

Transcript

Conference Call of Triveni Engineering Industries Limited

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Presentation Session

Moderator: Good afternoon ladies and gentlemen. I'm Leela, moderator for this conference. Welcome to the conference call of Triveni Engineering and Industries Limited. At this moment all participants are in listen only mode. Later, we will conduct a question and answer session, at that time if you have a question, please press * and 1 on your telephone key pad. Please note this conference is recorded. I would now like to hand over the conference to Mr. Gavin Desa of Citigate Dewe Rogerson.

Gavin Desa Thank you and welcome everyone to the Q3 and nine months FY2007 conference call of Triveni Engineering and Industries Limited. Present with us today is Mr. Suresh Taneja, Chief Financial Officer, who is accompanied by other members of the senior management team, which include Mr. Tarun Sawhney, Corporate Vice President; Mr. Nikhil Sawhney, Corporate Vice President; Mr. Sameer Sinha, Vice President Corporate Planning and others. We will initiate this conference call with brief opening remarks from Mr. Taneja after which the floor will be open for questions and answers. I would now invite Mr. Taneja to initiate the conference call.

Suresh Taneja Thank you very much. Good afternoon ladies and gentlemen. We welcome you to the investor call of Triveni for the third quarter of the financial year 2007. I apologize on behalf of Mr. Sawhney, due to compelling reasons he couldn't participate in the call, but we have our complete senior management team here to discuss the results and each of our businesses.

I would first of all take you to the highlights of the results. During the quarter, we have achieved a turnover of 307 crores, and during the nine months period, we achieved a turnover of 895 crores, which is up by 5% in each of the periods. The Engineering business continues to register very strong growth. The turnover of Turbines has increased by 100% in the quarter, Gears by 10%, and Water business by 140%. Even cogeneration business has contributed 30% increase in turnover. There is a decline in the turnover of sugar business, and that is basically a volume play. It has been because of the low dispatches, as at the beginning of the year we had low inventories available. The EBITDA margins have also gone up by about 4.2% to about 44 crores this quarter.

The EBITDA for the full nine months is at about 156 crores, almost the same level as the previous period. As a result of the capitalization of the various projects that have taken place towards the end of the financial year '06, and during this financial year '07 the depreciation charge has increased by about 39% and consequently our PBT is at 28.44 crores during this quarter, up by 2%. The PBT for the nine months is, however 7% lower at 108 crores - it is purely because of the sugar business. The profit after tax is at 21.89 crores, which is lower by 5%, as compared to the previous quarter. It is very interesting to observe over here that the share of the Engineering business in the total turnover of the company was only 27% in the previous nine months, and it has risen to 41% during the current nine months. Similarly, the share of engineering business in the PBIT was only 22% in the previous nine months; it has risen by 60% during the current nine months. This truly demonstrates the diversified character of the company.

Now before I come to the various business segments I would like to tell you about the implementation of the various capital projects. During the year we had a very ambitious plan of capital projects of about 700 crores to be executed this year and during the third quarter three projects have been commissioned. The expansion of Ramkola capacity from 3500 TCD to 6500 TCD has been completed. Expansion of cogeneration facilities by 23 megawatts at Khatauli Sugar Unit has also been completed in the later part of December. A new sugar unit of 6000 TCD at Chandanpur has been commissioned in the later part of December. Now, in respect of the new cogeneration project and the new sugar unit you would find the contribution coming in, in the next quarter.

I'll now take up the sugar segment. In respect of the sugar business, there is a very strong decline in the PBIT in the sugar business. While there is a small decline in the realization price of sugar in the quarter, the lower PBIT has mainly been because of lower dispatches. The dispatches have been to the extent of about 20% lower as compared to the previous period. The reason is because at the beginning of the year we had less sugar stocks available, and therefore we were able to sell less quantity of sugar. Now as far as the current season is concerned, the current season is going on very well, and during this season we have already crushed about 1.83 million tons, during the three months period, which is about 13% higher than the previous period. Our two other sugar units would also be commissioned in the Q4 of FY07, and consequently we're expecting a total crush of around 6 million tons during this season, which will be a very substantial increase over the last year. If you remember last year the recoveries in Western UP were also lower by about 0.5 to 0.6%. This time it appears we will be able to have normal recoveries in Western UP. So the overall recovery for the company is also expected to increase during this season. As far as the reason for the low profitability of sugar, it has been mainly cost of production.

Cost of production increase has taken place as a result of increase in cane prices and in the early part of the season the initial recoveries are lower and therefore it gives rise to high cost of production, but whereas, as you progress in the season, your recovery goes up and the cost of production comes down. We are also expecting that our total cost of production for the season would be much lower than what has been achieved in 31st December 06. As far as the sugar outlook is concerned, the government came out with an announcement somewhere in July 06 barring exports. Now this turned the market bearish as far as the sugar prices is concerned. Sugar prices have actually come down by about 15% to 20% during this period, and international prices of the sugar also came down, and there is expected to be a global surplus of about 6 million tons during this sugar year. As far as the domestic scenario is concerned, it is very clear that we are going to have a production of about 23 million tons during this season, and in view of that the government has now lifted the exports, apart from the ALS, which is about 1.2 million tons, it is expected about 1.5 million tons to 2 million tons of sugar would be exported in this year. Taking into consideration our consumption, we feel that the closing inventories would be somewhere around 6 million tons, which is 30% of the total consumption. So, in terms of stock to consumption ratio, there should not be undue pressure on the realization price, but simultaneously, there cannot be very major up side to the current sugar prices as of now.

In respect to the cogeneration, we now have 68 megawatts of capacity available, out of which 46 megawatts is available at Khatauli Sugar unit, and 22 megawatts is available at Deoband Sugar unit. So there is a significant increase in the turnover and the profitability of the cogeneration, because the two old plants were able to run normally during this season. And the third plant which has just been added in the month of December would contribute to the profitability in the fourth quarter. The real profitability of the cogeneration plant basically depends upon how long it is able to run during the off season. Therefore, to optimize on the bagasse, we have taken lot of steam efficiency measures in the sugar unit, by virtue of which much of bagasse is saved for running in the off season. We feel the profitability of cogeneration in the coming period would be much better than what we have experienced earlier. And our efforts towards getting the carbon credit are also proceeding satisfactorily and in respect of the 1st project at Deoband, we have already been registered with UNFCCC and we expect that the verification procedure would be over by March 07 when we would be in a position to sell these CERs.

As regards to steam turbines, there has been an unprecedented growth in steam turbines. The PBIT margins for the quarter are 21.5% and for the nine months period it is 20.8%, which is 5 to 7% higher as compared to the previous periods. As a matter of

strategy our target is basically exports and this year itself we'll have exports of around 40 crores, which will increase to about 75 crores next year, and in respect of 2008-2009, we're looking at 20% of our turnover coming in from exports. And the project of expansion of turbine capacity is proceeding satisfactorily and we are making full use of the enhanced capacity as of now. Our order book is fairly strong at about 468 crores, and this order book reflects our shorter delivery period as a result of the capacity expansion that has taken place. We are in the process of developing higher range of turbines with higher temperature and pressure and therefore, our turnover in the subsequent period will have contribution coming in from higher range of turbines as well.

Again, in the case of Gears our margins have been pretty good. We have been able to achieve margins of 20.9% in the quarter and 24.4% for the nine months period. And both in the case of turbines as well as gears we have been able to achieve much higher turnover and profitability than achieved in the full financial year '05-'06. Orders in hand in respect of gear business are also very healthy at about 41 crores and we have recently commissioned a 600 kilowatt rig and 54 megawatt gas turbine gear box was successfully tested in tandem. We are also looking at diversifying into hydel gearboxes in our technology.

In the case of water business, there has been a stupendous growth of 140% during the quarter, and 129% in the nine months period. The margins are little lower in the case of water business. In respect to the water business we are looking at providing packages for our products on a turnkey basis with minimal cost of civil works involved. I have been brief to describe the results and the businesses. The floor is now open for questions.

Question and Answer Session

Moderator:

Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone key pad and wait for your turn to ask the question. If your question has been answered before your turn, and you wish to withdraw your request, you may do so by pressing # key.

Our first question comes from Mr. Dipan Mehta from Dipan Mehta Shares.

Dipan Mehta:

I just wanted to understand what is driving the growth in the turbines business. What are the macro trends, which are driving the revenues over there?

Suresh Taneja:

I will refer this question to Mr. Tarun Sawhney, who is going to answer this.

- Tarun Sawhney:** Good afternoon. The growth in the turbine segment is due to a general growth in the capital goods industry. We have seen increasing orders from a variety of industries, for example, sugar, sugar cogeneration, independent power producers, sponge iron and other forms of waste recovery, cement, paper, textiles, and chemicals. In respect of the business cycles that these industries have been undergoing, we're positioned as a power supplier to these industries; we have been able to capture the growth that these industries are undergoing. In addition to that, our product line has diversified fairly substantially over the last few years as I'm sure you're aware of. We are now a supplier of turbines up to 27 to 30 megawatts as well.
- Dipan Mehta:** And how much of it is dependent on sugar and cogen from sugar, within the sales which you did in the first nine months.
- Tarun Sawhney:** For the last year, 30% of our business was from sugar, and the year before that about 30% to 40% was from the steel sector. This continually changes and we have found that our order book in the last quarter of this fiscal year has changed very substantially towards other segments.
- Dipan Mehta:** Because if in case of slow down and buildup of sugar capacities, then it could affect negatively, but if you are well diversified then to that extent you are...okay.
- Tarun Sawhney:** That's a very valid point. We find that we are resistant to any declines in any one of the industries we cater to. So if there is a decline in sugar, or any of the other industries that I mentioned, we're fairly resilient to that decline, and in addition our new export initiatives will provide ourselves with a buffer, a cushion so to speak, that will allow our order book to increase, and our growth to remain at high levels.
- Dipan Mehta:** Okay, have you given any guidance as to what could be the revenue and EBIT or profit before interest and tax for these steam turbines business?
- Suresh Taneja:** Normally we do not give any kind of an earning guidance in respect of our company.
- Dipan Mehta:** But you are generally confident of growing this business at 10% growth rate or even higher for the next two to three years depending upon the trends which you are observing?
- Suresh Taneja:** Oh yes. Much greater than 10%; we are looking at least 30% to 35% growth in this sector.
- Dipan Mehta:** If you are setting up a green field sugar plant, what would be the ideal capacity and how much would it cost? I want to get an estimate of the replacement value of these 61,000 TCD capacity

which we have. What would be the replacement cost if you were to put it up from scratch?

Suresh Taneja: Just to give you an example, the 6,000 TCD plant which we have implemented recently, would cost approximately about 150 to 160 crores.

Dipan Mehta: Okay, thank you. I'll reserve my questions for later.

Moderator: Thank you sir. Next question comes from Mr. Kaushik Poddar from KB Capital Markets.

Kaushik Poddar: In case of sugar, your sugar mills will be operating at full capacity next year. What is the kind of benefits you'll be getting from the UP government for the full year, say financial year 2007-2008?

Suresh Taneja: Yeah, I'll answer this question. This year we're expecting a crush of about 6 million tons, and next year we expect the crush to go up to 8 million tons. During my brief I have not explained about the incentive part of it. We had applied to the UP government somewhere in August - September regarding eligibility under the incentive scheme and we understand that we are going to be held eligible very shortly under the scheme. And therefore the incentives would be applicable to us from the date of eligibility. Now, next year if we are going to crush about 8 million tons roughly more than 50% of our production would be eligible for incentive. And as you would know, there are various constituents of incentives, which roughly aggregate to about Rs.1.5/kg of sugar. So assuming our production to be about 400,000 tons, which is eligible for incentives our total income from the incentives would be in the region of about 60 to 65 crores. And this does not include the capital subsidy, which we would be receiving upfront.

Kaushik Poddar: This 60 to 65 crore straight away goes to the bottom line or is there any expense to that?

Suresh Taneja: No, there is no expense to that. It goes to the bottom line, except that it is realized at different points of time depending upon when our sugar stocks are sold.

Kaushik Poddar: Okay, and in the light of the government order, which is expected about the increase in the ethanol blending, do you expect the ethanol prices to look up?

Suresh Taneja: I will ask Mr. Sameer Sinha to answer this query.

Kaushik Poddar: Okay.

Sameer Sinha: We believe, because you see while the tender was issued a few months back the response is now picking up and the government is now considering a 10% blending as you are aware. We believe

that this price would hold and as the major problem which has led to the ethanol blending program going slow was the various duties, interstate duties, because most of the states are deficit states, therefore the government has now been represented to have rationalized interstate duties. And once that happens, then with the sudden increase in the 5 to 10% blending, expect the prices to hold on to these levels.

Kaushik Poddar: Okay, thank you.

Moderator: Next question comes from Mr. Sachin Kasera from Pioneer Intermediaries.

Sachin Kasera: I have just three to four queries. One was regarding the overall sugar pricing; I believe our average rate is around Rs.17.20 for the free price distributed in the quarter. Could you just highlight as to what are all the trends during the quarter, was it more or less stable in the quarter, or was it pretty high in the beginning of the quarter, and then it tapered off. And what would be your current realization as of now in the free-market sales?

Suresh Taneja: The realization price during the early part of the quarter was much higher, and currently it stands at about 1560 to 1570 per bag.

Sachin Kasera: Current year, okay. Secondly sir, what would be our sugar cane cost for sugar season 06-07, what would be the net cost including the transportation and various local taxes?

Suresh Taneja : Roughly speaking, the state advised price is Rs. 125, and then there are purchase tax and incentives and society commission to the extent of 4 ½ rupees, and the balance 5 rupees would be on account of the transportation and other costs. So Rs. 135 is the total cost you can take.

Sachin Kasera: But this is more or less in line with last year sir, when you were paying slightly higher price because you were competing with the alternative manufacturers.

Suresh Taneja: Absolutely, because I think this increase of the cane price by Rs.10 would not make our total cost higher this year, because last year we had paid incentives in procuring the cane in the later part of the season. Cane price for last year and this year by and large would be the same. Additionally, we would also be eligible for incentives as and when we are held eligible.

Sachin Kasera: So, in that case what would the type of breakeven that you look for in the current season with incentives of Rs. 1.5/kg that you will get as a subsidy.

Suresh Taneja: They would not, because we would not be getting the incentives right from the commencement of this season. We will be getting

the incentives from the date of eligibility. So as far as our breakeven is concerned, after depreciation, it would be under 1500 this year.

Sachin Kasera: Okay, and sir what would be our closing stock as on December 31st of sugar?

Suresh Taneja: Closing stock as of 31st December is about 102,000 tons.

Sachin Kasera: Okay, this is regarding the cogen unit, with the commissioning of the new cogen plant, what is the number of units you expect to merchant to the state electricity board in the March quarter?

Suresh Taneja: Mr. Sameer Sinha would answer this question.

Sameer Sinha: You see, now that we have about 23*2, which is about 46 megawatts on stream, and after the internal consumption of the sugar factory as well as the auxiliary consumption of the cogen plant, we expect to be selling to the grid about 27 to 29 megawatts during the season.

Sachin Kasera: That's the current sales during the March quarter. And what would be the average PLF that one could assume for this, around 90% plus?

Sameer Sinha: Yes, definitely. During this quarter, because you must realize that one of the turbines, the plant which we have added recently will operate only during the season, while the first unit will operate during the entire year, and a longer off season duration that is.

Sachin Kasera: Okay, and secondly regarding the turbines business, in the total revenue, what are the breakup from sales parts, and exports during the quarter?

Tarun Sawhney: The total revenues were 108 crores from domestic sales, and exports contributed to approximately 6 crores of sales in the previous quarter.

Sachin Kasera: And in domestic, was there any significant number of sales that you did that had significantly higher margin compared to the normal turbine.

Tarun Sawhney: From the domestic figure, it includes 12 crores of spares and service revenue for the quarter.

Sachin Kasera: So we can say roughly around 12% to 13% revenue is coming from spares, and around 5 to 6% is from exports. How do you see sir, this trend going forward in the next three to four quarters? Do you see this combined ratio of exports plus sales, which today is around 10%, maybe improving to around 20 to 25%?

Tarun Sawhney: Exports, yes. Exports will certainly increase very substantially over the coming quarters. It is a strategic initiative by the company to increase exports to 20% by fiscal '08-'09. With respect to spares and service, it will be stable throughout this growth phase. In a stable state of growth you can see spares and service increasing, but that will be a little bit further down the road.

Sachin Kasera: Okay, so maybe a significant jump in sales will only come in FY09, 08 may only see a small improvement compared to the current proportion.

Tarun Sawhney: Well, the absolute numbers of course would be much larger, but the growth rate of the exports figures will be substantial. Margins will definitely sustain.

Sachin Kasera: Yeah sir, what I'm saying is in the current season, in the first 1 ½ to 2 months of the crushing, we have seen a much better recovery rate compared to last sugar season, so how do you see the overall recovery rate from the current season standing out for Triveni?

Tarun Sawhney: In a nutshell the recovery rates will be much higher compared to last year. They will return to a state of normalcy where West UP has very high recovery rates in North India, and we estimate approximately 10%.

Sachin Kasera: 10%, okay. Last thing on the CAPEX front, would you just help us as to what is the pending CAPEX as for the financial year '07, because I believe some of the mills are getting commissioned in Q4FY07, and also what is the term loan on the balance sheet as on December 06.

Suresh Taneja: We have only three projects to be commissioned in the last quarter. The two new sugar units, the one at Raninagal would be commissioned by the end of this month. The second at Narayanpur would be commissioned in the middle of February, and the distillery would be commissioned by the end of February. Now the total amount, about 575 crores were capitalized up to 31st December, and against our total budget of 725 crores and out of which some amount will be spent in the next financial year. Roughly speaking, as on 31st of March, we'll have long-term loan of about 450 crores arising from these projects.

Sachin Kasera: And what is the term loan at the end of December?

Suresh Taneja: It is roughly about 400 crores.

Sachin Kasera: Sir if you could comment on the performance of the subsidiary, I believe the Triveni Khushali Bazaar is doing extremely well from what I understand. If you could just throw some light on how you have done in the first nine months of the current financial year?

- Suresh Taneja:** Tarun Sawhney would take this one.
- Tarun Sawhney:** Triveni Khushali Bazaar is doing fairly substantially in the first nine months of this fiscal year. We have increased our number of stores fairly substantially by three-fold in the first nine months. 33 stores currently operational and we expect to have over 50 stores operational by the end of this fiscal year. These stores are on their way to being commissioned, and will start operations. Some have already started in the month of January, and will continue to start operations in February and March. The business has been divided up into three verticals; Agri is the first, which includes everything from fertilizer to pesticides, and implements. The second being FMCG consumer durables, which includes some food items and fans, soaps, toothpaste etc, and services is the third vertical which includes life insurance, bank loans, etc. These three verticals have allowed us to gain substantial presence in rural India. In the next fiscal year we will be establishing multiple stores in several larger format towns such as Meerut, Muzaffarnagar, Hapur, etc.
- Sachin Kasera:** Okay, could you just give something brief in terms of the type of results of these stores that you have locked for the first time, stating the turnover, EBITDA?
- Tarun Sawhney:** I'm afraid at this point we don't give consolidated results. In the future we will be able to elaborate a lot more as to the financial performance of this business. Suffice to say that the business is doing very well, and it is growing very substantially.
- Sachin Kasera:** But would you just like to comment whether in the first time the business was profitable or not?
- Tarun Sawhney:** At the operating level it was certainly profitable.
- Sachin Kasera:** Okay, right now that will be all I will get back if there are any further queries.
- Tarun Sawhney:** Thank you.
- Moderator:** Thank you sir. Next question comes from Mr. Ashi Anand from Prudential ICICI.
- Ashi Anand:** Sir, hi. I just have a few questions in turbines business. First of all in terms of the CAPEX that you mentioned is progressing on schedule, if you could just explain how many megawatts are we at currently, and how would that buildup over the next one year, just in terms of a timeline?
- Nikhil Sawhney:** In terms of our capacity, what we find is that we have grown more than three-fold, nearly four-fold in the course of the last 18

months. The current capacity expansion that we had, which is from December 2005 was to take our capacity up from about 550 600 megawatts to about 1,200 megawatts. And this is going to be done in two phases. First phase was completed at the end of December and the second phase towards the end of March 2007. This was pretty much split in the middle, but what I have to actually point out is that this business is not capacity constrained. Our capacity is calculated based of 1 ½ shifts. We have the possibility to ramp this up to 3 shifts. So just to give you an idea, it's more in terms of market demand, and how we cater to that.

Ashi Anand:

Okay sir, if we actually going to say operate on 3 shifts, we could put in potentially do 2,400 megawatts, is that what you are saying?

Nikhil Sawhney:

That's an assembly capacity. What you have to recognize, its not exactly, that's why because analysts asks us for a capacity figure, I try to give that, but to give you an idea, we could split this capacity into two factors. One is the manufacture of the high technology components - that is our blades, which run on automated machines and run on a 15-hour basis, while our assembly capacity is on 1 ½ shifts. So you could say roughly the capacity that we're taking into consideration, and I'm telling you about 1200 megawatts, is keeping this in mind. So we have flexibility to ramp this up by stretching the workload of the assets, be it human or machinery. But it's also important to point out that Bangalore has a very intricate set of sub vendors, who have very sophisticated 3-axis, 4-axis machines and the possibility of outsourcing is always there.

Ashi Anand:

Okay sir. Sir, now when we're talking about the 600 to 1200 megawatts, this incremental 600 megawatts in the way that we are speaking about, is this basically the higher power turbine capacity in terms of megawatts? Then moving to 18 to 30 megawatts, is this going to be what's possible in this capacity increase, or is it just an increase in our know how and our understanding?

Nikhil Sawhney:

Well, actually the assembly capacity and the manufacturing capacity are to the extent of 50 megawatts. Our technology caps us at a limit of 30 megawatts, though I have to point out that we have recently entered the market of 18 to 30. We have, as of this financial year our order book consists of several orders in this range of 18 to 30, which will be put into operation the next financial year. And we believe that once the orders are implemented we will receive more orders in that range because of the performance of the product. So the capacity expansion is for our future initiatives in terms of developing technology, or getting technology to expand our range up to 50 megawatts. What is also important to point out is the capacity expansion also caters to the export market very significantly and what it allowed us to do was

bring down our delivery times, imperative to cater to the export market. Now we are better than global bench mark in terms of delivery, and therefore we believe that for the industrial product like turbine, it is a very key value proposition. Our expansion also includes another line of business, which is a high speed vacuum balancing tunnel, which will also be operational probably in beginning of the next financial year.

Ashi Anand:

Sir, speaking of this moving from 30 megawatts to 50 megawatts, you were initially talking of potentially get in a foreign partner and having some form of a JV with them. Is this still on the cards, or are we now looking at creating these technical capacities or the capabilities ourselves?

Nikhil Sawhney:

We never actually stopped our own R&D program, because our R&D program is based on the enhancement of efficiency levels and value engineering of our current line as well. So R&D is a continual process within the company. So they are independent, actually looking for technology is independent point from our own R&D. Though there are limitations to how quickly we can develop technology of higher ranges. So in terms of time to market, we believe that it is very likely that we would have to get this technology from somewhere. The mode of getting the technology is something that we're in discussion, and dialogue with several parties. And so if you call it JV, we don't know as yet if that's the form it's going to take.

Ashi Anand:

Sir, but as in what I wanted to understand is, would this foreign partner we're looking at getting the technology from, would he have an equity share, or would it be either at this point?

Nikhil Sawhney:

That has not been finalized as yet or anything as yet.

Ashi Anand:

Sir, as we move into these higher segments, does our customer base shift in terms of would we now be catering more to merchant power segments in the IPP segment, or vis-à-vis the traditional kind of strength in captive power plants? 2) is there also a shift in terms of the competition that we deal with in these segments?

Nikhil Sawhney:

Okay just to answer them separately, the market up to 50 megawatts as we define it is the industrial turbine market. The fact is that the basis of evaluation by an industrial customer in this market are several, but more importantly than anything else is how robust your turbine is. What I mean by robust is that because a turbine in industrial sense provides power to the manufacturing process of the client, he requires the highest up time. Therefore, given different parameters that go into the manufacturing process and the variability in production of that, he requires the turbine to firstly operate at peak efficiency at different levels of output, but also to have the maximum up time and therefore the basic parameters are the same throughout the 50 megawatts. What

you find is that clients are probably more; they have more capital and therefore are able to look at the lifecycle cost of the turbine little bit more once you get up the range. And this is something that comes back to the order. A higher megawatt turbine typically has a higher margin because of the same reason. Firstly, because there are fewer competitors and we believe that there are different types of competitors in the higher range than they are in the lower range. Currently, with the order book position, last quarter in the below 18 megawatts we had a market share upwards of 75%-80%. And the competitors there were primarily Siemens which had about a 14% share and some Chinese had 4%, 5% and Japanese had 4%, 5% and rest was split between some smaller players. When we move into the above 18 megawatt and above 30 megawatt range, you have the same players, which have a larger share of the market, but there are fewer smaller players.

Ashi Anand: Okay, same players with the larger share.

Nikhil Sawhney: No, well people like BHEL would enter the market in the higher ranges but they are very busy with their 200, 300, 400, 500 megawatt turbines. You would have people like Siemens and some Chinese and Japanese and Russians as well coming in to the market.

Ashi Anand: Sir what I wanted to understand in terms of this customer base in the higher segment, you are mentioning of still primarily the industrial turbine segment, so the merchant power segment, you are saying that won't be a very important segment for, its more the kind of, say the same sugar mills, the same cement, paper, we will now be supplying to larger players within these different industries, is that the way to look at it?

Nikhil Sawhney: No I think there is a slight confusion there. While we move up the megawatt range our customer base in the industrial turbine segment up to 30 megawatts does not change. We still have the same sugar companies, the same cement companies, the same sponge iron companies, textile companies that are buying simply larger units.

Ashi Anand: Okay sir, which is exactly what I wanted to understand.

Nikhil Sawhney: Exactly it is the same customer base that's why we feel that we are competitively aligned to enter into this segment with some ease.

Ashi Anand: Sir and just lastly, any timings in terms of a potential de merger of the sugar and the turbine business or is it on hold for now?

- Suresh Taneja:** Our board has not taken any decision in this respect as of now. So as and when any decision is taken we will certainly let you know.
- Ashi Anand:** Thanks for responding to my questions.
- Moderator:** Thank you sir. Next question comes from Mr. Nirmal Shah of Alchemy.
- Nirmal Shah:** Good afternoon sir.
- Suresh Taneja:** Good afternoon.
- Nirmal Shah:** Sir just wanted to check on what is the current export price for...
- Suresh Taneja:** For sugar? Sugar prices, the spot prices are in the region of about \$325 FOB.
- Nirmal Shah:** Right. Sir how much would it be in terms of rupees including your freight cost and everything?
- Suresh Taneja:** In terms of rupees, it is roughly about Rs.14,250 per ton and for some of the sugar mills located in the coastal states, have them to export at this price since prevailing domestic price is much lower as compared to the northern states here and number two, by virtue of these exports we are able to save tremendous inventory carrying cost. So even if at this price, \$325, viable exports can actually take place.
- Nirmal Shah:** Okay and sir what are the molasses prices right now?
- Suresh Taneja:** Molasses is approximately Rs. 2,900 to Rs. 3000 per metric ton.
- Nirmal Shah:** 2,900 to 3,000, okay.
- Suresh Taneja:** This is not inclusive of any taxes or duties.
- Nirmal Shah:** Okay and sir just now in the con call you mentioned that for a breakeven level for you would be around 1,500 after considering the depreciation, right?
- Suresh Taneja:** Yeah.
- Nirmal Shah:** At operating level, how much would the breakeven price be?
- Suresh Taneja:** Very considerable part of this cost of production is depreciation actually. Because you must realize that as we are expanding, we are setting up new projects, the total charge on account of depreciation is increasing substantially. So very large chunk of it is depreciation.

- Nirmal Shah:** Yeah sir so at operating level how much it would be?
- Suresh Taneja:** At operating level how much it will be? We do not have the figures readily available, I think after the conference call we could be in touch with you and provide you the information.
- Nirmal Shah:** Sir basically I wanted to check at what level of sugar price you will think it is much more logical to stop the sugar production rather than continue?
- Suresh Taneja:** You must realize one thing, in the sugar manufacturing, this is a very tough decision to be taken simply because of the fact you have some variable price and you have some fixed price. So as you crush more, there is more contribution coming out of it. Therefore it can never happen that you will stop production. Also strategically we have invested in assets which have diversified, which have integrated our sugar business, cogeneration and distillation. Of course while we have a net income from selling our molasses and the bagasse to our respective units, this is also dependent on the availability of that raw material. So if you have to look at it on a net to net basis you have to look at the whole sugar business as one then.
- Nirmal Shah:** Yeah that's what my question was, looking at the whole sugar business as a whole, what would be the price at which you think...
- Suresh Taneja:** We are still profitable at these levels that is what we have to say.
- Nirmal Shah:** Okay and sir the last question is regarding our expansion plans, are we planning to set up any sugar plant which can directly manufacture ethanol from cane?
- Suresh Taneja:** No.
- Nirmal Shah:** Sir any particular reason?
- Suresh Taneja:** The current cane laws do not permit that presently, therefore it is not possible at this stage, so as and when the laws change, then one can look at that position as well.
- Sameer Sinha:** In addition with the high cost of cane in northern states it is not economically viable.
- Nirmal Shah:** Okay, thanks a lot sir.
- Moderator:** Thank you sir. Next question comes from Mr. Nitesh Agarwal from NV Advisors.
- Nitesh Agarwal:** Good afternoon sir.
- Suresh Taneja:** Good afternoon.

Nitesh Agarwal: Sir could you please elaborate a little more on the composition of the order book, the 468 crores order book as to what proportion of it will be lets say from sugar and which would be the other, may be top two, three other industry which compose it?

Nikhil Sawhney: They are three primary industries that compose our order book. One is Cement, the other is textile and the other is paper. We also have a significant amount of independent power producers in there, and metals as well is significant. You have to look at our order book as a composition of the industrial growth in the economy and we would reflect that quite accurately.

Nitesh Agarwal: Right sir and what proportion of that would be lets say sugar?

Nikhil Sawhney: Sugar has come down from about 30% to about 10%.

Nitesh Agarwal: Okay so out of this 468 crores only around 10% will be sugar and cogen?

Suresh Taneja: Yes. May be Cogen would be little bit additional. We do not have the precise figures available as of now.

Nitesh Agarwal: Okay, and sir what will be the period over which the order book will get converted into sales?

Suresh Taneja: In 10 months.

Nitesh Agarwal: 10 months. Right sir, and in terms of the sugar industries what is your outlook for expansion of sugar capacity, I mean generally by the industry?

Tarun Sawhney: It is very difficult to comment on the strategies of other companies and peers in the industry. As you are aware the incentive policy will expire at the same time as the Bihar industrial policy,. However given the current sugar scenario, re-assessment will occur. There are certainly projects that were outlined 9 to 12 months ago. Those projects are currently being implemented by other groups and it is my opinion that those projects of course will go through but with respect to new projects, I think there would be very few that will come. However cogeneration is a segment that will certainly see more investment.

Nitesh Agarwal: Okay so sugar companies that did not have cogen earlier will go in for CAPEX for cogen.

Tarun Sawhney: That is a fair assumption.

Nitesh Agarwal: Fair enough, thank you.

Moderator: Thank you sir. Next question comes from Ms. Preeti Priyamvada from Quantum Securities.

Preeti Priyamvada: Good afternoon sir.

Suresh Taneja: Good afternoon.

Preeti Priyamvada: Sir I wanted to know as regards the sugar dispatches in the current quarter and nine months, the dispatches have been lower. I believe the basic reason for this is because of low opening stock. Sir, is there any minimum level of closing inventory percentage or closing inventory which the company is required to maintain?

Suresh Taneja: There is none. It depends on the demand and supply and the releases you get from Directorate of sugar.

Preeti Priyamvada: Okay, I was just going through the calculations like in the current nine months, production was 202,000 tons and opening inventory was around 173,500 tons I believe, so as per that the closing stock comes to around 107,000 tons till December 06. Should this 107,000 tons needs to be maintained at a higher level than this?

Suresh Taneja: No I think this is the result of the initial two months of crushing and depending upon the demand and supplies the government estimates the total demand and accordingly distributes over the sugar mills. So therefore in the coming season based up on the demand, release orders would be issued and we will sell accordingly.

Preeti Priyamvada: Okay so by the year end is there any minimum level you have to maintain as an inventory or...

Suresh Taneja: Not mandatorily.

Preeti Priyamvada: Okay. And sir if possible can you give us the EBITDA figures or at least EBITDA margin figures for sugar, cogen and engineering business?

Suresh Taneja: In the case of turbines our margins were 21.73% for the quarter

Preeti Priyamvada: These are EBITDA margins I believe? EBITDA margins and the operating profit margins?

Suresh Taneja: For cogeneration it is 40%. In the case of gear business the EBITDA margin was 30.5% for the quarter. I am sorry. It is 34.41%. Anything else you require?

Preeti Priyamvada: Sir this is in Q307 which you gave me, steam turbines 21.73%, cogen 40% and gears 24.41%. These are the figures that you gave me. And for sugar?

- Suresh Taneja:** And in respect of sugar the EBITDA margins were 6.25%.
- Preeti Priyamvada:** Okay sir; are these sales figures available for the previous quarter and for nine months also if it is possible?
- Suresh Taneja:** Yeah, these are available, but don't you think it will be better that if you can get all these figures from us after this conference call. You can call me or you can call Mr. Narayanan who is the General Manager, Investor Relations, all these figures could be provided to you.
- Preeti Priyamvada:** Okay sir, thanks and sir one more thing after that the cogeneration sales of Rs.480.4 million in the nine months, of this overall sales, how much has been to the grid and how much has been for captive consumption?
- Suresh Taneja:** Yeah, you want the nine month figures?
- Preeti Priyamvada:** Yes sir.
- Suresh Taneja:** The power exported has been 24 crores, and power which we gave to the sugar was about 10.76 crores, and the steam which we have provided to the sugar is about 13.27 crores. That makes 48 crores.
- Preeti Priyamvada:** Nearly half of the total cogen has been exported.
- Suresh Taneja:** Absolutely, because of the fact that the new turbine has been added now in Q3, the quantum of exports in the last quarter would go up.
- Preeti Priyamvada:** Okay and sir looking at your order book schedule, the turbines order book of around 468 crores would be delivered in the next 10 months, I believe, and for gears and water, how much is the delivery period?
- Suresh Taneja:** For the water business it's 4 to 5 months and for the gears business it's 6 months.
- Preeti Priyamvada:** Okay sir, and sir, in your investor communication for the gears business, there was one statement regarding that 600 kilowatt test rig was reoriented. What is this test rig? Can you just explain on this thing?
- Tarun Sawhney:** Whenever we manufacture a gear box we have to test it to certain, a very high standard before it is commissioned at a customer's site. The new test rig will allow us to test higher megawatt gear boxes. For example we had tested a gas turbine gear box of 54 megawatts; this would not have been possible with our previous testing assembly. With our new test bed, it allows us to test gear boxes of much higher capacities.

- Preeti Priyamvada:** Okay sir, thank you so much.
- Suresh Taneja:** Thank you.
- Moderator:** Thank you sir. Next question comes from Mr. Sandeep Somani Somani from HSBC.
- Sandeep Somani:** Hello, good afternoon sir.
- Suresh Taneja:** Good afternoon.
- Sandeep Somani:** Yeah, I have two questions on sugar business. One is what is the realization for the December quarter and what is the quantity sold and secondly on the export front are you looking at any exports from your plants, is it feasible or not?
- Suresh Taneja:** Yeah, I will answer both these questions. The average realization in the quarter was 16,980 per metric ton.
- Sandeep Somani:** Sorry can you give me the figure again please?
- Suresh Taneja:** 16,980 per metric ton which is a combination of levy and free. And all realization prices are there in the brief. If you have one you will be able to access it and as far as the exports are concerned you must realize that fobbing cost is a very important element of cost. Therefore all the sugar mills which are away from the coastal state would find it difficult to export. However, we have some obligations under ALS so to that extent, which is to the extent of about 15,000 tons, and that is something we will have to export.
- Sandeep Somani:** And you have ample time to do that.
- Suresh Taneja:** We have ample time to do that.
- Sandeep Somani:** Secondly on release front, can the privately owned sugar mills can release more sugar from their mills or they have to stick to the release orders?
- Suresh Taneja:** No they have to stick to the release orders given by the government.
- Sandeep Somani:** You can't release more than what they...
- Suresh Taneja:** You can't sell more than what the release orders are.
- Sandeep Somani:** Okay thanks a lot.
- Suresh Taneja:** Thank you.

Moderator: Thank you sir. Next question comes from Mr. Kunal Bhakta from Motilal Oswal Securities.

Kunal Bhakta: Hello.

Suresh Taneja: Yeah good afternoon.

Kunal Bhakta: Yeah good afternoon. Sir I wanted your outlook on, where do you see the demand supply scenario going into the next year because if you were to look at the incremental capacities which have been added in this year, the full impact of which would come to the market next year in terms of the production, then what we would be adding is according to my estimates we will be adding more than 2 million tons of production and in terms of the growth in consumption it would not be to that tune. So wouldn't the demand supply scenario kind of worsen going into '08.

Tarun Sawhney: To answer your questions, it's very difficult to give those precise figures. We also assume that there will be an increase in production in the following year; however, all of this is based on cane availability. Secondly it is also based on a good monsoon. Having said that for the crops of South India, the crop for the following year has already been planted; so, yes, we will have an increase in production and we forecast an increase in consumption of about 1 million tons as well. Given the opportunity to export into the global market we have some of this production, the excess capacity moving out into global waters.

Kunal Bhakta: Right, that is assuming that the global prices continue to be at least at par with the domestic prices.

Tarun Sawhney: Correct.

Kunal Bhakta: And another thing in terms of what you mentioned is that the capacities which have planned as of now by the industry should go through according to you, but incremental capacities which were planned into sometime in '08 and onwards, those may kind of be postponed or shelved.

Tarun Sawhney: It's very difficult for me to comment on our peers in the industry. I am simply sharing an opinion.

Kunal Bhakta: Right and according to you at what level would it be more beneficial to look at inorganic growth opportunity rather than setting up fresh capacities on your own?

Tarun Sawhney: See that's an excellent question, we don't have an answer for you at this point, but it's a very good question and one that we would have to think about.

- Kunal Bhakta:** Because prima facie if I think looking at the kind of valuations which most sugar companies are now available at, they would tend to start looking attractive some of the medium to smaller companies as potential acquisition targets.
- Tarun Sawhney:** Thank you for raising that point.
- Kunal Bhakta:** Yeah I think that's about it.
- Tarun Sawhney:** Thank you.
- Moderator:** Thank you sir. Next question comes from Mr. Karan Vasani from Crisil Research.
- Karan Vasani:** Hi sir, good afternoon.
- Suresh Taneja:** Afternoon.
- Karan Vasani:** I was looking at getting a little bit of a greater understanding on the cogen business and earlier in the con call you mentioned that one of your cogen plants will run only in the on season and one will run in the off season as well. So how is this possible, does the off season plant use some other fuel other than bagasse as well?
- Suresh Taneja:** Well during the season a lot of bagasse gets saved by the sugar factories which enable it to run in the off season. By implementing significant amount of steam saving devices in our sugar factory and making them more efficient, steam as percentage of cane crushed keeps on getting reduced resulting in saving of bagasse, which we will use as off season fuel.
- Karan Vasani:** Okay so generally in the season I mean for how many days will you be running the cogen plant?
- Suresh Taneja:** During the season, see the sugar season is about 170 to 180 days, beyond that we will be targeting anywhere to 170 to 300 days.
- Karan Vasani:** 270 to 300 days.
- Suresh Taneja:** In all, in all, total.
- Karan Vasani:** Sir and to the grid, the power that you will be selling in UP, at what rate will you be selling sir?
- Suresh Taneja:** Well, the UP regulations call for power rates which are different for different years in which the plants were established and 45 megawatts of that is at about Rs. 2.89 as of now and 23 megawatts, the latest one is at about Rs. 2.98.

- Karan Vasani:** All right, and sir and in the investor brief that you sent, the realization that you mentioned for your free sugar is about 17,200, so would this be after the excise duty or before the excise duty?
- Suresh Taneja:** This is before the excise duty, this is ex factory realization.
- Karan Vasani:** So it will be 850 less than...?
- Suresh Taneja:** No, this is net.
- Karan Vasani:** Okay this is after the excise okay and sir, just in a broad industrial perspective, when we say that we are expecting about 6 million tons of inventory at the end of the season, I was just trying to get an understanding of where this inventory is stored in this whole system?
- Suresh Taneja:** We did not say 6 million ton of inventory, we said our crush would be to the extent of 6 million tons.
- Karan Vasani:** No, sir in an all India perspective.
- Tarun Sawhney:** I am sorry. Each factory has warehousing capabilities for this sugar. For example in North India sugar is produced in six months of the year, sold over 12 to 15 months, sometimes even longer. Therefore a sugar factory needs to have ample warehousing facility to store this sugar.
- Karan Vasani:** Okay, so what is the shelf life, generally for how long can you store sugar?
- Tarun Sawhney:** It is mandated by the government that on each bag of sugar a shelf life is put which is 24 months from the date of manufacture.
- Karan Vasani:** All right. And sir when you get your release order from the sugar directorate, they mandate that 10% would have to be going to levy.
- Tarun Sawhney:** No they release a free sale order and the levy order comes independently.
- Karan Vasani:** Okay and on the levy front itself there has been talk recently that the levy prices will be hiked, maybe. So is anything happening on that front?
- Suresh Taneja:** In respect of the levy price the industry has taken up with the government because the levy prices have not been increased for the last two years and though there has been a significant increase in the cane price. So there is very substantial catch up which the government has to do, we have no idea as to when they are going to announce that.

- Karan Vasani:** But if anything is launched would it be with retrospective effect or...?
- Suresh Taneja:** Yes for each year if the levy prices are announced with retrospective effect we are going to get the differential.
- Karan Vasani:** Okay and sir one last thing, this year now there is quite a bit of talk about export subsidies the government might declare to facilitate more exports.
- Suresh Taneja:** If you recall in 2003 when there was a surplus stock position in the country, government had announced export subsidy in the form of transport subsidy and ocean freight subsidy. And it's been speculated the government also is looking at that kind of a proposal. So we have no idea as to when they are going to announce it.
- Karan Vasani:** All right sir fine, thank you so much.
- Moderator:** Thank you sir. Next question comes from Mr. Sumit Jain of ASK Raymond James.
- Sumit Jain:** Hello sir.
- Suresh Taneja:** Good afternoon.
- Sumit Jain:** Good afternoon, sir just wanted to know what are the export markets that we are looking at in steam turbine?
- Tarun Sawhney:** Certainly. We are looking at a variety of export markets which include Southeast Asia, East Africa and Europe.
- Sumit Jain:** Sir, till date what's our total exports in steam turbine?
- Tarun Sawhney:** Our total exports in steam turbines have been 28 crores for the nine months.
- Sumit Jain:** No till date totally for the last five years how much exports have we done?
- Tarun Sawhney:** I don't have a figure for the last five years readily available, but since the inception of the turbine business we have exported turbines to over 35 countries, in all continents around the world.
- Sumit Jain:** Okay and sir in terms of gross block, our gross block was about 700 crores as of 31st March, and can we have the breakup between sugar and steam turbine and gears?
- Suresh Taneja:** If you look basically it is a reflection of what is the capital employed. If you look at that kind of a breakup, you will be able to get some idea.

- Sumit Jain:** Okay, and sir do we require any approval in turbines to export to any country or...?
- Tarun Sawhney:** Not at all.
- Sumit Jain:** Okay yeah thanks a lot.
- Tarun Sawhney:** Thank you.
- Moderator:** Thank you sir. Next question comes from Achal Lohade of Crisil Research.
- Achal Lohade:** Hello, good afternoon sir.
- Suresh Taneja:** Good afternoon.
- Achal Lohade:** Actually I would like to know a couple of questions. First was about the export. As you said the export realization was somewhere around \$325 per ton. I would like to know, is this price traded for 45 ICUMCA grade or is our realization for the grade we export?
- Suresh Taneja:** This is the realization for 45 ICUMSA grade sugar.
- Achal Lohade:** Okay so how much of the grade differential do we expect sir, the grade we export and the 45 ICUMSA grade sir?
- Suresh Taneja:** That's a very good question. There will be a discount that will be offered for 150 ICUMSA sugar which is predominantly the sugar manufactured in India. However, there is also a freight benefit that we will also be able to achieve. So, one can expect about a \$10, perhaps \$15 discount for 150 ICUMSA sugar.
- Achal Lohade:** Sorry I couldn't get the freight component sir, what was that?
- Suresh Taneja:** There are two components. The way to look at it is in two components. Firstly, you are very right, 150 ICUMSA sugar which is produced in India will be sold at a 10 to \$15 discount to global prices, however there will be an ocean freight benefit that we will achieve if we are exporting to countries like Bangladesh, Sri Lanka, Pakistan, etc, which will also be to the tune of 15 to \$20.
- Achal Lohade:** Okay so this the freight benefit, do we get from the government or something else like as far as my understanding goes the FOB realization would be till our inland port - the point at which we would load the goods, so there won't be any freight component. As such we will be bearing the charges, right?
- Suresh Taneja:** Yes the charges will have to be borne above that and therefore...

- Achal Lohade:** That will be borne by us, the exporters or the importers, sir?
- Suresh Taneja:** Borne by the importer. Importer would be only interested in the landed price and anything coming from India would have a much lower landed price because of the freight advantage.
- Achal Lohade:** Right sir. Okay. So our realization would be somewhere around \$325 dollars per ton and it will be after the great discount of 10 to \$15.
- Suresh Taneja:** And adding the benefit which you will get for transport. I would also like to just point out that the countries that I mentioned are consumers of 150 ICUMSA sugar.
- Achal Lohade:** Okay right sir. And one more question about the arrears, as my understanding goes, the company needs to pay a 15% interest rate if they pay after 14 or 15 days of the cane buy, right? So can you tell me sir is that the full amount on which we will be paying the interest, if there are any arrears or it's on the installment basis?
- Suresh Taneja:** As a matter of fact you would find that all good companies with good financial position will not attract this kind of an interest. And legally speaking as per the current laws, if somebody makes a default, makes a delayed payment, then the 15% of interest is applicable theoretically.
- Achal Lohade:** Okay, thank you sir. That's all, thank you.
- Moderator:** Thank you sir. We have a followup question from Mr. Dipan Mehta from Dipan Mehta Shares.
- Dipan Mehta:** Sir you mentioned that 60, 65 crores is the incentive which you expect in fiscal '08, but for how many years is this benefit available, is it one time or goes on for many years?
- Suresh Taneja:** We have spent about 1,000 crores on the various projects which qualify for incentive, so we are eligible to get incentives for a period of ten years, up to a maximum of the amount invested.
- Dipan Mehta:** Sorry, means 10 years and 1000 crores is the maximum that you can get back?
- Suresh Taneja:** That's right. And this would be applicable on the procurement of cane and on the sale of sugar and molasses. So depending upon how much of sugar we have sold, so these incentives would accrue on the incremental sugar. As I told you earlier, from next year onwards more than 50% of our sugar would qualify for this incentive.

- Dipan Mehta:** Right, basically if you do maintain about 8 million tons of crushing you can expect to get 60, 65 crores on a sustainable basis for 10 years as incentive, is that a correct assumption?
- Suresh Taneja:** That's right. And also there is a good possibility of the crush to further increase in the subsequent years. So in which case it could be accelerated payment of incentive. And this does not include one-time capital subsidy, which we would be getting.
- Dipan Mehta:** Okay, thank you.
- Moderator:** Thank you sir. We have a followup question from Mr. Nirav Shah of Pioneer Intermediaries.
- Nirav Shah:** Yeah good afternoon sir, just a couple of questions. Sir how many turbines did we deliver in Q3FY07 in terms of megawatts?
- Tarun Sawhney:** Dispatch in megawatts was 132 megawatts in Q3, which was an increase of 74% over the corresponding quarter in the previous fiscal year.
- Nirav Shah:** Yes sir and sir in terms of numbers how many turbines in terms of numbers did we deliver?
- Tarun Sawhney:** In terms of number of turbines we delivered, 20 turbines as against 12 in the previous year.
- Nirav Shah:** Okay sir and any update on our naval orders?
- Tarun Sawhney:** No, naval orders we do have some orders from the navy but these are not the naval orders.
- Nirav Shah:** And sir what is the size of the orders that we have received, size and capacity?
- Tarun Sawhney:** Don't have the breakup of that at this time.
- Nirav Shah:** Okay sir can I know the order book of waste water division?
- Tarun Sawhney:** Order book is 30.5 crores.
- Nirav Shah:** And sir, just looking at our financials, normally what sugar companies do is they charge the off season expenditure in this quarter as well as in the March quarter, but we are deducting this during this quarter?
- Suresh Taneja:** You must realize the figure which we have given in this quarter, it is an aggregate of the off season expenses and the amount capitalized. Amount capitalized is basically pertaining to the items which we have produced internally and capitalized.

- Nirav Shah:** Then what would that be?
- Suresh Taneja:** It means for example if the turbine division has manufactured a turbine for use in the sugar unit, to that extent the amount would be capitalized.
- Nirav Shah:** Okay sir., and just one follow up that you said that you would be exporting around 27 megawatts in Q4, sir now our capacity is around 67 so why such a less figure in terms of export of power units?
- Tarun Sawhney:** No that's 27 just on the Khatauli unit. That is from the 46 megawatts at Khatauli, the 22 megawatts of Deoband will still go out.
- Nirav Shah:** Okay sir that's all from my side, thank you sir.
- Tarun Sawhney:** Thank you very much.
- Moderator:** Thank you sir. I request the participants to press * and 1 to ask your questions.
- Suresh Taneja:** Shall we conclude this session?
- Moderator:** Sure sir.
- Suresh Taneja:** Thank you very much gentlemen for participating in this investors call. In case you have any kind of queries you may contact Mr. Narayanan, who is our General Manager, Investor relation. Thank you very much.
- Moderator:** Ladies and gentlemen this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.
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