. If we target 50% share of business, still it would be 300,000 to 400,000 number. So, that's the concern point for us to assume anything to kick off this investment because of the large investment. So, we need to be watchful and careful while making such decision.





Moderator: The next question is from the line of Omkar Chitnis from Trade Brains Private Limited. Please go

ahead.

Omkar Chitnis: So, my first question is, do you have any plans to export the air conditioners to global market in

this coming year?

Parmod K Duggal: Tricky question but straight answer is as of now we don't want to export directly, but right now the

export which are happening through the OEM that we will be pursuing better. So, we are exporting to Brazil market, North America, through Renault Nissan. We will continue this business enhancement further. OEMs are also selling certain parts collected from us to Indonesia market or to Japan market. Tractor is selling to US as well as to Japan, made in India, so that also goes with Subros aircon product. So, as of now, India market, I will say the potential is much more to capture that. So, we are focusing to capture first India market because being a market leader, we have to retain that position and realize whatever opportunities we have in India. But of course we are not closing our effort for exporting of these parts to any other part or any other region. So, our efforts are on. So, I will update you maybe in the next forthcoming one or two calls about some concrete

actions or some results of our efforts.

Omkar Chitnis: My second question is, are we planning to adopt a product that is a service model in coming years

for passenger and commercial vehicles so we can get recurring revenue from a PAS model?

Parmod K Duggal: Directly, there is no such effort because normally product service is handled by the OEM, OES and

their service outlets are only doing these kinds of work. So, right now we have not thought of going

into product service directly as a tier 1, so as such, no plan.

Omkar Chitnis: As we have received a board approval to increase the production capacity at Haryana plant, what

will be the total production capacity? Currently we have 1.5 million AC kits per year. And what will be total production capacity and it will be funded through internal accruals or external

funding?

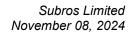
Parmod K Duggal: Current capacity of Subros is around 2.4 million. We are going to set up 460,000 to 500,000 new

capacity in this new location, which is in district Sonipat, Kharkhoda. We have taken approval to invest roughly Rs. 150 crores on this project. Out of that, tentatively, 25:75 will be the ratio of internal accrual versus bank borrowing. But We will see the business situation and accordingly adjust these ratios how much we have to invest from internal or how much we need to take from

bank borrowing.

Omkar Chitnis: Is there an expected date to commence the production sir?

Parmod K Duggal: So, I already informed it is April 2026.





Moderator: The next question is from the line of Hrishit Jhaveri from Pi Square Investments. Please go ahead.

Hrishit Jhaveri: Can you please give us like between what's our exposure towards EV versus commercial vehicle?

Parmod K Duggal: Out of the total business on the car side, it is around 93% and 7% is coming from non-car segment

which includes CV plus bus, railways, etc.,

Hrishit Jhaveri: But with the new opportunity in the truck and the railways segment, do we see this mix to change

in the next three years?

Parmod K Duggal: Of course, this will change and probably it would be maybe around 85:15.

Hrishit Jhaveri: My next question was I was going through our balance sheet and P&L where we have a substantial

increase in the other income segment both QoQ as well as YoY. Can you throw some light what's

the other income this quarter and would that be sustainable or it is a one-off?

Hemant K Agarwal: So, other income comprises two elements; one is the return on the investment, which will be

consistent going forward, and second element is the mark-to-market on our currency hedging. So, since we have a quarterly reimbursement from the customer with the quarter gap, so we have our all import exposure, so when it is reinstated at the quarter end, it is MTM, sometimes it is gain,

sometimes it may be a loss. But since for our all-practical purposes it's forming part of the material

cost. So, it may be slightly here and there. But no major impact will come.

Hrishit Jhaveri: How much would be the return on investment part out of the 6 crores?

Hemant K Agarwal: Out of 6 crores, around two 2, 2.5 crores will be the investment and rest will be the hedging.

Hrishit Jhaveri: So, the hedging which is the major chunk here?

Hemant K Agarwal: Yes.

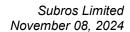
Moderator: The next question is from the line of Annamalai Jayaraj from B&K Securities. Please go ahead.

Annamalai Jayaraj: I have two questions, sir. One is for this; we started supplying for tractors. What is the traction on

that radiator?

Parmod K Duggal: So, for tractor segment, we have two products which we have offered to customer. One is the

radiator which goes into 100% of tractors for a particular OEM for a particular model and we also started the aircon for tractor as well. So, these two markets are now emerging market for us. Of course it's the ongoing market, but tractor aircon is something which is new for us. This tractor, which is developed by Mahindra & Mahindra, that is the model name now which is already





publicly available, that OJA other than domestic use will be exported back to Japan because of the Mitsubishi collaboration and also will be exported to USA. So, we see this market will grow now because much more other OEMs also now are looking into a development effort of tractor aircon. So, right now the size of this market based on the business arrangement what we have with the OEM is between Rs. 15 to 20 crores, but going forward this will increase.

Annamalai Jayaraj: What is the competitive intensity in that, sir?

Parmod K Duggal: So, in radiator there is, but for aircon right now there are not much players who are into this market.

Annamalai Jayaraj: The second question is on the EV buses. So, do we supply aircons because lot of now EV buses are

being manufactured in India, so what is our current exposure, sir?

Parmod K Duggal: So, EV buses still are evolving in terms of design standardization. So, we have developed the

products. Right now, EV buses, we are supplying to Ashok Leyland for that hydrogen bus project which they have taken. All the evaluation and prototyping is complete and five buses is for that lay project we already supplied and another seven we will be supplying for the next evolution in the NCR part. Our engagement with customer now to standardize the specification for the forthcoming tender also ongoing. So, maybe in another six to eight months We will have a better penetration of

AC kit into EV buses.

Moderator: The next question is from the line of Shailly Jain from Dolat Capital. Please go ahead.

Shailly Jain: Hi sir, can you please provide me the number for passenger vehicle, AC, CV and radiator what was

the revenue?

Parmod K Duggal: Passenger vehicle overall business is around Rs. 640 crores out of the total revenue of Rs. 828

crores and radiators are roughly Rs. 120 crores, for passenger car and the CV portion would be

around Rs. 30 crores.

Shailly Jain: For Mahindra & Mahindra like what is the business share what we are holding on?

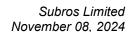
Parmod K Duggal: So, Mahindra & Mahindra, we have a business share of around 24%.

Shailly Jain: And how do you see it going ahead?

Parmod K Duggal: This will be increased because when Mahindra will start the EV models launch, this is going to

increase and also since we are now part of aircon suppliers for last mile, connectivity for Mahindra also and MTBD truck also will get aircon, so this is going to increase in the next two to three years

time.





Moderator: The next question is from the line of Khush Nahar from Electrum Portfolio Managers. Please go

ahead.

Khush Nahar: Sir, considering the industry and the new plant that you're coming up with, what kind of top line

growth that you're seeing in the next three years with sustainable EBITDA margins?

Parmod K Duggal: It's very difficult to predict any revenue number for the market as of now, but as I mentioned that

capacity expansion is in line with customer requirement and since Maruti has already announced, they have put a project long back and currently they are on track in terms of SOP of this project. We are setting up capacity based on their ramp up plan and capacities will be utilized to the extent of 70% to 80% very quickly maybe within one to two years' time of the launch of our project also. So, I cannot give you any exact number of revenue growth, but of course We will do slightly better than the overall industry performance. On the margin side, We will be consistent to improve hereon. In the last eight to 10 quarters, we have taken to reach to double-digit margins now and We

will try to sustain this effort to improve further.

Moderator: As there are no further questions from the participant, I now hand the conference over to the

management for closing comments.

Parmod K Duggal: So, just to conclude, thank you very much to all investors to show confidence in Subros and have

patience in the last eight to 10 quarters. Results started improving, our efforts to improve the financial KPIs are ongoing, and We will try to improve from here on. Business, as such, I mentioned that last first half and corresponding half two, there would be some level of uncertainty, but going forward FY'25, '26 is going to be promising as of now based on the current outlook. So,

we are watchful of the situation and best of luck, best wishes to all of you.

Moderator: On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference.

Thank you for joining us and you may now disconnect your lines.