Triveni Turbine Limited Q3 & Nine Months Ended FY12 Results

Investor/Analyst Conference Call Transcript
January 13, 2012

Moderator Ladies and gentlemen, good afternoon and welcome to the Triveni Turbine Limited Q3 & Nine Months FY12 Conference Call. As a reminder, for the duration of this conference, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Rishab Barar of CDR India. Thank you. And over to you sir.

Rishab Barar Good day, everyone, and a warm welcome to all of you participating in the Q3 and Nine Months FY2012 results conference call of Triveni Turbine Limited. We have with us today on the call Mr. Dhruv Sawhney - Chairman & Managing Director; Mr. Nikhil Sawhney – Joint Managing Director; Mr. Arun Mote – CEO and Mr. Deepak Sen – CFO, Triveni Turbine Limited along with other members of the senior management team.

I would like to mention before we begin that some statements made in today's discussion maybe forward-looking in nature and a statement to this effect has been included in the conference call invite which was mailed to everybody earlier. I would like to emphasize that while this call is open to all invitees, it may not be broadcasted or reproduced in any form or manner.

We would start the conference with opening remarks from the management followed by an interactive question-and-answer session, where you can discuss your views and key issues.

I would now like to hand over the call to Mr. Dhruv Sawhney to share some perspective with you with regards to the company's operation and results for the quarter under review. Over to you Mr. Sawhney.

Dhruv M. Sawhney Thank you, Rishab. Welcome everybody. Good afternoon to this conference call of Triveni Turbine Limited. Our sales for the nine months period have increased about 9% to ₹ 4.9 billion and we have an EBITDA of ₹ 1.13 billion with a good margin of over 23%. Our PBT is almost ₹ 1 billion and with a margin of 20%, so that this gives an EPS for the nine months (non-annualized) to ₹ 2 per equity share. We are pleased that even under the current economic situation our Turbine business had a modest increase in turnover and in PBT. This is when compared with the corresponding period of the previous year. With this downturn notwithstanding we have managed to get a much higher enquiry base, but more importantly, our orders on hand are at ₹ 542 crore as on the 1st of January 2012 and we booked about ₹ 380 crore order in the nine months period this year, that is

April to December Vs about ₹ 366 crore last year. So even the small increase is very heartening given the situation in the country.

One of the encouraging factors has been our performance on the export front. Our export intake about 21%, of our order intake has been there and this has gone up by over 25%. Our sectors are mainly in the Palm Oil sector, in the Sugar sector and importantly, we are making a good headway in the renewable and environmental space. Bio-mass IPP project, Waste Heat, Cogeneration, and Gas Engine Based Cogeneration, Combined Cycle and we are also having Municipal Solid Waste project. Some of these export orders are actually break-throughs. We got an order from the London Waste Ltd of London for one of the worlds' first oldest MSW Power Plant. This is for a 2.7 MW steam turbine, as a turnkey project. We have also got one 7.5 MW Bio-mass Plant at Avonmouth in the UK. We made a substantial breakthrough in Turkey with orders from a sugar plant and from heat recovery based power plant. So we feel that the export market going forward, in the Financial Year '13, we forecast an increase of ~40%. So we expect a better increase than we had in the current year in our exports business next year. Again, here this is primarily in markets for Southeast Asia, the United Kingdom and parts of Africa.

In the current year we are looking at geographical diversifications, we are trying to make forays into new market which will bear us fruit in the years to come. We are doing this through a combination of sales representatives and strong agents.

In our joint venture with GE, as I mentioned in the last call, we have received an order from the Steel industry that is under process. Our international enquiry base is very encouraging.

On the domestic front in the range from above 30 - 100 MW, there are some delays in finalization of orders from enquiries. We expect this to get much better after six months. But we are very pleased with the enquiry base that we have on the international front. And these enquiries are coming from Southeast Asia and also from the developed nations in Canada and the US. So we expect a substantial growth in both orders in the Financial Year '13 and also our enquiries turning into orders.

The technology transfer from both partners is proceeding as per schedule and we are able to get our brands established both in India and overseas through a series of exhibitions and customer contacts.

Financially, you see that Triveni Turbine Limited is now in a much stronger position. Our net debt has come down from about ₹ 870 million to ₹ 281 million and we expect to pay this back in the next year before the end of Financial Year '13. We have a net negative working capital of ₹ 12 crore. And in the next year we will be paying back this debt from the cash flow from operations. So, we have no plans of any borrowing to come.

We have declared another interim dividend of 20%. A field which is very encouraging is our foray into higher MW turbine. Our aftermarket spares and service is also increasing and we hope that this percentage which have much better margin among the products. is going to carry us into a better field of preserving growth on both turnover and margins.

The demand domestically is still from a number of industries such as Sugar, IPP and Co-generation. But there have been some delays in customers' finalization of orders. As I said earlier, because enquiries have been actually better than the last quarter they are up than they were in the first six months. And talking to customers we expect that after six months this will turn into orders. So we are looking at a growth in Financial Year ’13, we are looking at growth of around 15% and we are also looking at preserving margins; we expect margins will be preserved for Financial Year ’12 and going forward in the next year.

We believe that once the economies in India and certain of our targeted markets such as Southeast Asia revive, which we feel in the next year will happen, this will be the platform for Triveni Turbine to carry on to another level.

I would like to now open the floor to questions.

Moderator: The first question is from the line of Ashwani Agarwal from Ashmore. Please go ahead.

Ashwani Agarwal: This is an encouraging set of numbers. Regarding your guidance, for Fiscal ’13, you gave out two numbers; one is growth of 15% on the revenue front and then an export growth of 40% if I got it right. The 15% is for domestic or does that include exports?

Dhruv M. Sawhney: The 15% is total.

Ashwani Agarwal: So that includes export growth of 40%?

Dhruv M. Sawhney: Yes. The export growth I was talking about is for order booking. I am sorry, I should have clarified. When I said that order booking has increased by 25% this year that is coming for dispatches in Financial Year ’13. So our order booking of next year - international of 40% will really come forward, some in ’13 but mainly in the Financial Year ’14.

Ashwani Agarwal: And second question I had was that this increase of 15% in revenues for Fiscal ’13 does that include the 35 MW Turbine order that you have in the joint venture?

Dhruv M. Sawhney: No, this is the Triveni Turbine standalone growth.

Ashwani Agarwal: It does not include anything from the GE joint venture as of now?

Dhruv M. Sawhney: But we haven’t not put that in yet, as I said, till we start getting our enquiries turning into orders, except the order that we have on hand right now; the two orders we have in hand in this range we are not actually taking anything else into Financial Year ’13, because we are looking at turnover in FY13 not order booking in FY13 as far as GE Triveni is concerned.

Ashwani Agarwal: And the other question I had was more on the macro front. You mentioned a few times that domestically you are seeing sort of postponing of decisions as it were where in Sugar and IPP and Co-gen there is a lot of enquiry but that is not turning into orders. You obviously have been in this business for a long time. Is this just clients are holding back looking at the macro environment or do you think that financial closures is a problem. Do you have a sense of why these delays are happening?

Dhruv M. Sawhney: I think it is the former, I think they are just holding back a little while. That is why I said that domestically we expect the situation to improve in the next 3 to 6 months.

Moderator: Thank you. The next question is from the line of Keshav Harlalka from BHH Securities. Please go ahead.

Keshav Harlalka: I had a similar question as in we are all worried and concerned about the delay in orders on the GE Triveni front. In your annual report you have said that the game changer is going to be the GE Triveni joint venture. And so far so we got only two orders. So if you could throw some light on the time schedule or give us further clarity it will be great.

Dhruv M. Sawhney: No, I think you must realize that we are talking about capital equipment. In capital equipment the delivery cycles internationally are 12 to 14 months. And we really only started this venture in May and internationally it takes time to both establish your name and turn enquiries into orders. So by the time we will see the game changing in terms of turnover it is a good 2 to 3 years from the time you have to put up the company because that is the time period to establish yourself. , There are consultants especially internationally where you have to get prequalified, they have to visit the factories, they have to get accustomed to knowing these products, so we are really not looking at some one year or 18 months' time period. It takes a time period of 2 to 3 years from the time we started in May 2011 is when we would be expecting this to be affecting the top-line.

Moderator: Thank you. The next question is from the line of Koushik Poddar from KB Capital Markets. Please go ahead.

Koushik Poddar: Your margins are quite substantial. Do you see the margin growing up as the turnover is expected to be up by 15% next year?

Dhruv M. Sawhney: No, we have, as you will know, while looking at, on a benchmark basis our margins are pretty good in this line. We do not see them going up. It is going to be around the same figure.

Koushik Poddar: And this GE Turbine, that is a separate company but the manufacturing will be done in the listed company, is it not? How does it work?

Dhruv M. Sawhney: Yes. The company which is a subsidiary of Triveni Turbine Limited is called GE Triveni Limited. It handles the range of steam turbine from above 30 MW to 100 MW. The manufacture of the Turbine is done by Triveni Turbine. And there is a manufacturing agreement between GE Triveni and Triveni Turbine. And the balance of the plant is handled by the joint venture.

Moderator: Thank you. The next question is from the line of Ajay Nandanwar from UBS. Please go ahead.

Ajay Nandanwar: I had a question on your order book side, which is ₹ 5.42 billion. Does it include the two GE Triveni JV orders?

Dhruv M. Sawhney: It includes, one, the manufacturing part of the steam turbine only as part of that order. Because that I mentioned it to the earlier questioner. The balance of plant is in the GE Triveni books. This is only the Turbine part of it is included in the ₹ 5.42 billion.

Ajay Nandanwar: Will those revenues on manufacturing flow in, in FY13?

Dhruv M. Sawhney: Yes, purchase order; it will flow in, in FY13. That is a very big point because we hope to get our first joint venture turbine commissioned, not just established, it is going to be delivered and commissioned in the financial year and that is the biggest thing for new orders. As I said we have enquiries internationally from Indonesia and from places like Canada and the US and really this is one of the first times that Indian product is going to some of these sophisticated countries. So once we have a product already commissioned that will accelerate the interest.

Ajay Nandanwar: If I look at the GE Triveni the manufacturing order I expect it to be probably around like 12-15% of your order book. .Am I correct?

Dhruv M. Sawhney: It is just one Turbine; it is a very small part of the order book.

Ajay Nandanwar: But one of them is 35 MW, right?

Dhruv M. Sawhney: Correct.

Ajay Nandanwar: Would that manufacturing margin be lower than your overall margin?

Nikhil Sawhney: These margins are commensurate at the time that we would actually considered the agreement.

Dhruv M. Sawhney: These things vary from order to order, this is actually something that doesn't get affected by and large but from one order to another it can be different.

Ajay Nandanwar: How would you be accounting for once the revenues in the JV start, would you be reporting it separately or would you be doing 50% consolidation?

Dhruv M. Sawhney: No, the revenue of the Turbine will be taken in TTL. When the consolidation is done of GETL and Triveni when their consolidated accounts are presented then this one will get netted up.

Ajay Nandanwar: So you will report standalone separately and you will report consolidated separately with?

Dhruv M. Sawhney: Starting from the March results.

Moderator: Thank you. The next question is from the line of Sameer Bhise from Torero Capital. Please go ahead.

Sameer Bhise: Wanted to know the details from exceptional items which is shown in the P&L for last year?

Dhruv M. Sawhney: The extraordinary item is a one-time write-off of goodwill which was pursuant to the demerger scheme which was approved by the High Court. Rather than depreciating it over a number of years the Board took the decision to adjust it in the accounts straightaway. It is a completely non-cash transaction and so that is why it showed up in the 31st of March FY11 accounts.

Moderator: Thank you. The next question is from the line of Gaurav Malik from Locus Investments. Please go ahead.

Gaurav Malik: Just wanted to understand what would be the Capex requirement for you for the next year and this year in a standalone entity as well as the consolidated entity?

Dhruv M. Sawhney: There is no substantial Capex either in the joint venture, GE Triveni Limited, very limited, just one machine tool and in Triveni also it is a very normal Capex. So the capacity in the Bengaluru plant for the manufacture of the range of Turbines that we have up to 35 MW and from 30 to 100 we see enough for a few years to come.

Gaurav Malik: Could you just give me an idea about the capacity reading for up to 30 and 30 to 100 MW?

Dhruv M. Sawhney: I would take the total capacity we have over, we can increase our turnover by over 30%, 40%.

Gaurav Malik: The overall from here on it is sufficient to increase the turnover by 30% to 40% you are saying?

Dhruv M. Sawhney: Correct.

Gaurav Malik: But in MW terms if you could give me that?

Dhruv M. Sawhney: It all varies because it depends on the mix and it is very difficult because we are doing something from 3 MW to 50 MW. So this is not something that is possible in terms of either MW and it really varies. It is lot of capacity that you can say from MW.

Gaurav Malik: And also could you just throw some light on the margin for the GE Triveni JV, what would those be, would those be in line with the current standalone entity or would they be a little different?

Dhruv M. Sawhney: I think the mix of GE Triveni international and domestic, the mix of margins would be fairly similar to what we are doing now. Over a long-term or a medium-term it would be the same. But in any quarter it maybe different depending on where you got the order and what type of order you got, if it is a first one in a particular sector or a particular industry. Longer-term it is similar.

Gaurav Malik: They should be similar to the standalone entity, right? Also, just one more question I wanted to ask is, you just said that the manufacturing of GE Turbines would be through the subsidiary, which is GE Triveni Limited, right?

Dhruv M. Sawhney: GE Triveni Limited is the subsidiary of Triveni Turbine and they subcontract the manufacture of the turbine to the parent company which is Triveni Turbine, which is a company under review just now.

Gaurav Malik: So it is not a JV? It would not be consolidated on a JV basis?

Dhruv M. Sawhney: Triveni Turbine is a company which has 50 plus one share in GE Triveni Limited which is a joint venture with GE. That is a subsidiary of Triveni Turbine. It will be consolidated; its results will be presented on a standalone basis and on a consolidated basis that is the financial part of it. On the operation and the manufacture part, the steam turbine of the joint venture is subcontracted to, they do not have their own work, and they manufacture the turbine to Triveni Turbine.

Moderator: Thank you. The next question is from the line of Manish Goel from Enam Holdings. Please go ahead.

Manish Goel: Just a couple of questions. In the Q2 call you had mentioned that you were expecting ₹ 200 crore intake and you were bang on it. So one is if you can give a sense that in domestic what has driven the order book and also if you can give us insight into how do you see order inflows in Q4?

Dhruv M. Sawhney: I gave some idea there. When we give some sort of rough figure whether if I am on the ball or not it is a bit of a luck because sometimes orders can get finalized, sometimes they can go just here or there. So it is always better. But as I said we are expecting our orders for the year. For domestic and exports, the order booking from April to March we are expecting it to be around ₹ 500crore.

Manish Goel: Is it possible to give a broad breakup in domestic and exports?

Dhruv M. Sawhney: No, this guidance is difficult, because we are getting into territory which is difficult, there is a little bit of confidentiality also in that as to where we are getting the orders and where we are hot on them in the future. But by and large I would say we are ahead in order booking in nine months and for the year we will be ahead in order booking compared to the year previously.

Manish Goel: ₹170 to ₹ 180 crore of orders in Q4. Basically, in nine months you got orders of ₹ 380 crore. So for full year if you are expecting ₹ 550 crore, So is that what we should go by?

Nikhil Sawhney: No. The fact is that there has been a slowdown in the domestic market as everyone has commented on this call as well as you read about in the press. To give you an idea as to how that breaks out into the market even though Triveni may have countered this through very active marketing and sales efforts both domestically and internationally, the market for below 30 MW has come down by about 30% in this period and in the below 30 MW category and by about 50% in the 30 MW to 100 MW category. So while we said earlier that we believe that there would be an element of growth in reversal in the next three to six months this would look to get a little more normalized even though our order book will continue to go through, great efforts primarily in the export front but also in the domestic market as well. We expect the order intake of about ₹ 100 crore - 120 crore.

Manish Goel: Would it be possible to give a sense that ₹ 380 crore order intake in first nine months, would it be possible to give the breakup of that between domestic and exports?

Nikhil Sawhney: I think you take that offline and we can get that to you.

Manish Goel: Also, in terms of dispatches are you seeing any delays where the clients are postponing in terms of taking deliveries?

Nikhil Sawhney: Yes, we do see those, but actually the order book that we have given is net of any slow moving order, etc.

Dhruv M. Sawhney: The main thing is that we are expecting our turnover for the year to still be 5 to 6% higher than last year. When we are saying we expect around 15% growth in turnover in FY13 that is taking into account when people will take delivery of the Turbine. The bottom line is that when are they going to take the Turbine. So we have taken that into account.

Manish Goel: And if you can just break it up in terms of sector wise, which are the sectors you are seeing order intake in recent past and going forward?

Nikhil Sawhney: Domestically or internationally?

Manish Goel: Domestic first.

Nikhil Sawhney: Domestic, we are seeing it in the Bio-mass, IPP sector, Sugar Co-generation sector, the Process Co-generation side you see it in Paper, Rubber, Textiles but the sectors are the same as have always existed. The question is that in each sector it has proportionately come down by that same factor.

Manish Goel: And with Rupee depreciating now in recent past so do you find it more profitable to go for export orders now?

Dhruv M. Sawhney: Export orders for us always had been at a better margin than domestic. But getting an export order is not just a question of pricing, these are very key to project, so it is establishing the confidence in the customer, it is looking at the track record that we have had in that area. So it has a number of factors. It is not just price. Efficiency levels, certainly, the Rupee is helping us preserve or increase our export margin but pricing alone does not help growth.

Manish Goel: Sir, would it be possible to give what is the export contribution in revenues. What is the range like?

Dhruv M. Sawhney: In the nine months period, exports would be about 11 - 12%.

Moderator: Thank you. We have the next question from the line of Aasim Bharde from Asian Markets. Please go ahead.

Aasim Bharde: The previous participant mentioned that GE Triveni has bagged two orders. Now, I understand that the joint venture has received one 35 MW Waste Heat Recovery order. May I know which is the other order?

Dhruv M. Sawhney: No, there are two orders in this range; one order was being executed in the range of 35 MW by Triveni before the joint venture really came. It was the Sugar order and that order came directly to Triveni. And one order in this range has now come to the joint venture which is in the Metal sector for Waste Heat Recovery. That is the one that you are talking about and that is the one under execution in the current year by the JV.

Aasim Bharde: What is the value of this 35 MW order?

Dhruv M. Sawhney: These are information that we keep confidential.

Moderator: The next question is from the line of Sangam Iyer from AlfAccurate Advisors. Please go ahead.

Sangam Iyer: Earlier during the call you had mentioned that you along with GE are going in for a branding exercise of the Turbine between 30 and 100 MW. Could you just elaborate a little bit more in terms of the kind of increasing expenditure that one should be expecting with this regard in FY13?

Dhruv M. Sawhney: This is very little. These are not any great branding exercise, they are not a consumer good, it is mainly meeting consultants, and we exhibit a very specialized exhibition, there is no advertising as such.

Sangam Iyer: I understand, in terms of creating that awareness.

Dhruv M. Sawhney: So it is really, the branding is not for getting the brand, it is getting the people to understand that this product is coming, on which technology and it is coming from India but it still have the backing of GE and the name, and the manufacturing capabilities of Triveni, all that has to be given at the confidence level to the various potential customers and it does take time.

Sangam Iyer: In this quarter we saw the benefit of softening on commodity prices in terms of raw material cost coming down. So should we be looking at these kinds of levels of margins going forward as well assuming that commodity prices are status quo or is there something that one should be aware of?

Nikhil Sawhney: We set our manufacturing and outsourcing and bought out program operational long-term contracts with clients and our majority of our raw materials are high alloy based products and so our raw material prices are not going to fluctuate with international commodity movements. So therefore, we can say with quite certainty as so the costing that we have put in and therefore the margins in our products and so while we said that we believe margins to remain stable it is both while knowing what our product margins are going to come out as well as what aftermarket revenues will be and the margins.

Sangam Iyer: And final question from me, during the last call you had indicated that our fresh order intake in FY12 would be something similar to that of FY11 which is around ₹ 600-odd crore. But now, we are indicating that we would be around ₹ 550-odd crore.

Dhruv M. Sawhney: ₹ 550-580 crore, we are not so sure of those numbers. At the moment in nine months we are slightly over last year. We are ₹ 380 to ₹ 366 crore. That is the exact figure. So now, when you go down to the last wire if someone is placing an order whether he places on the 15th of March or the 5th of April it is extremely difficult to plan on immediately.

Sangam Iyer: I understand. Is it basically because of the uncertainty in the timing issue?

Dhruv M. Sawhney: If you look at where a lot of other people in the space that the trend is all good, whether it comes out to ₹ 5 or 10 crore here or there it is difficult to time it right now but one major thing that I think you should take away one of the things that I said in my opening statement is if you look at the international sector major breakthrough for us has been getting orders from the developed world in very key sectors. The orders we have from London Waste in the Renewable space and the Solid Waste space and in Bio-mass Power Plant is very key, because these are expenditures that are happening in the West regardless of the economic slowdown and it is in these sectors that we manage to get a very prestigious order so I think that is a very good trend for us to be looking at enquiry conversion to orders in the international space.

Sangam Iyer: And finally, currently based on your pipeline of enquiry, would it be too early to comment something on FY13 orders possible conversions or could you give us some flavor on that?

Dhruv M. Sawhney: FY13, we are talking about orders on hand now, which is why we are saying that we are looking at a turnover increase, having taken that into account, we are forecasting an increase in turnover of the company in FY13. And in fact, it is a higher increase, our increase is only about 5-6% in FY12 and we expect this to go up in FY13.

Moderator: We have the next question from the line of Avinash Gupta from Globe Capital. Please go ahead.

Avinash Gupta: A small clarification. GE Turbines, the Turbine manufacturing would be done by Triveni Turbine and what will the JV do?

Dhruv M. Sawhney: It's doing the whole thing, it's the engineering, it will enhance the absorption of technology, it's the marketing, it is the project management, erection, commissioning, application engineering and there are a whole lot, except the manufacture of the turbines which is subcontracted.

Avinash Gupta: And will the margins for both be more or less the same?

Dhruv M. Sawhney: The margins of the product international and domestic should be in a similar share.

Avinash Gupta: Another small question I wanted to ask was who are the other manufacturers in the 0 to 30 MW range in India?

Dhruv M. Sawhney: There is Siemens.

Avinash Gupta: Siemens is only one?

Dhruv M. Sawhney: There are other small manufacturers.

Avinash Gupta: And 30 to 100 MW?

Dhruv M. Sawhney: BHEL and some international parties, the Chinese, which really have not been very successful, the Japanese party, Shin Nippon.

Avinash Gupta: One more small thing, like this coal and fuel becoming expensive are you seeing any increase in the interest on the Bio-mass side?

Dhruv M. Sawhney: Very much. As I was just mentioning to the earlier question that we have very good market share in Bio-mass based Power Plant in India, we have over 80% market share in Bio-mass based Plant. Over 80% of order we have, may be 90% at times.. And internationally, we are now getting orders, as we have got one in London now for 7.5 MW Bio-mass based power plant. So that is the one of our major global strengths is this Bio-mass based power.

Avinash Gupta What I am looking from, evenly strong demand you are seeing from the IPP, the Gas and Bio-mass?

Dhruv M. Sawhney: Yes. There is good demand, that will have a growth internationally also.

Avinash Gupta: And what kind of cost structure does a Bio-mass power plant have in terms of cost of power per unit?

Dhruv M. Sawhney: I think you will have to ask that offline. Definitely, it is a power producer question.

Moderator: We have the next question from the line of Nidhi Agarwal from Sharekhan. Please go ahead.

Nidhi Agarwal: My question is on exports. We are getting bullish on the exports market. But how is the pricing and demand environment? mainly the pricing strategy for us, because I guess few people will be chasing more orders. So are you seeing any pricing pressure or is there a situation where threat of pricing pressure can emerge?

Dhruv M. Sawhney: The pricing internationally, let me tell you, the pricing in the 0 to 30 MW is much higher, the margins are much higher internationally than they are domestically. There is also the cost per megawatt for Turbine in the 30 to 100 MW space which is also much higher in internationally than it is in India.

Nidhi Agarwal: But are you seeing too many bidders coming in for the same projects?

Dhruv M. Sawhney: Not at all. This is not an industry where there is a lot of new entry. In fact, there are very limited players. This is one of the reasons why it takes time to get established in new markets. Because buyers are fairly traditional, they do not move away so quickly and we are finding that. That is why when I talk about getting an order in a market, we look at it very well and after our power plant is established in India in the 35 MW Metals segment we expect substantial breakthroughs all over. But generally, there are few players both in India and internationally, of course with much better international pricing.

Nidhi Agarwal: In the Bio-mass global market can we get an idea how much market share will you be having?

Nikhil Sawhney: It is very difficult to get data point in the international markets.

Dhruv M. Sawhney: Yes, it is very difficult. All I can say is that the places that we are now like in the UK where the moment you get a few of them, the enquiry level in Bio-mass power plant is going up internationally in the markets that we are targeting. We are targeting Southeast Asia; we are targeting parts of Europe and limited countries in Africa. And there we are seeing both Bio-mass of various segments, whether it is from sugar bio-mass or it is bagasse-based or paperboard, there is a good demand.

Moderator: The next question is from the line of Ashutosh G from Dalal & Broacha. Please go ahead.

Ashutosh G: Just a couple of questions; firstly, I wanted to know as you just mentioned earlier, why is the competition low in case of 0 to 100 MW Turbine? Because if we see on a domestic front on a very higher scale even in case of supercritical projects which is quite a technically complicated product. Even in that case we have a lot of competition in India and so why according to you, the competition is low internationally? This is the first one. Second, I would also like to understand why is the CapEx requirement not there in our case? Because if at all it is a technical-driven product then don't you think that CapEx should be one of the requirements and one of the barriers for competition?

Dhruv M. Sawhney: No, I think you are going to some very deep analysis of the Steam Turbine market which I think we should take offline but I just would like to say that even if you look at the supercritical compared to many other there are just three or four players in India except there are only three players except the Chinese and those are also two players. So you have to really look at this sectorally if not like Automobiles or some of the other consumer durables items. The barriers as to whether you go to gas turbines or to steam turbines, you need to understand that market. It is difficult to explain that in a few minutes.

Ashutosh G: In short, can you just throw some light on what are the barriers for this, this particular segment of Turbine?

Nikhil Sawhney: Primarily barrier which is leading to cost. So therefore, even though while we may have 7 or 8 players or name on paper, effectively in terms of competition like you have said supercritical, etc., there may not be more than 3 or 4 actually. And similarly in the lower space, the fact that actually it is even more technology-driven and therefore marketing of larger number of Turbines is necessary to breakeven from overhead and therefore technological development the barriers for entry are even further imposed in terms of supply chain factors and technology and manufacturing cost which don't allow many people to enter this market because it takes long time to get profitable.

Ashutosh G: So if at all product is a technologically advanced product, then why would the CapEx requirement not be there?

Dhruv M. Sawhney: You need to examine capital goods. When you do a survey of capital goods then you will see how CapEx is opened or is related to it, and this is very specific to the time of industry. You need to examine that. Really I cannot take you any further down on that. This is the basis of Triveni even before we had done our demerger of Steam Turbine so that enable to increase our turnover and the capital expenditure in the company for the last three to four years is all in the public domain.

Moderator: Thank you. As there are no further questions I would now like to hand the floor over to Mr. Sawhney for closing comments.

Dhruv M. Sawhney: Thank you very much. Thank you for having this conference call and as I was mentioning just to wrap up we are looking forward to an even better year in Financial Year '13 both in terms of bookings for the future for '14 and for performance in FY13 itself which is based on our current order booking and what we see in the next few months.So I think we have a good platform both in Triveni itself and in our JV to take the foray into turbine from 0 to 100 forward in India and overseas. Our technical developments and our service capabilities are a forte as you know and we are fortunate in being recognized as one of the best service providers in India and now in limited in the area that we are internationally. So both these things, technical development service and a good product is what we are taking forward to Financial Year '13. Thank you very much.

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