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23<sup>rd</sup> May, 2016

The Secretary BSE Limited Phiroze Jeejeebhoy Towers Limited, Dalal Street, Mumbai 400 001	The Secretary National Stock Exchange Limited Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai 400 051
Scrip code: 539083	Scrip code: INOXWIND
Fax No 022-22723121/2037/39/41/61	Fax No 022-2659 8237/38

Dear Sir,

**Sub: Submission of Transcript of the Earning Call for the Quarter/ Financial year ended 31<sup>st</sup> March, 2016**

Pursuant to the Regulation 30 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015, we would like to inform you that the Company is submitting the Transcript of the Earning Call for the Quarter/ Financial year ended 31<sup>st</sup> March, 2016, a copy of which is enclosed.

We request you to please take the above on record.

Yours faithfully,

**For Inox Wind Limited****Shubha Singh  
Company Secretary****Encl : As Above**



“INOX Wind Q4 FY 2016  
Earnings Conference Call”

May 06, 2016



**ANALYST: MR. BHAVIN VITHLANI - AXIS CAPITAL LIMITED**

**MANAGEMENT: MR. DEEPAK ASHER - DIRECTOR AND GROUP HEAD,  
CORPORATE FINANCE – INOX GROUP OF COMPANIES  
MR. DEVANSH JAIN - EXECUTIVE DIRECTOR - INOX WIND  
MR. DHEERAJ SOOD - HEAD INVESTOR RELATIONSHIP – INOX  
GROUP**

**Moderator:** Ladies and gentlemen good day and welcome to Inox Wind Q4 FY2016 results earnings conference call, hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during the conference call please signal for 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. Bhavin Vithlani, Axis Capital. Thank you and over to you Sir!

**Bhavin Vithlani:** Thank you Aman. Good evening everyone and welcome to the Inox Wind earnings conference call. From the management, we have with us Mr. Deepak Asher – Director and Group Head of Corporate Finance for Inox group of companies, Mr. Devansh Jain – Executive Director at Inox Wind Limited and Mr. Dheeraj Sood – Head of Investor Relations at Inox Group. Without much ado, now I would like to handover the call to the management for the opening remarks post which we could open the floor for Q&A.

**Deepak Asher:** Thanks very much Bhavin and thank you Aman. On behalf of the board of directors and the management of Inox Wind Limited, I would like to extend a very warm welcome to all of you investors, analysts and everybody else who is participating on this call. I would like to thank you for your interest and the time that you taken out to attend this call.

We made a short presentation that we have uploaded about an hour ago on our website as well as the website of stock exchanges and I assume you would have had access to that but in the event that you have not I intend to walk you through that presentation starting with some of the key business developments that happened during the last quarter.

On the technology front we signed two strategic long-term technology agreements with our technology partner AMSC. This was respectively for (a) securing technology know-how for the 2MW ECS in India and secondly a collaboration agreement for the development of 3MW WTG in India.

Now as you might recall some of you have concerns about AMSC’s long term ability to supply ECSs and since AMSC was our sole supplier for the ECSs we thought it would be in our interest to secure the ability to manufacture these ECSs and in pursuance of that objective we signed the technology know-how agreement and we intend to set up the ECS manufacturing facility in India over the next few quarters, as a result of which not only will our dependence on AMSC as a sole supplier for the ECSs will go down but at the same time we assume that it will also help in cost reduction of this critical component because of the fact that a large part of this component would be indigenized and hence would be much cheaper to make here than what we were importing at from AMSC.

Second of course was to keep us at the cutting edge of turbine technology, we have signed a development agreement for the 3MW turbine in India and as and when we take its right for

commercially deploying these turbines we will start serious work on the manufacturing of these turbines as well.

Further down on the technology activity itself we have successfully launched the high performance 113-rotor dia turbine and we will talk about that in greater detail further down in the presentation. On the manufacturing side we have accomplished the capacity expanded that we planned for effective capacity stands double from 800 megawatts that it was last year to around 1600 megawatts now.

On the sales side our sales have demonstrated more than 60% growth rate and by the way this 60% growth has been on the higher base that we had set for ourselves in March 2015 and hence we are extremely happy to see that even on the higher base we have been able to maintain the momentum of growth that we have demonstrated over the past few years and as a result of this our market share has virtually doubled to about 23% in FY2016.

On the project execution side, we have achieved what is the highest ever annual commissioning for us 786 megawatts which is 187% growth over the capacity that we commissioned last year and this year we actually witnessed the commissioning of common infrastructure of about 800 megawatts, 400 megawatts in Gujarat and 400 megawatts in MP in terms of power evacuation facility.

So these are some of the key highlights of our operating performance for the last year. In terms of financial performance and I will do a quarterly comparison which is Q4 FY2016 compared to Q4 FY2015 and we may also do an annual comparison which is the whole of FY2016 compared to whole of FY2015.

On a quarterly basis sales have gone up by 97% from Rs.9.3 billion to Rs.18.2 billion that as I mentioned is a 97% growth. EBITDA including other income has gone up from Rs.1.74 billion to Rs.3.34 billion which is a growth of 92%. EBITDA margin has been around 18.3% for this quarter. EBITDA without the other income has gone up by 84% which is Rs.1.7 billion to Rs.3.1 billion, EBITDA margin without other income is about 17.2% and PAT has gone up by 78% from Rs.1.17 billion to Rs.2.09 billion PAT margins is around 11.4%. These are the figures for the quarter.

For the full year FY2015 sales were Rs.27 billion gone up to Rs.44.14 billion that is a growth of 63%, 63% sales increase on revenue terms. EBITDA including other income has gone up from Rs.4.7 billion to Rs.7.58 billion that is growth of 61%. EBITDA margin for the full year was 17.2%, EBITDA without the other income has gone up by 52% from Rs.4.5 billion to Rs.6.9 billion that is a growth of 52% and EBITDA margin without the other income was 15.7% and PAT has gone up from Rs.2.96 billion to Rs.4.51 billion that is a growth of 52%. PAT margin for the full year FY2016 was 10.2%.

On the volume performance sales for the quarter Q4 FY2016 was 328 megawatts for Q4 FY2015 they were 198 megawatts and therefore there has been a 66% increase in sales YOY for the quarter. Commissioning there was a 328% increase 94 megawatts commissioning in Q4 FY2015 going up to about 402 megawatts commissioned in Q4 FY2016.

For the full year sales went up from 578 megawatts to 826 megawatts which is a 43% increase in volume terms for the full year and in terms of commissioning the growth was 187% which is 274 megawatts going up to about 786 megawatts. We have seen therefore a significant pickup in commissioning and this would also help in easing of some of the working capital pressures.

If you look at the cost analysis, raw material cost for the quarter has gone down from 76.3% which is what it was in Q4 FY2015 to 75.1%. Variable cost has slightly gone up from 2.0% to 2.6%. Fixed cost has gone down from 6.3% to 5.1% as a result of which EBITDA margin which were 18.3% in Q4 FY2015 and this is without the other income is at 17.2% in Q4 of FY2016.

For the full year again you see raw material cost having gone down marginally from 75.1% to 74.3%. Variable costs are virtually the same 3.1% is they were in FY2015, 3.0% is what they are in FY2016.

Fixed costs has gone up marginally from 6.1% to 6.6% but you would see improvements there as well as you would see the improved capacity utilization going forward and EBITDA margin, which was 16.9% without other income for FY2015, stands at about 15.7% for FY2016. That is the cost analysis.

On working capital while at first glance you might see that the working capital has gone up in absolute terms from about Rs.16.2 billion which is what it was in December 2015 to Rs.16.40 billion which is what it is in March 2016 and I believe some of you have expressed concern that receivables has gone up from Rs.18.99 billion in December 2015 to Rs.24.14 billion in March 2016 but the actual reality of the fact is because sales volume were so significantly high in the last quarter if you actually look at receivables in terms of number of days there has been a significant improvement 179 days which is the receivables as of December 2015 has actually gone down to 148 days in March 2016. So while as I said that in absolute value terms it would optically appear as if receivables have gone up in terms of number of days we are very well on our target of reducing receivables down and the improvement that we are seeing is almost 30 days in a quarter, 179 days December end going down to 148 days.

Overall working capital has improved much more significantly as compared to just receivables. Our working capital in terms of number of days in December 2015 was 155 days and working capital in March 2016 is 82 days so the improvement is 155 days going down to 82 days and you will see this in terms of the absolute working capital deployment which was Rs.16.26 billion in December 2015 has

remained around the same Rs.16.40 billion in March 2016, despite the fact that the sales have actually doubled from 939 Crores in December quarter to about 1827 Crores.

I think the bottom line here is despite the fact that the receivables per se optically appear in value terms to be higher overall working capital is well under control. It is virtually the same as it was in December 2015 despite a doubling of sales and in terms of number of days December 2015 has actually gone down so 155 days of December 2015 has actually gone down to 82 days in March 2016.

We continue to work at this and we continue to expect further improvement essentially because of the enhanced manufacturing capacity will lead to a better synchronization of component supply, there is no mismatch in the capacities between blades, nacelles and hubs and towers and therefore the better synchronized supply will lead to fast collections.

The fact that the common infrastructure for power evacuation is already in place for a large capacity we will ensure that there is a reduced gap between the supply and the commissioning and also I think overtime we have been able to negotiate better payment terms from our customers, a large part of our order book is on LCs as against clean credits and these factors we believe will help us in our trajectory towards further improvement in working capital going forward.

On the order book our total order book as of March 31, is about 1104 megawatts, this represents roughly about 12 to 15 months of project execution. We have added to the order book about 360 megawatts during this quarter Q4 and therefore if you look at how the order book has moved over the last quarter we began at about 1146 megawatts of the order book as of end of December, we added 360 megawatts of orders, we executed about 402 megawatts of orders and therefore the closing order book is about 1104 megawatt.

This again is a fairly robust order book as I said it represents about 12 to 15 months of execution. We continue to strengthen our position across all kinds of customers including IPPs, PSUs, utilities, corporates as well as retail customers. We have bagged Adani's first order in the wind sector. We are maintaining a strong momentum in the tender market. We have bagged orders from IOCL, PTC India, as well as GIPCL and our current clientele includes diversified IPPs such as Adani, Sembcorp Green Infra, Continuum Wind, Mytrah Energy, Tata Power, Bhilwara Energy, CESC, ReNew Wind Energy, and Ostro Energy as well as PSUs such as like IOCL, NHPC, RITES, GACL and GMDC amongst others.

In terms of manufacturing capacity our current capacity is 550 units of nacelles and hubs, 800 units of blades and about 300 units of tower which makes the effective capacity based on blade capacity about 1600 megawatts and since we are already implementing the expansion on the manufacturing facility post this expansion we will be at about 950 units of nacelles and hubs, about 800 units of blades and about 600 units of towers. The blade plant at Madhya Pradesh is an integrated facility.

It has already commenced production. Out of the total of eight moulds five moulds are operating at 100% capacity. This facility contains the ability to manufacture the 100 rotor dia blades as well as the 113 rotor dia variants. One facility of the tower plant has already been operational and this by the way is one of the largest manufacturing facilities in this sector in Asia.

We have launched as I mentioned the 113-rotor dia turbine with the hub height of 120 meters. This turbine is significantly more efficient than the 100 rotor dia turbine which is something that we sold in significant volumes last year and much, much more efficient than the 93 rotor dia turbine which we had a couple of years ago.

In terms of actual numbers the 100 rotor dia turbine that we launched last year is about 20% more efficient than the 93 rotor dia turbine that we sold earlier and the 113 rotor dia turbine that we intend to commercially deploy this year is another 20% more efficient than the 100 rotor dia turbine that we sold this year. As a result of which the higher energy yield leads to a lower energy cost for our customer, which leads to a higher returns for our customers and also provide the customers ability to withstand any reduction and tariffs that you might see going forward.

The more efficient power cost as I mentioned also leads to higher uptime, lower O&M, increased margins, higher market share, higher returns for investors and also expands the market because then at a lower tariffs the more efficient turbines are able to provide a reasonably good return , wind energy is no longer then seen as a more expensive form of energy and therefore will actually lead to an expansion of the market generally.

So that is the broad overview of how we are performing. I would like to then hand it over to Devansh in case he wants to add anything otherwise we will open the floor for Q&A.

**Devansh Jain:**

Thank you Mr. Asher, I think you covered all the areas. You reiterated on all the points fairly clearly. I think I would just add I think it has been a fairly phenomenal year for us. We have had phenomenal growth in terms of topline, in terms of EBITDA, in terms of PAT, in terms of commissioning we had very, very strong on ground execution both in terms of manufacturing blades, nacelles and towers, building new facilities as well as building multiple substations and transmission lines pan India which is also reflected in the fact that we have been able to 3x commissioning in one year from 250-odd megawatts to about 800-odd megawatts. So I think as an organization we are very well geared now for this, this scale of operation on a sustainable basis.

On the working capital side, I think we have done a fair bit of work. We have continued to improve on that. Overall working capital cycle has declined. It has improved. With better execution and more synchronized component supply, I think we will continue to improve that and I think as was added we expect fairly significant cash flows over this financial year, which should put us in a very, very strong financial position even better than what we are at presently.

From an order book perspective, I think we continue to bag very, very significant orders from some of the largest players in the market. Recent order wins from Adani was only one point in that journey while the order book stands at about 1100 as of March. Please do not forget we have announced certain orders. We have signed certain orders in April, which we cannot discuss at this point in time, but we see a very, very robust order inflow. We are talking of more than a 1000 megawatts of orders in very, very advanced stage not all of that can come in it can be executed because you would not be able to do 2 gigawatts in one financial year, but I think this year very robust pipeline of order inflows which should hold us in a very, very strong wicket with respect to future visibility.

The other point I would like to add is which is very significant is Madhya Pradesh opened up in a big way in the past one and half years and in the short period of time we went on to become the largest player in that state so we almost control 30% of all installations in that state in one year. Prior to that we were the largest player in Rajasthan and prior to that we were a very significant player in Gujarat, what I wanted to kind of delve upon was the fact that we have continuously every year been entering newer states and mastering those states. We made small strides in AP last year but over the course of this year we expect to do a fairly substantial number of execution, number of turbine in AP this year and moving forward we would expect to do fairly a large amount of work in Tamil Nadu and Kerala and Karnataka as well which means in the next one year we would spread our base very, very significantly to the southern states as well after having conquered all the north and western states of India.

I think with that we can leave the floor open to questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question from is the line of Madhan Gopal from Sundaram Mutual Fund. Please go ahead.

**Madhan Gopal:** Good evening Sir. Sir first question is on current order book what will be the portion of MP in this?

**Devansh Jain:** 25% of the present order book in MP.

**Madhan Gopal:** So the general question is in case if there is a state where you have a significant portion that is 25% you have in MP and the tariff sort of fixed lower how will you rework on this projects with your customers now?

**Devansh Jain:** These are all projects again we do not need to rework these projects because contracts of these are signed with customers assuming certain PLFs and certain tariffs. Having said that please do not forget that the 113 rotor turbines increase energy efficiency by about 20%, the cost of that is not 20% the cost may be 5-odd% so that incremental 15-odd% for example may be 5% improves my margin the remaining 10% goes towards taking care of the decline in tariff. The investors continue to make a very, very robust return.

**Madhan Gopal:** Sir can I put this way like to hold on to the IRR that the investor would want to make in this project now you have to cut your what you would have otherwise charged for 113 diameter you would cut the price accordingly and still you will manage to maintain your gross margins?

**Deepak Asher:** Let me try and explain this way. Earlier what the customer intended to deploy was not the 113 rotor dia turbine it was to say 100 rotor dia turbine right. Now with the launch of the 113-rotor dia turbine that actually improves this generation because the turbine is 20% more efficient, it improves his generation by about 20%. Even if we assume that the cost of the turbine is about 5% to 6% more there is 15% additional value or rather the cost of generation on a per unit basis is 15% lower, which more than compensates for the fall in tariff.

Now out of that 15% value, which is there on the table how much I keep for myself as in Inox Wind and how much I give to the customer to enable him to withstand the fall in tariff is a commercial negotiation that will play out as we go along, but I am just saying that the improvements and this is more of a general statement the turbine efficiency improving overtime will give us the ability to withstand any reductions in tariffs that may happen as they did in Madhya Pradesh and even we have done some internal calculations to show that even at a Rs.5 tariff which is like you know perhaps to long term tariff going forward across different states the average, the wind farm operator would make more than 20% post tax equity IRR which I think most financial investors would be happy with, but the other advantage of tariff at these levels as I mentioned is now actually expand the market because what is happening the tariff of 5.70-5.80 discoms were bit hesitant to buy wind power because they perceived it to be more expensive and therefore many Discoms either kind of fell short of their RPO obligations or stopped signing PPAs as soon as the RPO obligations were fulfilled, but if you provide electricity at Rs.5 and that is guaranteed for the next 20 years or 25 years which is virtually the life of the PPA without any cost escalations this will then be perceived to be a fairly economical source of power and therefore whatever mind block they have in buying this perceived to be expensive power would go away which we believe would expand the size of the market as well.

**Devansh Jain:** Just to add to that while we are doing 20%-25% of business in MP please do not forget almost 35% of our present order book is in Gujarat and where the tariff was at 4.15 for the past three years it is expected to improve by about 0.10 paise to 0.15 paise and there the same turbine which would be sold it 93 meter blades and 100 meter blades and 113 meter blade would increase returns exponentially for investors.

**Madhan Gopal:** Second, you mentioned that the 1000, you are saying a robust part of an order pipeline but general the wind sectors sort of disappointed in terms of the expectation that we had beginning of the year in FY2015 end so where is it coming from and what is a driving again say FY17 in terms of order inflow?

**Devansh Jain:** Sorry I did not understand, FY2015 was disappointing can you repeat the question?

**Madhan Gopal:** When we began with FY2015 end there was an expectation that FY2016 would be a very robust sort of an order inflow for the sector but it did not come through now moving into FY2017 you are getting the confidence back and you are saying the pipeline looks really strong so what is really driving?

**Deepak Asher:** I am a bit surprised that when you say that the FY2016 numbers looked a bit disappointing to you but let me put those numbers in context, the overall sectors grew by more than 50%. We ourselves had grown by more than 60%. I do not think that is growth that needs to be discounted in anyway. I mean any other sector growing at 50% in a year or any other company growing at 60% in a year on a base which is fairly significant I think would be considered to be an exceptionally good performance so I am sure I understand why you would have would been disappointed with the numbers of FY2016.

**Madhan Gopal:** Otherwise the kind of numbers that we were thinking in terms of 4000 megawatt alone that probably did not come through but if you can explain like FY2017 what is driving now sort of order pipeline that would be helpful?

**Devansh Jain:** No we have an order book of about 1200-odd megawatt even in the last financial year, presently again we have an order book of virtually 1100-odd megawatts while we see very robust demand that is also because of again please do not forget 80% of the market is today been serviced by three players, due to technology barriers and competitiveness the market is more and it is consolidating towards three players. So increasingly a lot of the number 4, number 5, number 6, number 7 players are withering out of the sector.

So you are seeing far more demand coming in only to the top three players in the sector, one. Two, there are far more states which have already come out with multi year tariff policies and three due to the improvement in technology itself whether is the 113 meter blades or the 92 meter tower or the 120 meter tower the cost of energy itself has declined which is enabling more distribution companies to buy more wind power. So these three factors are leading to the market itself expanding. Now there are two big strategic things, which we think will play out over the next one to two financial years, which is going to be the renewable generator obligation which was mandated under a National Tower Policy which was cleared by Parliament. We do not believe everything will play out in this financial year because once new policies are announced it takes sometime for them to gain momentum and for clarity to emerge around that, but I think from the next financial year we should see significant momentum given the RGO and second given the fact that inter state transmission of renewable energy charges for that have been made zero I think we would be seeing very significant growth and development on that front as we move forward.

**Madhan Gopal:** Thanks for taking my other question but I will come back in the queue.

**Deepak Asher:** Adding to that since you were looking for some kind of numbers around FY2017 I mean I obviously cannot share with you our numbers because these are not in the public domain but I believe what is in

the public domain as a CRISIL report which puts the size of market in FY2017 to be about 4100 megawatts and by the way these estimates were made before the RGO and the free inter state transmission took place so one would assume that these two factors would provide a further fillip to that but that is only a third party estimate we have for FY2017 size of the industry.

**Madhan Gopal:**

Thanks for taking my question.

**Moderator:**

Thank you. Next question is from the line of Anitha Rangan from HSBC. Please go ahead.

**Anitha Rangan:**

Good evening. I just wanted to understand in terms of your receivable days which you shared 148 just want to understand how you arrive at that days because in terms of, I am just doing a simplistic calculation of a revenue of 44 billion and a debtors of 24 billion so on that basis I am getting about 200-odd days so how do you get to this 148?

**Deepak Asher:**

I think it would be with all respect to you it would be erroneous to look at it from an annual sales basis because our sales are not uniform throughout the year. There is a lopsided impact of sales in the sense that large part of the sale happen in last quarter and if I may just want to illustrate the fallacy of your method of computation from a purely example perspective if I did 4400 Crores of sales which is what I did but if I did all of that in the last quarter and my average collection period was 90 days that means as of March 31<sup>st</sup> there would still be outstanding and even I may collect them in 90 days because my receivables as of March 31<sup>st</sup> is 4400 Crores versus sales for the full year of 4400 Crores you would optically compute that to be 365 days whereas actually they are just 90 days. So the point I am trying to make is you will need to look at a pattern of days and while my receivables are 2400 Crores my sales for the last quarter were 1800 Crores and my sales for December was roughly about 600 Crores so if you add with the sales of the last four and half months that leads to the receivables being about 148 days so it actually represents the actual pattern of billing over the last few months historically rather than just dividing it by an average sales for the full year.

**Anitha Rangan:**

Because I am trying to compare last year receivable days versus this year receivable days just like a year-to-year at the end of March 2015 and at the end of March 2016, then in terms of days that because that evens out the seasonality impact and then in terms of days I am not seeing like a significant improvement in fact it is going a little bit?

**Deepak Asher:**

Well, if you look at what the receivables were in March 2015 you are right we were at about 140 days and we are about 148 days in March 2015 but what we mentioned the comparison to what we were in December 2015 there are 179 days in December and 148 days in March so if you compute the receivables on the same basis which was based on the immediately past few months billing rather than the average billing of a full year these are the numbers that you get.

**Anitha Rangan:**

So this is like the normal cycle is what we can expect going forward?

- Deepak Asher:** Yes I think hopefully sales should be more even throughout the year but unfortunately the nature of the beast is such that you will see lumping up of sales in September as well as in March, more so in March.
- Anitha Rangan:** My second question is around the results release that you have made some smallish acquisition like 100% share in several of wind assets and there is a corresponding goodwill increase in the balance sheet, could you the share the cost of these acquisitions?
- Devansh Jain:** We cannot share the exact cost of these acquisitions, but the value of these acquisitions is fairly insignificant while we are taking over these SPVs which are probably in single digits in terms of Crores, I think, why we are taking over these is because these SPVs own evacuation permissions and rights to build wind farm projects. There are no other assets in these SPVs.
- Anitha Rangan:** As a company what is your warranty provision policy?
- Deepak Asher:** Well we would provide for warranties if we expect any claim on account of our turbine supplies but because we do not expect any claims on account of the warranties that we give our customers there is no warranty provision, which is necessitated in the books of accounts.
- Anitha Rangan:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Ankur Sharma from Motilal Oswal Securities. Please go ahead.
- Ankur Sharma:** Good evening Sir. Thanks for the opportunity. My question was again on your debtors. Would it be possible to breakup this 2400-odd Crores of debtors, if you could give us the ageing for that, you know how much is less than six months and how much would be more than six months?
- Deepak Asher:** Again, that is not something that we put in the public domain. I would assume you might see that in our audited full annual report, when it is published, but I can assure you that a significant part, upwards of 90% is less than 180 days.
- Ankur Sharma:** So upwards of 90% is less than 180?
- Deepak Asher:** I am just giving you a ballpark number. It is a way higher. It is much less than 10%, single digit percentage is more than 180 days.
- Ankur Sharma:** Secondly, there is a jump in other expenses during Q4, so is this purely because of the jump in the volumes and the related freight expenses. Is that the way we should read it?

- Deepak Asher:** I think also a large part of that would be the EPC expenses on the commissioning that we did and there has been as you would have noticed 187% growth in commissioning volumes, this would reflect that.
- Ankur Sharma:** Sir, what we understand is the standalone numbers are for the WTG supplies and of course the consolidated includes the erection and commissioning piece. Now in standalone numbers, we have seen this line item of erection, cost coming in. This was not there earlier. So why is that happening now in Q4. There is a line item for EPC and O&M expenses?
- Deepak Asher:** I think what happens is sometimes some PSUs do not want to split up the order between Inox Wind for supply and Inox Wind Infrastructure for the EPC part and therefore they give a consolidated order to Inox Wind for the turnkey projects. This is typically true of PSUs and therefore what we do is we have the erection cost in IWL itself standalone but we do a back-to-back arrangement between IWL and IWISL where the EPC comes in as a revenue from the customer and the cost is lined up in the balance sheet. So again that is purely optical in order to cover for the needs of PSUs.
- Ankur Sharma:** Just last thing was what would have been the capex for FY2016 and the number going into 2017, the overall capex please.
- Devansh Jain:** FY2016 was at about 150 Crores, and going forward we expect capex to be at about 80 to 100 Crores. This was projected during the IPO time as well. So I think over these two financial years, we will complete the capex program of the company.
- Ankur Sharma:** That is all from my side. Thank you.
- Moderator:** Thank you. Our next question is from the line of Pavan Parikh from HDFC Securities. Please go ahead.
- Pavan Parikh:** Sir basically at the end of FY2015 we had about 150 odd Crores in the short-term loans and advances, and that was pertaining to the inter-corporate deposits and if we look at the same number for FY2016 end that has actually since it was short-term in nature, we would have thought that this number would actually reduce, but this is now 390 Crores, so could you throw some light on this?
- Deepak Asher:** It is an inter-corporate deposit given to our sister company Inox Renewables which is engaged in the business of setting up of wind farm. What we are doing is we are raising capital in Inox Renewables both debt as well as equity to take care of that.
- Pavan Parikh:** So, what is the year-end balance now?

- Deepak Asher:** I do not have that number in front of me, but again just to add on to that there were two kinds of ICDs, inter-corporate deposits, one was to Inox Renewable for the wind farm business and the other IWISL. In IWISL what happens is you need to invest in setting up the evacuation facilities, the substation and the transmission lines well ahead of the projects being sold and commissioned to customers, and receiving the money, so IWISL needs that cash, which IWL provides from the cash surpluses that it generates in order to be repaid when the projects are fully commissioned and IWISL realizes the commissioning value.
- Pavan Parikh:** What is the interest income that we get from this? What is the rate here?
- Deepak Asher:** It is market rate. I think it is about 10% or so.
- Devansh Jain:** These would knock off each other in the consolidated results.
- Pavan Parikh:** Yes, but Inox Renewable would not get knocked off, right?
- Deepak Asher:** No, Inox Renewable would not get knocked off, but we are charging what is the market rate essentially slight mark up on the cost of borrowing of Inox Wind.
- Pavan Parikh:** Because there has been like about 200 Crores increase straightaway there?
- Deepak Asher:** Majority of it is to IWISL.
- Pavan Parikh:** I am actually referring to the consolidated numbers.
- Deepak Asher:** That will be outside. That will be to IRL.
- Pavan Parikh:** Primarily it would be Inox Renewable only?
- Deepak Asher:** Again, I do not have a breakup in front of me in terms of how much is to these two companies, may be I can share that with you offline, if that is okay?
- Pavan Parikh:** Secondly, you said your capex has been about 150 to 160-odd Crores but in the balance sheet it is 250-odd Crores of net fixed asset goes to about 600 Crores what is the difference between that.
- Deepak Asher:** Frankly this is a little bit of an accounting technicality that happens and just to explain to you at the cost of getting up a bit too technical what happens is when we build up the transmission facility or rather the project site infrastructure that's capex that is a capital asset that we invest in, so suppose I did about 100 Crores worth of project site, now eventually from a commercial perspective, I sell it to the customer, but under regulation, you do not sell it to the customer, you give him the perpetual

rights to use it and the price that he pays for these perpetual rights is then booked as an advance received from the customer and which is amortized over the life of the assets, which is 20 years. So again without getting too technical what happens is 100 Crores of capex is shown under the balance sheet as a capex versus that I have 100 Crores received from the customer's advance for the right to use that assets which is taken to revenue at the rate of about 5 Crores every years for the next 20 years. So, you would see that capex which will show that the fixed assets have gone up, but against that I have also advances from customers which are reflected on the liability side.

**Pavan Parikh:** Sir, basically if I look at the balance sheet the current liabilities actually have declined any specific reason for that on a YOY basis?

**Deepak Asher:** Again, I would not have that in front of me, I just know that the average payables have down from 112 days to 105 days. So there has been a slight fall in the payables in the number of days. I do not have values in front of me, so maybe I would need to come back to you with that.

**Moderator:** Thank you. Our next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.

**Abhijeet Vara:** Thanks for taking my question. I have couple of questions. First is this is the first quarter where your commissioning exceeded the equipment sales. So, ideally we would have expected the collections to be much higher, working capital at least, absolute level at least to have stayed stable in terms of your receivables; however, receivables is going up, so I could not explain, because commissioning looks very impressive. So how is this? Would you realize much of it in April or how exactly does it play out?

**Deepak Asher:** Well two reasons, first of all, yes, you are very right that commissioning has exceeded supplies, but what happens is usually there is some time lag in terms of after you complete the commissioning for the customer to completely do his verification and inspection and accept the commissioning and then release the payments to you. Sometimes the customers also need to wait for their disbursements from their financial institutions or lenders before they can make me those payments. So there is some time lag between the commissioning and receivables going down, which will probably play itself out in the coming months.

**Abhijeet Vara:** Would you be able to comment whether in April receivables have reduced?

**Deepak Asher:** We would not put the finger on that, but I think the overall trend is that as commissioning backlog reduces, we would get down to a more manageable working capital cycle. We cannot obviously share with you as to whether it will be in April or by 15<sup>th</sup> of May. The second thing of course as I mentioned earlier the receivables have gone up because to some extent we are a victim of our own success. If sales go up from 900 Crores in December 2015 to 1800 Crores in March 2016, more than

double, obviously it is reasonable to expect the receivables from 1900 Crores it will go up to 2400 Crores. So receivables have gone up by 20% but essentially because the sales have gone up by 100% QoQ.

**Abhijeet Vara:** Sir my second question is you have given a breakup of order book in Rajasthan and Gujarat. How much will be from South India if you can just elaborate?

**Deepak Asher:** I can share with you the overall percentage numbers. Gujarat is 38%, MP is 24%, and Rajasthan is 18%. Andhra Pradesh is 14%, Kerala is 3% and all the other states together are 4%.

**Abhijeet Vara:** Sir, one last question if I may squeeze in. If accelerated depreciation is going to reduce from FY2018 the GBI policy will end in FY2017 so the current pipeline looks strong but would you be able to comment as to what would be the sustainability of the current momentum going forward into medium term?

**Devansh Jain:** Again two things. As technology continuously evolves and improves and that is visible from the fact that with declining tariffs as well, the installations in India continue to increase and investors continue to make a fairly decent return, a very robust return in fact, GBI has a slight impact in terms of IRRs, which is and the improvement in technology more than compensates for the size that if GBI was to go away that would have any impact in terms of returns. Number two with respect to the accelerated depreciation market as a whole, I think it is very clear the government has come out with a policy that going forward beyond this financial year the 80% accelerated depreciation will decline to 40% for all times to come. Within that we have a very insignificant play within the whole retail AD market may be about 8% of what we sell is AD market. We make enough effort in capturing the AD market, but it is a very small market; having said that given the fact that tariffs of distribution companies continue to keep increasing we are seeing a very, very significant spurt in orders for captive demand of power which will compensate for people investing in the sector for tax break reasons, number two. Third and fourth, which I mentioned to you was two very significant game changing regulations which have kicked in is the RGO which until now did not exist and the fact that interstate transmission of renewable energy until now did not exist because the cost of transferring that was extremely expensive. Now that the interstate transmission of renewable energy, the cost for that has been made zero, so these two segments will create a very, very significant market going forward, which will be far more than any decline in AD or GBI, which in itself will get compensated because of captive demand as well as technology improvement.

**Deepak Asher:** Just to add further to that if I may and if I may explain this to you in layman terms a significant part of our order book and market share is in the IPP market. Now that IPP market is not affected at all by the AD going down from 80% to 40% and the reason for this quantitatively is they never intended to set off this depreciation against any other profits because were IPPs and they had no other profits. But in IPP, an EBITDA from this business is roughly about 30% of the capital cost as long as you get

depreciation of 40% of capital cost we are able to offset your entire EBITDA and theoretically even if you were not because our depreciation keeps on going down on written down value basis you still have an 80IA deduction which can actually provide with that tax shield that you need. So frankly, IPPs has never had a need for 80% depreciation. It was only the AD customers who were entitled to set off the depreciation from the wind assets against their other income that could be affected by this but as Devansh mentioned since that is a very insignificant part of order book we would not expect that to affect us in any meaningful ways.

**Abhijeet Vara:** I will get back in the queue for further questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Abhishek Shah from Val Core Capital. Please go ahead.

**Abhishek Shah:** Good evening. I just add broad question actually, as you mentioned the new rotor turbines that we have, they are near 40% more efficient compared to the older one the 93-rotor dia that we had. So just wanted to check on a broader scale over the next five years what sort of other improvement in efficiency can we expect?

**Devansh Jain:** We can share that. We are already working towards 120-rotor dia meter turbines. We are working towards 140 hub height turbines. This is on the existing 2MW platform itself. Moving forward we are also working on a 3MW turbine which already have 130, 140 meter rotor dia meters which would increase efficiency in the ballpark was 30% to 40% over above existing efficiency. In the next two to three years it would not be uncommon or it would not be surprising to see wind turbines offering almost 50% PLF and substantial improvement in cost of energy.

**Abhishek Shah:** Currently what sort of IRR, I am just trying to compare with solar and wind, what sort of IRRs can an investor expect as such. You mentioned that Rs.5 just correct me if I am wrong you mentioned that Rs.5 per unit, one could be looking at 20% IRR?

**Devansh Jain:** As I understand it is about Rs.4.5 rupees of solar, people are making about 11% to 13% equity IRRs. I am not an expert on the solar sector, but I understand from a lot of bankers and investors, we make about 11% to 13% equity IRRs, we all sort of financial jugglery and crazy assumptions including non-hedging loans. On the wind side, we can surely guarantee to you is investors are making up wards of 16% IRR at Rs.4.5 tariffs and in cases going up to 20% to 25% IRR. So depending on which state which turbine and what the tariff is and what the PLF is, people are ranging from 16% to 25%.

**Abhishek Shah:** What sort of industry growth are you expecting from wind over the next few years?

**Devansh Jain:** What I can simply talk about is the fact that in the coming financial year, there are various estimates in the market, but CRISIL expects the industry to be about 4 to 4.1 gigawatt, which is another 20%

odd growth from the existing market size. Please keep in mind that the government's aim is to get about 60 gigawatts of wind by 2022 and back of the envelope calculation show that required us to install about 5.5 gigawatts per annum. I do not want to be fortuneteller or make too many forward-looking statements in the sense that we expect this to be 5, 6, 7 gigawatts, but please do not forget at about 3.5 to 4 gigawatts of installations per annum, India is the third largest market for wind turbine the other two which are the largest being the US and China.

- Moderator:** Thank you. Next question is from the line of Bhargav Buddhadev from Ambit Capital. Please go ahead.
- Bhargav Buddhadev:** Thank you very much Sir for taking my question. The first question is that if you look at Gamesa's cash conversion cycle, their cash conversion cycle is significantly lower as compared to Inox, so Sir any thoughts on that, given Gamesa?
- Deepak Asher:** **Could you** repeat your question?
- Bhargav Buddhadev:** I was saying that Gamesa's cash conversion cycle is much lower as compared to Inox despite Gamesa being a market leader in FY2016 as far as commissioning is concerned, so your thoughts on that Sir?
- Deepak Asher:** Typically we do not compare with competition that is for you analysts to do, we can only answer for our performance, we can answer for our competitor's performance.
- Bhargav Buddhadev:** Secondly Sir if you look at Suzlon as your competitor also they have a seen a very significant increase in order inflow, so is it because their focus is much greater in other states as compared to MP, is that the reason which will lead to even Inox gaining some market share next year?
- Deepak Asher:** Again that you need to ask Suzlon, I cannot answer as to why Suzlon's order book is what it is.
- Bhargav Buddhadev:** Thirdly Sir just wanted to get some clarification that the 25% order book, which you mentioned in MP, is it for the newer 113-meter hub height turbine or the older one turbine?
- Deepak Asher:** Again the order book comprises of different states and different turbine types and different customer profile, so we do not share that information unfortunately.
- Bhargav Buddhadev:** Sir because the reason I am asking is that in the initial part of the call you mentioned that in MP possibly you look at giving the newer turbine, so was just checking that?
- Deepak Asher:** That is a bit sensitive in terms of our strategy as to which turbine will deploy at which site and in which state that is something that we cannot share on a public platform.

- Bhargav Buddhadev:** Sir lastly what would be your order inflow for FY2016?
- Deepak Asher:** For the whole year?
- Bhargav Buddhadev:** Yes for the full year?
- Deepak Asher:** About 826 megawatts.
- Bhargav Buddhadev:** Thank you very much.
- Moderator:** Thank you. Our next question is from the line of Madhan Gopal from Sundaram Mutual Fund. Please go ahead.
- Madhan Gopal:** My question is answered. Thanks.
- Moderator:** Thank you. We have the next question from the line of Amar Kedia from Nomura. Please go ahead.
- Amar Kedia:** Good evening sir, firstly can you give us a breakdown of your land bank, which I do not see in your presentation this time?
- Devansh Jain:** Our land bank is about 4500 megawatts plus, I think it is a known fact across the industry and across investors hence we kind of avoided putting that slide, but we can share those details with you.
- Amar Kedia:** I am specifically looking at MP, what is the share of MP in this 4.5 gigawatt?
- Devansh Jain:** It would be about 700, 800 megawatts.
- Amar Kedia:** Secondly if you go back to Q3 concall I remember you mentioning that there was this consignment stuck at the customs, large part of the cost had already been booked, but revenue of course was not booked because the consignment itself was not delivered and now that in Q4 you have booked that revenue should not your margins have expanded because costs were already booked in Q3?
- Deepak Asher:** I think there is a misunderstanding, we never said that cost were booked in Q3, what we did say was that the production had occurred and the costs have been incurred and that will be reflected in inventory and not debited to the P&L account. The costs gets debited in terms of depletion of inventory and sales get reflected as revenue, so that itself would not lead to an expansion of margins, it would lead to an expansions of revenues and cost, but the margins would still be around that level.

- Amar Kedia:** To correct here, what I meant to say is that not on the gross margin side, but below that, the fixed overheads anyways would have remain the same, you are basically talking of some additional revenue from Q3 flowing to Q4, so margins at least because of the fixed overhead should have gone up?
- Deepak Asher:** Yes but to the extent, no, if you look at how inventory is valued it is valued at total cost including plant overheads, so what happens is that to the extent that cost are incurred that carry forward as inventory to the extent of that consignment.
- Devansh Jain:** Again like we have mentioned we had significant commissioning in this quarter and commissioning margins are lower than equipment supply margins.
- Moderator:** Thank you. We have the next question from the line of Charanjeet Singh from B&K Securities. Please go ahead.
- Charanjeet Singh:** Good afternoon. You have talked about the working capital cycle in detail and you have also mentioned about further improvement in the coming quarters, so if you can just highlight like how do you see that this panning out and how will be the cash flows looking like going forward in first half of the next fiscal?
- Deepak Asher:** I cannot obviously give you a look ahead in terms of quantitative terms, so I cannot tell you where will be in terms of number of days or values, but I am pretty confident and as we had mentioned when we did the last few earnings calls that we had developed the strategy to manage working capital much more efficiently and I am happy to report as I did that the working capital cycle has reduced significantly in terms of receivables some 179 days to 148 days, in terms of overall working capital from 155 days to 82 days. We continue to maintain this momentum of improvement in working capital going forward as well on the back of largely three factors. One is the expansion of the manufacturing facility will lead to a better synchronization in the supply of various components, two the common infrastructure for power evacuation which is already in place will lead to reduced gap between supply and commissioning and thirdly better negotiation that we have our hands full in terms of order book, better negotiations on incremental orders will ensure that payment terms for further orders are much better than what they have been historically. In fact significant part of our order book is on LC terms which will ensure that there are not any payment delays, once we have fulfilled our obligation on the contract and this will lead to a further improvement in the coming quarters, now as I said we cannot mention specific numbers, but very broadly what we do expect is to be net debt zero by the end of FY2017.
- Charanjeet Singh:** Sir if you can just help us understand you have the kind of volumes because we know you have I think pipeline of around 1000 megawatt of orders, which we are expected to finalize in FY2017 as you mentioned in the beginning of the call, so what kind of volumes we are expecting to deliver in FY2017 and what would be our margin?

- Deepak Asher:** It would be a quantitative forward looking statement that we would not be able to share with you, what we can share is in the public domain, which is that order book as of March 31 is about 1100. We have also indicated to you that represents roughly about 12 to 15 months of execution time, what is in the public domain is CRISIL expects a size of the market to be about 4100 megawatts and that by the way was without this two key regulatory developments happening, which is free inter state transmission of wind power and the RGO and if this kicks in one would assume that the size of the market would be upwards of 4100 megawatts and we have also indicated that we have every year increased our market share in that total market size. The market share currently stands at 23%, so it is for you then to kind of extrapolate what our sales this year could potentially be.
- Charanjeet Singh:** One last question from my side, will we able to manufacture ECS based on our agreement so when do we start seeing the cost benefit coming into our balance sheet?
- Devansh Jain:** Largely shown in the next financial year, this year would be very limited number of sets of prototyping and so on and so forth, I do not think it is going to have any significant impact in terms of margins in the financial year.
- Deepak Asher:** But also Charanjeet I think it is important to recognize that the strategy behind being able to make this was not as much cost reduction as it was to ensure independence from the sole ECS supplier and to act as an insurance against potential inability of the supplier to provide the ECSs. So that is more strategic move to ensure continuity of business, in case there is any distraction at the end of AMSC. Cost reduction while it will happen, it is probably going to be more of an incidental, add on benefit rather than the sole objective driving that initiative.
- Charanjeet Singh:** Thank you.
- Moderator:** Thank you. Next question is from the line of Sambodhi Sarkar from Sam India. Please go ahead.
- Sambodhi Sarkar:** I do not know if I got this right or not you mentioned that you will be entering Tamil Nadu as well?
- Devansh Jain:** To correct your understanding our prototype was in fact installed in Tamil Nadu in 2010, so we already have presence in Tamil Nadu.
- Sambodhi Sarkar:** What will be your presence in southern states like so I understand that right now Gujarat is around 35%, MP is around 25%, so what are the other that presence in southern states?
- Devansh Jain:** Those may be the order book but we continue to expand our presence in AP and like I said we are becoming a pan India player depending on where customers want us to install projects, we are happy installing them. What I did say was we started with Gujarat we became the leader there, went to Rajasthan became the leader, went to Madhya Pradesh became the leader, every year we have been

entering new states and mastering those states. So went to Andhra Pradesh, we went to Kerala, we have always existed in Tamil Nadu except the fact that IPPs never wanted to buy assets in Tamil Nadu given the challenges in that state. So, we are pan India player today and we are happy to grow projects in any states where customers want us to grow.

**Moderator:** Thank you. The next question is from the line of Pallav Shah from Pi Square Investment. Please go ahead.

**Pallav Shah:** Congratulations for numbers. How do you guys recognize the revenue? When the order is taken in you start, you acquire the land bank and you start building the EPC work, so the amount how you recognize the revenue going forward?

**Deepak Asher:** Going forward is a different question, but how we recognize revenue so far what we have done is typical order in broken up into two parts. There is a supply part and there is a EPC part, if it is turnkey order then the supply part goes to IWL and the EPC part goes to IWISL the 100% sub off IWL. The revenue on supply part is recognized when the property or the title in the goods is transferred to the customer, which again there could be minor variation in contracts, but it is generally when the goods are delivered to the customer and delivery could be defined as when dispatched from our plant or when it reaches the project side. So essentially supply part of the revenue which is roughly about 4.5 Crores out of an average 6 Crores per megawatt sale price, it is recognized when the supply is made and the EPC part is recognized when the commissioning takes place, so the 1.5 Crores is recognized when that megawatt is commissioned. This is what has been happening so far, now again we are looking at the implications of the new accounting standards, which are called IND AS in how these recognitions will happen going forward. So once in a way of kind of concluded that exercise it may have implications on how revenues are booked, but that is probably generally true across all companies in India and that may or may not be different from what we are doing right now.

**Moderator:** Thank you. Next question is from the line of Anitha Rangan from HSBC. Please go ahead.

**Deepak Asher:** Just one comment before that we have a hard stop as we mentioned about 6 o'clock, so I do not know how many more question in the queue, but if they are more may be will be to kind of close in about five minutes please.

**Moderator:** Yes Sir, we have the last question to answer.

**Anitha Rangan:** This is a followup question. I just want to know how is the competition if I will be in the market like Suzlon has come back from bankruptcy levels and there are also like solar projects which are coming up and we can see that the government is also pushing a lot of solar, so how are you seeing the competition evolving in the market?

**Devansh Jain:**

Two things like I said with respect to the wind sector itself, there is more consolidation happening at the top. Historically the top three controlled 50% of the market, which is moved up to 70 last year, which is moved up to about 80. We continue to expect to see more consolidation across these top three simply because as tariffs decline across states it is only those who are the most competitive and we have the most up to date technology as players who will be able to compete and survive and win orders. Again from a developer and investor's perspective, they are getting more and more comfort from the fact that these three large players have evolving technology as the most robust product platform and are able to execute the projects on time. So from our competition within the sector, I think we already had 30 odd players, but of repute and of significant size I think the three top players control 80% odd of the market which only expect will improve further as we move forward. Coming to competition from solar I think the first thing is the competition is renewable versus thermal. This government is not doing wind versus solar, the government is talking about renewable versus thermal energy. Having said that the government has ambitious target of 100 gigawatts of solar and it also has ambitious target of 60 gigawatts of wind. Within the 100 gigawatts of solar, 40 gigawatts of solar is rooftop, which is individual households, which is yet to take off. So you have the on-ground solar which has taken off fairly well and the government has been pushing this fairly hard. So, from an overall perspective given the fact that wind is far more mature and has been around for many years, you did not need the government to keep pushing wind everyday. They came in and gave enough incentives, came in and announced RGO, came in and gave AD, GBI and reduced tariff charges for interstate transmission of electricity. So, I think overall we have enough push from the government on both wind and solar. You just see more news around solar because it is a new kid on the block and obviously being the new kid on the block, there are new entrants and you see higher growth rates in solar. Let us not forget increasingly banks are getting more and more jittery and averse to lending to the solar sector given the problem that many of the players who won bids are facing. Many of them are facing bankruptcy, many of them have brought in very, very third grade panels into the country and I think the government is well aware of this fact and they are taking enough corrective action around that. Given that the bankers themselves are nudging investors now to bid higher tariffs so that they have returns which are justifiable, making a level of 13% equity IRR with crazy financial assumptions is not savvy and at the end of the day, it is the bankers who lose their shirt, not the equity investor who will probably disappear or barely has any skin in the game. So, I think increasingly we are seeing cost of solar power moving up and the cost of wind energy declining. In fact to share with you, majority of the states today have wind tariffs ranging from 4.15 until 4.78, which give investors very robust returns ranging from 16% to 25% possibly even higher depending on which state, which site, and which turbine they buy. Solar on the contrary at 4.6, 4.7 was giving 11% to 13% equity IRR and if you notice the past two or three months and the trends around that, tariffs have actually moved up across the bids which have been won in the solar markets. We have seen a lot of bids in Andhra and Karnataka ranging from 4.8 to 5.5 and I think given what is happening in the sector we would tend to think that some of the solar bids would be rational, tariff should move up on solar as opposed to decline going forward.

**Moderator:** Thank you ladies and gentlemen due to time constraint that was last question. I would now like to hand the conference over to Mr. Bhavin Vithlani from Axis Capital for closing comments. Thank you and over to you Sir!

**Bhavin Vithlani:** Thank you, Aman. On behalf of Axis Capital, I would like to thank the management of Inox Wind as well as the participants for attending the call. Before we complete, I would like to hand over the call to the management for the closing remarks.

**Deepak Asher:** We would like to thank all the investors and the analysts for the interest that they have shown in tracking this company and for the time that they have invested in attending this call. We hope we have been able to address all your questions. I think largely one of the significant misconception about the results was the fact that receivables had gone up and I hope we have been able to address that during the course of responding to your queries. Receivables in terms of number of days has actually gone down by a fair bit. Working capital cycle has improved significantly by a fair bit and we expect to maintain that momentum going forward as well. Thank you very much.

**Moderator:** Thank you very much ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.