



“Star Ferro and Cement Q2 FY2016 Earnings Conference Call”

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ANALYST: MR. RAJESH RAVI - CENTRUM BROKING LIMITED

**MANAGEMENT: MR. SANJAY KUMAR GUPTA – CHIEF EXECUTIVE OFFICER
– STAR FERRO AND CEMENT LIMITED
MR. DILIP K AGARWAL – CHIEF FINANCIAL OFFICER –
STAR FERRO AND CEMENT LIMITED**

Moderator: Good day and welcome to the good day and welcome to the Star Ferro and Cement Q2 FY2016 earnings conference call, hosted by Centrum Broking Limited. As a reminder, all participant 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 the operator by pressing “*” then “0” on your touchtone phone. I now hand the conference over to Mr. Rajesh Ravi from Centrum Broking. Thank you and over to you Sir!

Rajesh Ravi: Thank you. Good afternoon to all. On behalf of Centrum Broking, I welcome you all on this call. Today we have with us Mr. Sanjay Gupta, CEO and Mr. Dilip Agarwal, CFO, Star Ferro and Cements to discuss the second quarter results of FY2016 and future outlook. Thanks a lot to everyone for joining in, and I now I hand over the call to Mr. Sanjay Gupta. Over to you Sir!

Sanjay Gupta: Good afternoon friends. I am Sanjay Gupta, CEO of Star Ferro and Cement Limited. I am having with me Mr. Dilip Agarwal, CFO of the company. We would like to welcome you all to this interactive session. We will start this interactive session with the presentation. I will request Mr. Dilip Agarwal to give you an overview of Q2 and along with that, he will also given an overview of first half of FY2016. After that we can open the session for further question answer session, so I will request Mr. Dilip Agarwal to start to give an overview of the numbers. Over to you Mr. Agarwal!

Dilip Agarwal: Thank You Sir. Good afternoon everybody. I am Dilip Agarwal, CFO, Star Ferro and Cement Limited. I welcome you all to this interactive session for discussing the numbers of Q2 financial year 2016 and H1 financial year 2016. This is not an invitation to invest. We would be discussing historic numbers.

Having said that, I will now take you through our performance of Q2 and H1 of FY2016. During in the quarter ended September 30 2016, we have sold 498000 cement plus clinker taken together as against 452000 in the same quarter previous year, a growth of 10.3% precisely and if you see the H1 performance simultaneously we have sold around 11.51 lakh of cement and clinker as against 9.86 lakh in the same H1 last year, a growth of 17%. This is what volume with cement and clinker is concerned.

If we see only cement then we have sold 4.70 lakhs as against 4.13 lakhs, growth of around 14% and if you see the H1 numbers it is 10.87 lakhs as against 9.20 lakhs, a growth of 18.2%. So these are the number so far as volume is concerned. So far as topline revenue is concerned, this quarter on a YOY basis, the revenue 311 Crores as against 263 Crores, so it is around 18.56% of growth. If you see the H1, the growth of 23%, this half was 720 Crores as against 585 Crores same H1 last year. So it gives a growth of 23%.

On EBITDA level, we have had a growth of around 12% precisely 11.7%, 56.37 Crores as against 50.48 Crores, if you see the H1 it was 179 Crores as against 163 Crores last year. In terms of PAT this quarter, there was a loss of 7.86 Crores as against 21.2 Crores last year, but if you

see the H1 numbers, we have 33.67 Crores in terms of profit as against only 3.19 Crores profit during in this H1 of the immediate preceding financial years. So these are the broad financial and volume numbers. I would request Mr. Sanjay Gupta, our CEO to take you through business perspective and in the meantime if you have any query kindly proceed with the queries. Thanks.

Sanjay Gupta:

Sir, I think the numbers are already there in front of view. In terms of the broad perspective of how the business has been in Q1. The demand, I will touch upon a little bit on how the demand has been in Q2 and also in the first half. The Q2 demand had been almost flat up to in the first half of the current financial year, we have seen a demand uptick of only 2% to 3% and this is quite normal if you see the corresponding last year also you will find the similar kind of demand, which have been there, but normally in northeast the demand starts picking up as soon as after September 15 where the rain tapers off and then we see a good pickup in the cement demands.

We also expect that in the second half of the current financial year, the demand will again pick up and it will be better than what we had last year that was our overall expectation, we are still growing by our overall estimates of around 8% to 9% of cement demand growth during FY2016. In case in terms of prices the Q1, from Q1 the prices in northeast has come down by around Rs.15 to Rs.20 a bag, and in other part of the even on the eastern side of Bengal, Bihar and Jharkhand also, the prices have already come down by Rs.20 a bag. We again expect that as soon as the demand starts picking up, there will be are recovery in prices either at the end Q3 it is early part of Q4 that is what our expectation as far as the prices are concerned. I will request to open the floor for further interaction in case if you have any other queries we will be happy to answer your questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We will take the first question from the line of Abhishek Ghosh from IDFC.

Abhishek Ghosh:

Thanks for the opportunity Sir. Just wanted to get some sense around for the month of October and so far in November how has the prices moved in Bihar and West Bengal since September exit prices?

Sanjay Gupta:

There is no change in the prices still now, there have been talks, the people have actually reduced the billing again by further about Rs.5 a bag in the month of October, but we have not seen further reduction in prices. That is the last reduction, which we have seen in Bengal and Bihar by about Rs.5 a bag.

Abhishek Ghosh:

How has been the demand in terms of West Bengal and Bihar, if you just touch upon that?

Sanjay Gupta:

Even if you look at in Bengal more or less the demand is absolutely flat. Bihar has seen little sign of improvement. I think the Bihar the demand if I look at it as compared to the last year it must about around 10% to 11% higher than the last year. Jharkhand is again muted I think we will have a degrowth of around 2% to 3% so overall if you take into account even if I take all three

states put together I think there also the demand would not have grown at more than 3% to 4% so that is how the demand stands up in eastern side of the country.

Abhishek Ghosh: Sir, also in terms of our volumes about 4.7 lakh tonnes, which we have sold only in cement, if we could have the broad breakup in terms of north east and if possible state wise it will be helpful, broad number is fine?

Sanjay Gupta: I will give you the broad numbers in terms of within NE and outside NE that is how we treat them, within NE in the quarter we have last quarter we have done around 278000 tonnes of cement and this quarter we have done around 296000 tonnes of cement Northeast.

Abhishek Ghosh: 290000, right?

Sanjay Gupta: 296000 tonnes, and outside northeast we had done last year about 135000 tonnes, now we have done 174000 tonnes.

Abhishek Ghosh: 174000, right.

Sanjay Gupta: If we see that northeast there is a growth of around 6.6% and outside Northeast it will be somewhere around 28% to 29%.

Abhishek Ghosh: Okay and Sir, just one more thing now with this maybe because of the new India Act you could have delay in terms of Birla Corp be able to actually acquire the Lafarge Plant so what can that have on implication to the entire cement industry in the Eastern belt, your thoughts on that?

Sanjay Gupta: Our view is pretty much on what we were thinking on the fact that Lafarge has always been category one A player, you understand that, the markets are there, there is category 1 A or B or C. The three categories where the people operate, Lafarge has been category 1 player and even if Birla would, even if they chose to Birla, what will happen is ultimately Birla is most of the places, they are actually in category B in terms of prices, so we always felt that whatever happens if the Lafarge has to do away with these plants, it will actually create some kind of space in A segment as far as the Bengal, Bihar, and Jharkhand markets are concerned for people who are already operating in segment A. So if this delay is there that particular impact will come with a lag now otherwise we would have started seeing it from the December itself, so I think it may get delayed a little further.

Abhishek Ghosh: Okay, but in terms of the operations, the aggressiveness of the market share, has Lafarge lost any market share in the meantime because of transition and other issues, are you seeing that?

Sanjay Gupta: I would not be able to comment on that, I do not have the numbers for Lafarge whether they are how whatever numbers, they are reporting, they do not give us a break ups of state wise break ups, I do not have the numbers, but whatever we gather from the market definitely, there is a shift from people who are being into, so if you check with you do a dealer check and the check from the channel checks, you will defiantly get that there is some amount of discomfort among the

channel about how this shift is going to happen, so that is what also we are also getting those kind of information. Beyond that we do not have any specific information on that.

Abhishek Ghosh: Thank you so much for answering my question. Thanks.

Moderator: Thank you very much. We will take the next question from the line of Ujwal Shah from Quest Investments.

Ujwal Shah: Thank you for taking my questions Sir. Sir, just wanted to understand that softening of prices, usually we see Northeast and the belt that we operate in, the prices are very good and stable and sustained but this is probably after a long time that we are seeing that softening of prices and they staying put at those levels so what have actually changed in terms of the demand as such because we were seeing northeast and eastern belt doing relatively well in terms of infra and other activities, so in terms of demand what has changed in northeast, and what is your expectation on the prices?

Sanjay Gupta: See, on demand side of it, two things has to be noted one is whatever demand is there, I can tell you in first half, if you look at the numbers and whatever numbers we have, our internal instrument says that the demand has grown at 2% to 3%, but in the course of corresponding quarter last year that were absolutely flat and because again the second half is normally again much better than whatever it happened last year also the northeast has grown at around 7% and 7.5% and we expect that it should grow at 8%-9%, we still maintain that, we still feel that the demand growth will also be there in the second half and we have started seeing these things in the month of October, if October is any indication to go by our volumes must have gone up by around 25% in October itself, so if October is any indication I think it should not be any different than what it was in 2014-15, maybe with the kind of interests we are seeing from the central government on road projects and the hydel projects and the projects which are already there or railway projects, we may see an upwards or price even in this second half, or up to maybe Q1 also because in northeast you will see the demand remains there till somewhere up to May, so we are looking forward to these seven months of better demands in northeast. In terms of price, again, it is a normal trend. If you do a trend analysis, you will still find that prices have normally come down by around Rs.15 to Rs.20 around that level, sometimes it may have gone by Rs.10, but sometimes it would have gone up by Rs.20, so this time it is around Rs.20 and we expect those things also to come up over a period of time, when the demand picks up because we have seen 25% growth I think it is just a matter of time when the prices starts picking up.

Ujwal Shah: Thank you for the answer.

Moderator: Thank you very much. We will take the next question from the line of Rajesh Ravi from Centrum Broking.

Rajesh Ravi: Sir you are discussing in month of October so would you please elaborate again how was volume growth in October?

- Sanjay Gupta:** We have seen volume growth of around 25% in October.
- Rajesh Ravi:** Okay, so this is external sales volume that you have seen.
- Sanjay Gupta:** Yes.
- Rajesh Ravi:** For the first half for the first six months perspective would was total volume growth that you have seen in Northeast market?
- Sanjay Gupta:** Northeast taking Q1 and Q2 put together we would have seen a growth of around 5% around 4.5% that is what the growth is what we are seeing.
- Rajesh Ravi:** Remaining is your expansion into the West Bengal and Bihar markets?
- Sanjay Gupta:** Remaining is definitely in Bihar market, so Bihar market, I think Bihar, Bengal market of pretty well for us.
- Rajesh Ravi:** Would you also elaborate on how are things shaping up for you and this market in terms of recent promotional activities that you have done and the impact of the on our sales numbers?
- Sanjay Gupta:** I will take the one thing, I think we have these grinding units, I think we have also taken up one another grinding unit that has already been disclosed that grinding unit has also started functioning and that will around 300000 tonnes of grinding unit that we have taken up in Durgapur, for that capacity addition has also happened. The promotional activity which we had done in Bengal, Bihar and these markets about that it is much high and much reported the Durgapur which we have done and which we got associated so that has given a good some amount of eyeball to us. We are having at least become household name in entire Bengal and Bihar. So we expect that could be think will give us fillip in terms of our overall since in Bengal and Bihar in the coming years.
- Rajesh Ravi:** For full year as a whole what should volume that your looking to grow?
- Sanjay Gupta:** Ravi, still maintaining my earlier time we always said that even though we are having to looking at topline around 20% to 22 % so I am still maintaining that if you look at my half-year basis also under growth in the topline will be somewhere around 20% to 23%, it will all depend on how the second half shapes up, but as far the lean quarters have already gone a little better than what would have expected out of them so we will still expect there I am still maintaining that topline of around 25%.
- Rajesh Ravi:** So that was entail what should of volume Sir? Volume growth would be how much that you are factoring in?
- Sanjay Gupta:** I think last full year our cement sales were around 21.6 lakh tonnes so looking at 20% to 25% growth I will be looking at around 25 to 27 lakh tonnes of cement.

- Rajesh Ravi:** So 20% to 25% sort of volume growth in cement you are factoring in.
- Sanjay Gupta:** Yes Sir.
- Rajesh Ravi:** Great Sir. Thank you. If I have questions, I will come back to you.
- Moderator:** Thank you very much. We will take the next question from the line of Nitesh Jain from Axis Capital.
- Nitesh Jain:** Sir, can you share your average demand realization for the September quarter and also the last quarter like June 2015?
- Sanjay Gupta:** In totality if you look at it the average realizations would have been I am giving global number if you look at our just doing it will be around Rs.6000 a tonne.
- Nitesh Jain:** In September?
- Sanjay Gupta:** It should be somewhere around Rs.6000 a tonne in the month of September and in Q1 this could have been somewhere Rs.6200 are kind of a thing.
- Nitesh Jain:** So, basically Rs.200 per tonne decline has happened and this reduction this decline is continuing or these main prices have rebounded in Northeast how is it?
- Sanjay Gupta:** As of now the prices are stable. The decline has not happened. We have not seen any decline happening in the month of October or we have not seen any decline. The last decline which has happened, it had happened in the month of September, so October we have not seen any decline in the prices and the kind of the cement growth which we have seen that is packets have grown the 25%, so we expect now that the prices will not be either of the same level or they will have some improvement in coming months.
- Nitesh Jain:** That is all from my side. Thank You.
- Moderator:** Thank You. We will take the next question from the line of Naveen Gupta from Goldman Sachs.
- Naveen Gupta:** Thank you Sir. Just couple of questions, I was slightly not clear with the volumes, when you said 14% volume growth to 470000 was it quarter-on-quarter and year-on-year?
- Sanjay Gupta:** I told year-on-year. We had previous quarter corresponding quarter last year we had on 413000 in terms of cement, the current quarter we have around Q2 this year we have around 475000 tonnes of cement.
- Naveen Gupta:** Sir, can you share the June quarter number as well?

- Sanjay Gupta:** June quarter was 617000 done for June quarter. Q1 corresponding period last year was 570000 in tonnes.
- Naveen Gupta:** 570000.
- Sanjay Gupta:** Yes.
- Naveen Gupta:** Sir, just one question on your lot of companies in this quarter have adopted component accounting and depreciation and their depreciation has come down for a lot of the companies how to that stand with respect with us. I mean will there be any change depreciation rate?
- Dilip Agarwal:** You know that depreciation provisioning which was effective last year, so we have to calculate depreciation now in light of the new enacted provisions on the basis of the life of the assets so accordingly those numbers have been factored and this will be the full financial year this FY 2015-2016 which will have its impact. So these are the only changes so far depreciation numbers are concerned.
- Naveen Gupta:** Sir just to be clear, the affect of the new policy has it already been there in this quarter or will it be...?
- Dilip Agarwal:** Right, has already been given impact.
- Naveen Gupta:** That impact is already there. If you could just share again about your capex and your debt how do you see the capex for the remainder of the year and how do you see that net debt as of FY 2016 end?
- Dilip Agarwal:** Actually our capex right know there are no major capex as of now planned except one grinding unit which we have been maintaining that we are planning a grinding unit at Siliguri, so that is still under planning stage, otherwise no major capex is planned as of now.
- Sanjay Gupta:** I will give update on that what had happened is that, we are still lagging in terms of our timelines as per the Siliguri is concerned, because we are expecting from land conversions to happen from state government so that is would getting little delayed that is there so, otherwise there we would not have any other capex. We never had a plan for any other capex. I think, we will have long-term debt of around 600 now in the books. It was 690 Crores in March so the installment payment for another two quarters have already happened so it will be somewhere around in 600 Crores as on September.
- Naveen Gupta:** This is very helpful. Thank you very much Sir.
- Moderator:** Thank You. We will take the next question from the line of Vaibhav Agarwal from Philip Capital.

- Vaibhav Agarwal:** Good afternoon. I had spoken to Dilip Sir, regarding was DMF affect so any impact of DMF in our numbers, Sir was saying Meghalaya if is not applicable so just wanted a clarification on that.
- Dilip Agarwal:** Good afternoon Vaibhav once again. Vaibhav, so far as DMF is concerned, although it has been enacted effective January this year, this calendar year 2015, but so far as Meghalaya is concerned, Meghalaya as a state you know it falls under Sixth Schedule and even so far just state government is concerned they have also not notified so I just no it is notified so we do not think that there is any impact of so far as DMF is concerned as of now us or any company which is operating in Meghalaya.
- Vaibhav Agarwal:** Sir, but in case of Assam will it be applicable or it would not be applicable in case of Assam also?
- Sanjay Gupta:** In terms of Assam is not Sixth Schedule state is Meghalaya, Nagaland and these are Sixth Schedule states. There is a discussion with government with Central Government we are talking because this is Sixth Schedule state for the applicability of DMF and other things, is under a bit of a question mark and even it act they have still made representation that this should not be also made applicable to them. Even MMRD as your other question there are discussions on whatever, amendments have come in MMRD, how they are going to having impact on Meghalaya that is still being still a grey area. I think there are a lot of discussions happening from state and Central Government so we would not have clarity as of now, once we have a clarity, we will be able to take a call on that.
- Vaibhav Agarwal:** Thank you.
- Moderator:** Thank you very much. We will take the next question from the line of Rashesh Shah from ICICI Direct.
- Rashesh Shah:** Good afternoon Sir, just want to know what is current market share and what are plans going forward increased the market share from the current levels?
- Sanjay Gupta:** Rashesh, in markets, we have around 23% and I think when the market has not grown and it must have grown 2% to 3 % and we have grown at 5% to 6% and by the end of year, I think what will happen northeast, it is at 23% growing it further our view is that we will take it forward about increasing at about 200-basis points every year, and at the max, I think without putting too much of pressure on the pricing and without trying to push material into the market we will be able to achieve at least approximately 30% in over five to seven years. That is what our view is, so we will be taking steps to make sure that we improve our markets by at least about 200 basis points every year that is what our efforts are. We will grow in a much faster pace in Bengal and Bihar, because we are new entrant in these markets, and we hope to improve market share in these regions and our broader targets are that we should be somewhere around 10% in the time to come in Northern India. That is again looking at is not immediate and we are looking at it on a five year perspective that we will reach to somewhere around 10% of the entire market.

- Moderator:** Thank you.
- Rajesh Ravi:** Sir, on the capex front this year how much we have done so far and full year number would look how much because as you said you have the split grinding unit you are going slow?
- Dilip Agarwal:** As we told earlier that on day-to-day basis there are no major capex plan in our regular upgradation around Rs.10 Crores we have spent on this H1 so that is all.
- Rajesh Ravi:** This would be mostly maintenance capex?
- Dilip Agarwal:** Yes, mostly as and when required capex, it is not a client capex that is what you see, so that is the only capex and no further, any major capex is planned as of now.
- Rajesh Ravi:** Sir in your balance sheet snapshot that you have given the long-term borrowing is around Rs.4000 Crores and short-term is around Rs.3000 Crores?
- Dilip Agarwal:** Rs.4000 Crores?
- Rajesh Ravi:** Rs.400 Crores and Rs.300 Crores, Rs.700 Crores and is there any current maturities also which are, what is the gross debt that we have currently and it seemingly has gone up towards this March quarter?
- Dilip Agarwal:** March 2015, so far as long-term is concerned, it was around Rs.690 or Rs.700 kind of thing so far as long-term is concerned and we have repaid two quarters this financial, so as of now long-term is around 600 that is what, long-term, sorry current maturities are always there, so that is reflected separately, so it is not part of it, so far as balance sheet is concerned it is all of long-term.
- Rajesh Ravi:** The short-term borrowing of Rs.300 Crores?
- Dilip Agarwal:** It is part of working capital.
- Rajesh Ravi:** Okay, and your inventories have considerably gone up, so it is something regular phenomena end where at September quarter as against 100 Crores the inventory in books currently is around Rs.240 Crores?
- Sanjay Gupta:** Ravi what happens is, normally in Northeast during the rainy season the availability of lot of material actually reduces like coal and other things, so it is a normal phenomenon that you could find that they will stock a lot of material and during these times, actually what we do is we start building it up from April itself and then by June we build a lot of inventory into it. There will be a spill over payment, which will happen in the quarter what material would have been paid in Q2, so that is it, but inventory gets built up, I think you will find slowly from Q3 to Q4 the inventory will get diluted, that is the normal phenomenon for us.

- Rajesh Ravi:** For these loans and advances, short-term loans and advances, they have also increased from Rs.282 to Rs.390 Crores, so what is, on advances, this is on account of what Sir?
- Dilip Agarwal:** We will check and come back to you Rajesh.
- Rajesh Ravi:** On the gross debt, what would be your credit end of FY 2016 how would you see, because you have cash flows you expect from the government, so what was that?
- Sanjay Gupta:** Rajesh, the normal repayment schedules will be met. I have to repay at around Rs.180 Crores right, so approximately Rs.180 Crores, so if I take Rs.690 Crores as a number, and if I repay around Rs.180 Crores it will be around Rs.500 Crores long-term right that will be remaining, short-term, working capital will keep on moving the way, the working capital cycles moves inside the company, but so that is the minimum thing that will happen and the best part, definitely we have not received the subsidy as of yet, but we expect that there is a lot of work, which is going on, we are expecting the subsidies to come in, we had around Rs.500 Crores of things to be receivable, if that comes in or even if some part of that comes in, definitely a lot of, large part of that will go towards the repayment of these debts. In that case, the long-term debt will come down substantially, that is what we are also expecting, but we are working towards it so that to see that, can we get these subsidies as quick as possible.
- Rajesh Ravi:** That is all from my side. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Naveen Gupta from Goldman Sachs.
- Naveen Gupta:** I joined the call a bit late, so Mr. Agarwal if you can just may be briefly touch upon this, the northeast demand growth, you have seen about 6.5% growth on a YOY basis, it is obviously much better in the rest of the country, but how do you see this versus your expectations, do you see slightly lower than what you would be estimating and do you see pick up happening in the next one or two quarter?
- Sanjay Gupta:** If you look at in northeast our total growth in first half it is exactly around 4.6% that is how it is, 4.6%, northeast as such would have grown at around 2% to 3% in overall, I think northeast has a market would have grown at around 2% to 3% and we are in line with that kind of growth rate 4.6%. Second half is always much, much better, if you see last year also the second half we were somewhere around, I think it was around 10% to 12% kind of growth was there, now we, this time we expect around 15% of growth, minimum 15% should be, 15%, 16% growth in second half that is what we are looking at it. We were targeting at 8% to 9% of growth in northeast, still expect that, the demand will grow at that level and we will be able to achieve that.
- Naveen Gupta:** So second half you are estimating more 15%, 16% growth?
- Sanjay Gupta:** Yes.
- Naveen Gupta:** Overall industry growth?

- Sanjay Gupta:** Overall market definitely it will grow at around at that level, I think for full year, it should be somewhere around 8% to 9% that is what our expectation is for the industry northeast cement industry and our growth will be in line with that.
- Naveen Gupta:** Sir what is your assessment of the eastern markets especially Bihar and Bengal because I believe in the first half Bihar, the eastern part especially Bengal was quite strong, so how do you see that panning out?
- Sanjay Gupta:** Currently, I think, initial months Bengal has done well, but I think in the later part of this from July onwards and July, September Bengal was really bad and it has almost taken away all the gains which we would all have recorded in the first two three months of the financial year, so Bengal is almost flat. Initial month, Bengal has done well, but I think in the latter part from July onwards, July and September Bengal was really bad, and it has almost taken away all the gains which was involved in the first two to three months of the financial year. So, Bengal is almost flat. Bengal has also seen a price drop in the month of October also. There is a price drop of around 5% to 6% in the month of October also, but Bihar has done a better stuff. Bihar has grown at around 10 to 12% till now. So Bihar growth is coming stronger than the rest. More or less even in Jharkhand there is a little degrowth which is there at around 2% to 3% there is a degrowth in Jharkhand. Over and out, east I think it will be better and that is what our expectation is. It has grown at around 6% last year. Our expectation is still there that should grow a little better than what it has reported last year.
- Naveen Gupta:** This is very helpful. Sir, if I can just ask one last question, what is your assessment of the recent slowdown in Bengal and what is driving the growth in Bihar, because 10% to 12% standalone pretty much versus the rest of the country, so what is your personal assessment on these two factors in Bihar and Bengal, the divergence.
- Sanjay Gupta:** I think what has happened, whatever I can gather is that there is a last minute rest or whatever projects are there to complete in Bihar because of these elections and whatever is happening now, so that may have seen some amount of improvement. The projects side of it, we have seen some demands coming in. Retail demand has been more or less stable. Retail demand has not picked up in that sense, but I think projects demand has given the fillip in Bihar. Once these elections are over, I think if a stable government comes in into play we will still expect Bihar to continue this kind of growth because again, lot of road construction work is there is still pending in Bihar, we are seeing Bihar Rajya Pul Nigam is doing a lot of work, and few of the big contractors are also doing a good job as far as the projects in Bihar is concerned. Bengal I think it is a subdued maybe because of the rains were really bad in Bengal. The few districts were under water in this part. So that has actually dented the sentiment. But once the festive seasons are over, I still expect North Bengal to catch it up with whatever they had in the last year, so I think Bengal will improve.
- Naveen Gupta:** This is really helpful. Thanks a lot and best of luck.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to Mr. Rajesh Ravi for closing comments.

Rajesh Ravi: Thank you everyone for joining us for this call. Would you like to close the call with some concluding comment?

Sanjay Gupta: Thank you everybody for joining us in this call. Apart from this also if you have any other queries we will be happy to answer those queries, you can send these queries directly to me or our management in case if you still have some clarification. Thank you very much for joining the call.

Moderator: Thank you. On behalf of Centrum Broking Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.