



## Triveni Turbine Limited

### Investor/Analyst Conference Call Transcript

#### July 29, 2013

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- Moderator** Ladies and gentlemen, good day and welcome to the Triveni Turbine Limited Q1 FY14 earnings Conference Call. As a reminder for the duration of this conference, all participant 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, 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 over the conference to Mr. Rishab Barar from CDR India. Thank you and over to you sir.
- Rishab Barar** Good day everyone. A warm welcome to all of you participating in the Q1 FY14 results conference call of Triveni Turbine Limited. We have with us today on the call Mr. Dhruv Sawhney – Chairman and Managing Director, Mr. Nikhil Sawhney – Joint Managing Director, Triveni Turbine Limited along with other members of the senior management team. We would like to mention before we begin that some statements made in today's discussion may be 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 be not be broadcasted or reproduced in any form or manner. We would like to start this 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. Sawhney to share some perspectives with you with regards to the companies operations and results for the quarter under review. Over to you Mr. Sawhney.
- Dhruv Sawhney** Thank you Rishab. Good morning everybody and welcome to the Q1 Conference Call for FY14. In this year we have had an uneven performance. As you know that in our capital goods and power generation business quarterly performances are a little uneven. Primarily our domestic demand has continued to be sluggish. And while we have an extremely healthy export enquiry which I shall touch upon later, but there has been a slight slowdown in order finalization.
- Our order book at the moment is higher than what we have started with in the quarter at ₹ 4.8 billion. And we are fortunate that our joint venture GE Triveni Limited has received an order for a 45 megawatt turbo set which is of a higher megawatt than its earlier orders. The export turnover is around 29% higher quarter on quarter. The income from operations is at ₹ 1.11 billion and the current quarter profitability has been impacted by ₹. 53 million, on account of the MTM loss on foreign exchange of ₹ 24 million. We also gave yearly incentives to the employees which last year was given in Q2 and it amounted to ₹ 29 million. So during the year this personal cost will get evened out.



I would like to take you through the numbers on the adjusted profitability for these 2 items that have happened in this quarter. This has also been disclosed in our notes. The EBITDA on sales which was 20.7% in Q1 , on the adjusted basis comes to 25.5% and that is versus 26.1% in FY13 for the whole year. Our PBT on sales in this quarter which has been shown at 17.6% on an adjusted basis is 22.4% and that is a healthy margin. This is versus 23.1% in the last quarter and then again the same quarter of last year. So our PAT on sales which is now shown as 11.9% is on an adjusted basis 15.1% and I think over 15% net margin on sales is a healthy margin especially looking at today's environment in the domestic market. So our return on equity on an annualized basis of 45%, adjusted, we feel, is good. We have still our current ratio and our debt almost minuscule. So we don't have any obligations as such. What has happened is that our export margins have actually gone up slightly because of the favorable exchange rate but we are having a higher overhead absorption because of the lower sales in the quarter. The slowdown in the capital goods industry which started a couple of years ago has actually got worse in the last 9 months and we don't see a sign of any big turnaround in the next quarter. So we are not basing any calculations on that. Though I feel we have reached the bottom because there are more domestic enquiries coming in. We are not hanging our hat on that because we are not confident of when they get finalized in the various cement, steel and even in sugar cogen sectors. People feel that interest rates are of something that they can stomach. Our strategy is to accelerate our efforts in the global market which we feel would mitigate this domestic slow down risk and which has already yielded results in FY13 and to increase our concentration on aftermarket which has shown good results in the last quarter as you see.

Overall we are pretty bullish on the prospects of our business. Exactly the same as we have been during FY13. In fact, on the export front, may be a bit more. But the challenges of this market are such that order finalizations on a quarter to quarter basis may be lumpy and this is not really in our control because it depends on the types of industries. This sort of slight risk factor gets diversified because in exports we are getting enquiries now from 43 countries. So some countries may be doing well, some companies may not be doing well. I would like to say because this is a very key part of our export strategy and of the company strategy and mitigating the domestic slowdown. We have concentrated our efforts on markets and sectors which are not so influenced by the global slowdown such as the biomass which has special incentives, waste to energy, co-generation especially in sugar and some other process industries and on the smaller range markets like the palm oil market. And these are actually getting more and more into the fore in the countries that we had not looked at before. As an example, we have now got extremely good enquiries from Central America, and from parts of South America, Mexico, Guatemala, Honduras, Columbia and we are very competitive in these markets but not having exported there is taking time to get the first few orders.

In a number of our export markets, our turbines that were dispatched last year will now start getting commissioned. The moment these are actually commissioned, our chances of converting our enquiry base into orders increases exponentially. This is the key factor and it is actually the commissioning cycle - while your delivery may be 9 months because of the client having to do various other jobs and getting the turbine up to speed may be another 6 months depending on the territory where we are. But our export enquiry book which is around 4 gigawatt in the beginning of FY14 has actually gone up to over 5 gigawatt now, because of our new markets. And if you ask me where are we finding great enquiries from, I would say besides the Latin American market, South East Asia, Indonesia, Philippines and Thailand are good. Some parts of Africa such as Kenya, Uganda, South Africa, also limited parts in Europe. We are increasing our concentration on the refurbishment business which is part of our after sales. Because where the economic situations are slow, we are finding that people are tending to go for a

refurbishment rather than a new order and we are now trying to do this in the export market. Of course it is more difficult but in the long term this we feel is a good sector, may be not as big as the product sector but of a higher margin.

Our efforts in our joint venture, GETL, in the export front are also looking up. We are confident of getting our first international order in FY14. Our joint venture partner, GE who are handling our sales are finding that there has been an appreciable reception in the last 3 – 4 months to the various tenders that we have placed and some of course have been postponed but some have become extremely active. So I feel that is something that's quite good. I would just like to say that while in the first quarter order bookings have not been the same as they were in Q1 FY13. Just to take the exports I am quite confident and in fact we don't give any guidance but on this I could say, that we expect to get appreciably more export orders booked in the current financial year than we booked in the last year. By the way, we have a very conservative policy of order bookings. We actually don't take the order in our books till we either have an advance or we have a letter of credit established. So there is sort of time gap between when we feel we have the order and when we take it into recognition because we feel that once we take into recognition then we have a delivery cycle that we have to keep . The second point I would like to make is that our order bookings in the current year will more than compensate for the slowdown domestically in FY15 because that's the crux that while we are having an effect of Q1 slow order bookings which will have an effect in FY14 but it will have a reverse thing in FY15 that you suddenly get a big jump. Now the reason for this also is that there were some orders of FY14 in the first quarter that we were hoping to dispatch in the current year. Now when those haven't come in, this will affect our turnover in FY14. The extent of it is really not establishable now but it will have some impact. We don't expect any of our current orders that we have on hand and we have gone through a very minute scrutiny of them to get postponed into FY15. So we are quite confident in that situation. I would like to now open the floor to questions.

**Moderator**

Thank you very much sir. Participants we will now begin the question and answer session. We have the first question from the line of Pranav Gokhale from Religare Asset Management, please go ahead.

**Pranav Gokhale**

The first question is on GE Triveni JV. After the JV was formed from April 15 2010, the market size was about 2.53 gigawatt internationally which you have highlighted. We have still not been able to kind of receive any international orders. The currency has benefited the Indian producers over here but still we have not seen orders coming in. So is there any kind of stumbling block which is actually there or you need to show new turbines working for an year, year and half because of which the orders are not coming in. Could you please help us understand?

**Dhruv Sawhney**

The first I like to say is that while we signed the joint venture in April, 2010, it really got operational about a year later because of transfer of technology and then starting to make offers but still say from 2011 onwards till now what has been the situation? Our competition is from very well established MNCs as well and in the international market possibly because this is a higher line going into 100 megawatt, the reference points are looked at more than we thought. Now we are very fortunate that we got our domestic orders very quickly. That will help tremendously. Our first order, Usha Martin actually got commissioned last night, even though it was delivered 8 months ago, the client hasn't got the other equipment ready to do it. This is something that is out of one's control. So that's why I am saying I am seeing acceleration. Because in the next few months a number of those turbines will start getting commissioned and coming up to speed. So while all the international customers that we have called who have visited Bangalore, are very pleased with the facility, they feel this is of an international quality and they have the highest respect for GE in this market. Some other delays have been because of

looking at the reference. But now the enquiries that we feel are going to be converted are those where they have accepted our being in the field. So this is why I am still very encouraged about the market because we have a tremendous market and a very competitive product. The question is to have our first few orders in every market. Then I do expect a fairly explosive growth.

**Pranav Gokhale** When GE Triveni turbine gets a JV order, suppose it is a domestic order, does GE also get marketing margins on those or those are only to the JV?

**Dhruv Sawhney** Those are things that are actually a little bit confidential in nature. But our JV is a 50 – 50 JV. We have tremendous support from GE and both GE and Triveni look at this as an independent entity which is going to earn dividends for its shareholders and they put everything into the JV.

**Pranav Gokhale** My last question is a book keeping question, we have seen the increase in the staff cost and other expenditure this quarter. So is this a one off which is there?

**Dhruv Sawhney** That's a key point. We have a one time performance incentive that was given in quarter 2 last year in FY13 and this year in FY14 it's been given in quarter 1. So the effect of this will get smoothed out in Q2, Q3, and Q4. that's why you have seen this spike. In fact when I gave the adjusted margin, between Q1 FY14 and both before and after, I have taken 2 things into account. 1) I assumed that my MTM will get neutralized during the year and 2) I have taken the effect exactly what you mentioned and the effect is moving our PAT and sales from 11.9% to 15.1%.

**Moderator** The next question is from the line of Nirav from Motilal Oswal. Please go ahead.

**Nirav** Recently Thermax has won a very big order for supply of boilers. So just wanted to check if the turbine order for that particular customer has been finalized or what's the status on that?

**Dhruv Sawhney** The order has not been finalized.

**Nirav Vasa** Is it still under negotiation stage or how is it?

**Dhruv Sawhney** Yes

**Nirav Vasa** Sir you also informed that you are getting very good enquiries from sugar co-gen CAPEX. So just wanted to check in the sugar cogen CAPEX, enquiries are coming from private developers or it is mainly from the the cooperative segments?

**Dhruv Sawhney** No, In India it is coming from the cooperative segment mainly. Overseas we are getting a lot of sugar co-gen enquiries. India, technology wise in sugar co-gen, was ahead of the world by about 4 – 5 years. Now in lot of developing nations in the world the power rates have gone up. And so what India started in co-gen 4 – 5 years ago, they are catching up. So including Columbia, Mexico, they are taking their existing very low technology, low pressure boilers and converting to higher pressure which brings on the feasibility of supplying our same turbines.

**Nirav Vasa** You informed that you currently have a 5 gigawatt enquiry pipeline in the export business what was against 4 gigawatt at the start of the year. I wanted to check what the total enquiry base will be?

**Dhruv Sawhney** 5 gigawatt.

**Nirav Vasa** 5 gigawatt is for total or it is for export?

**Dhruv Sawhney** Export. Domestic, I don't even want to say it till something gets active, in inquiry people send down something. If I told you figure of another 2 gigawatt, I don't really rely on these domestic enquiries because till we feel confident that people are really starting to take orders. Another thing is our projections of order bookings in the current year, are based on a domestic preservation of our market share of 60% which we did in the 1<sup>st</sup> quarter and we are confident of it going up in the balance of the year as well. Domestically I know that when these orders come for finalization in 0 – 30 megawatt range anyway, we will be getting our past market share.

**Nirav Vasa** My intention was just to get an understanding what was the bid enquiry rate which is going on in the market?

**Dhruv Sawhney** It is 5 gigawatt but let me tell you there are lot of our smaller turbines, the same question that was asked on GE Triveni, actually applies to our smaller turbines in the export markets. The moment one of those starts getting commissioned, the conversion of enquiry to order gets much better.

**Nirav Vasa** Effectively you have around 10 gigawatt of enquires which are currently under various stages that would include 5 gigawatt in export and 5 in domestic?

**Dhruv Sawhney** 2 Gigawatt in domestic.

**Nirav Vasa** And what would that number be at the start of the year?

**Dhruv Sawhney** On export it was 4 gigawatt, I don't know the figure on domestic.

**Moderator** The next question is from the line of Ranjit Shivram form B&K securities. Please go ahead.

**Ranjit Shivram** I want to know this order book how much is pertaining to export and how much is domestic of ₹ 482 crore?

**Dhruv Sawhney** Approximately if we take ₹ 482 crore, we have 3 components we have aftermarket, domestic and export. On the export, product is about 24 – 25%.

**Ranjit Shivram** And how much has this order book grown compared to last year?

**Dhruv Sawhney** It has grown from the beginning of the year by about ₹ 11 crore. So it has grown slightly. But I can say that our 24% order booking in the orders on hand of the export market, of all the orders we expect to book in FY14, exports will be appreciably more than 24%. They will be getting close to 70 – 80% higher than this 24% which is our current mix.

**Ranjit Shivram** Is it right to assume that this order book you are expected to grow by around 10 – 15% by the end of FY14?

**Dhruv Sawhney** I would say something like that. But the more important thing is that the mix of the order book every quarter by the end of the year will be much more skewed on the export market. That's our expectations of the conversion of export enquiries into orders.

**Ranjit Shivram** And how much of revenue growth we are expecting for FY14 given this flattish kind of revenue?

**Dhruv Sawhney** Because we had not got the order in the first quarter and the slowdown in the last quarter of FY13, we are not looking at revenue growth in FY14. We are looking at a substantial revenue growth in FY15 but I cannot say on FY14 because the impact of the first quarter will be in the current financial year.

**Ranjit Shivram** And in terms of margins?

**Dhruv Sawhney** Margins we are being able to preserve. In fact the export margins have gone up and so we are able to preserve and even though our turnover may be affected I mean if we adjust for that. We should be able to have the same margins.

**Ranjit Shivram** Is it correct that 24 – 25% of operating margin possible in FY14?

**Dhruv Sawhney** That will depend on the turnover. As I said we are not having great margin pressures. There will be some slight changes depending on the turnover and overhead absorption.

**Ranjit Shivram** And how much is ₹ 482 crore in terms of megawatts?

**Dhruv Sawhney** I don't have that break up. You could ask our people. It is comprised of various different sectors. So megawatt will not give you much of an idea comparing megawatt-to-megawatt because we are catering to a whole different size range from 1 to 45 megawatt.

**Ranjit Shivram** And lastly out of this 45 megawatt order win of GETL, how much is it in value terms?

**Dhruv Sawhney** We don't want to start disclosing because this is a little bit commercial.

**Ranjit Shivram** And in the start of year we had quoted some figure for overall market in captive power. How much are you expecting now with the slow down? For this year how much would be the overall market for captive power?

**Dhruv Sawhney** About flat.

**Ranjit Shivram** Is there no growth there?

**Dhruv Sawhney** No. we are not assuming any.

**Ranjit Shivram** So it will be probably in FY15 where we are seeing some green shoots.

**Dhruv Sawhney** We are really concentrating on our exports and on our after sales. I expect a little turn around in the last 9 months in the domestic market and then it does not happen. You know many other capital goods industries and power generation that you all are tracking. You know the situation and we should look at things that we are much firmer on rather than saying exactly when the market is going to turn in India. That's little bit out of our hands. So we want to cater for growth looking at things that are more in our control.

**Ranjit Shivram** So probably end of the year this 65 – 35 ratio of domestic export might go to around 50:50.

**Dhruv Sawhney** Well over 40.

- Moderator** The next question is from the line of Ashutosh Garg from Dalal and Broacha. Please go ahead.
- Ashutosh Garg** Just wanted to know what is the order inflow for this particular quarter?
- Dhruv Sawhney** Our order inflow in total was about ₹ 120 crore or a little over that including aftermarket.
- Ashutosh Garg** When you were mentioning that you would be able to maintain the margins. So what sort of a figure are you looking at because if we add back the onetime sort of things, we get a margin of 23 – 24%?
- Dhruv Sawhney** We don't give this guidance and secondly when I am not clear on what dispatches will actually happen in FY14 I cannot really fine tune this margin and what is this going to come to. I can give the indication that the margins we are getting in the export business are slightly higher. These are the orders we are booking and the active enquiries that we are giving. So this is more than compensating for the lower margins in the domestic markets. And so with the volume growth in export orders now it depends when they are actually finalized and when they get delivered for you to get that final figure. So it is not possible to give the net margin at the end of the year now because turnover is not entirely within our control. It's a little bit in the client's control as to when he picks it up. Quarter-to-quarter it is so difficult. That's the problem and with any certainty you cannot say it is happening in quarter 4. It can go from the 25<sup>th</sup> March to the 5<sup>th</sup> of April and it changes everything.
- Ashutosh Garg** Coming back to international marketing through GE, can you give us a sense of what sort of orders we had bid for and we were not able to bag the orders. What is the typical size of these orders which we are looking at from a GE marketing perspective because if I understand correctly through GE we are only bidding for 30 – 100 megawatt if that is correct so can you throw some light on what is the size of those orders?
- Dhruv Sawhney** We are concentrating on the market under 50 megawatt to start with. 35 – 45 – 50, under 50 megawatt market sometimes we go to 60 also and we have a philosophy of target countries and target sectors. So we are concentrating on some target countries and target sectors and in these ranges why it takes time is because you first have to convince the consultants. They have to visit, they have to okay you. They have to put your thing in the prequalification. These things take quite some time and then after this they qualify you then you come into the bidding line of the one that come in the future not the ones that are already there. As you go up the range they are more sophisticated customers and they normally go for using consultants and have a different procedure for prequalification.
- Ashutosh Garg** Coming to the prequalification if I remember correctly we are already prequalified in quite a few geographies last year by the end of FY12 itself we had been prequalified for few geographies internationally?
- Dhruv Sawhney** In each sector you can't get qualified and across the board and even in India you have a particular sector say the cement sector is different from steel, each sector and each country has its own consultant base and people have their supplier base.
- Ashutosh Garg** Do we still have pre-qualifications to be done in few sectors internationally or are we done with it?
- Dhruv Sawhney** The world is huge and I am talking about so many gigawatt. If you start looking at the enquiry base, possibilities in 30 – 100, they are also in 4-5 gigawatt range.

**Ashutosh Garg** Can you throw some light on what were the M-to-M figures for last quarter and the last quarter same year corresponding as well as sequential quarter?

**Nikhil Sawhney** There was no MTM charges in the last quarter.

**Ashutosh Garg** In Q4 you mean to say.

**Dhruv Sawhney** Yes.

**Ashutosh Garg** And Q1, last year sir?

**Dhruv Sawhney** Also in Q1 there was no MTM charged.

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

**Manish Goyal** On the large opportunity what we see in domestic market because Siemens have also expanded their turbines facility in Vadodara. Just wanted to get a sense on the competition intensity especially in the large orders which we were talking earlier.

**Dhruv Sawhney** There is no doubt. I think you can say that we have less competition in our range up to 100 from the Chinese but we have definitely competition from the public sector as you know.

**Manish Goyal** Is the bidding process over and are we awaiting the final result?

**Dhruv Sawhney** That's a little bit of an ongoing activity. We would like to not disclose those.

**Manish Goyal** In Q1 when you said ₹ 120 crore order inflow, so it should be including the order which the JV got for the 45 megawatt one?

**Dhruv Sawhney** Only the turbine part..

**Manish Goyal** So how much were the orders from export market?

**Dhruv Sawhney** Export market actually was a little down in the first quarter because some of the finalizations have come in July-August.

**Manish Goyal** Just want to roughly know what were the order inflows in exports for Q1?

**Dhruv Sawhney** About 18%.

**Manish Goyal** On the execution of the earlier orders which JV received one was from the NMDC. How is the execution going on?

**Dhruv Sawhney** Very good. We are looking for completion in the current year.

**Manish Goyal** Because I was wondering that on one side we are basically a little uncertain on the FY14 revenue and very bullish on FY15. So is it next year where we are seeing a strong growth partly driven by execution of the JV orders?

**Dhruv Sawhney** JV orders are not that much on the turbine part for Triveni Turbine. The values are not so much to these three to four orders that we have. What will be driving the growth is the commissioning of these and the conversion of new orders which get

delivered in 2015, so the volume of business and volume of orders on hand we expect to go up.

- Manish Goyal** Last question on the annual report what we see is in the revenue break up, we see a turnkey project revenue of ₹ 60 crore, so just wondering because we haven't seen this kind of a turnkey execution for us. So what is this pertaining to and how big was this project order?
- Dhruv Sawhney** It is not a turnkey offer. It had an expanded BOP scope. It is a good order and we are still executing it. This is why we have it in slightly different classification.
- Manish Goyal** So is there any such order on hand in the current order book?
- Dhruv Sawhney** The same that was disclosed in the annual report is continuing. So little bit still to be completed in the current year.
- Manish Goyal** And the last question on the order booking, historically when we used to give the order book, it was without aftermarket right?
- Dhruv Sawhney** No we normalized it.
- Manish Goyal** From this quarter onwards is it including aftermarket.
- Nikhil Sawhney** So was last quarter and the quarter before that, I think for the last 9 months we have been reporting it including aftermarket.
- Moderator** The next question is from the line of Devam Modi from Equirius Securities. Please go ahead.
- Devam Modi** If I could get the breakup of the order inflows into domestic exports and refurbishment?
- Dhruv Sawhney** In the quarter?
- Devam Modi** The ₹ 120 crore order that you spoke of?
- Dhruv Sawhney** As I said about 15 – 18% was export and about 60% was domestic and the balance was refurbishment and after market.
- Devam Modi** So in the refurbishment orders, do you see a trend of these orders going up basically with this quarter it appears to be around ₹ 25 crore. So do you see the order rate going up in the near future?
- Dhruv Sawhney** Again these are lumpy. Few of the export ones were postponed to the quarter 2. Some of the ones in refurbishment we were able to accelerate into quarter 1 but as I said these are the two lines that we are putting more efforts in, the whole aftermarket, so we are actually going to see a growth in order intake and turn over in these areas.
- Devam Modi** Apart from the existing order book that we already have how much of book and bill we can expect during this year in terms of export as well as the domestic markets?
- Dhruv Sawhney** Now it is very little because of our delivery cycle. So book and bill now, is not something we can bank on. You have to get some very small turbine order and not a very difficult refurbishment to manage and we only deliver when we are getting

payments. So we deliver when we have a security of payment when we are sure of. That's another point that book and bill in the current year is not easy.

**Devam Modi** This refurbishment order inflow you have, it generally takes around 3 months to finish right?

**Dhruv Sawhney** The refurbishment goes to 5 – 6 months but unless it is a major refurbishment. One or two are major refurbishments. They will be book and bill in Q2.

**Moderator** The next question is from the line of Salim Desai from Premji Invest. Please go ahead.

**Salim Desai** Earlier you mentioned that higher interest rates is one of the key concerns with some of your clients and that is why orders are not coming through are not getting finalized. Is there interest rate concerns also impacting existing orders where clients will be asking you to defer or to hold on deliveries or not paying?

**Dhruv Sawhney** We in fact had some of that in Q1. Some of them are actually asking to delay some of the bought out dispatches, a little bit of that is there domestically. To say that it is not there is not correct. Where it is and when it is and how long they remain for is difficult but they have committed a lot. Many cases they asked us to delay but they have already paid 30% to us. You can't be so rigid and if he says give me another month or 2 months, it is difficult to not accede to our customer.

**Salim Desai** My worry was that in case this liquidity concern lasts for long. Then the clients might have funding issues in completing the project itself. So does the bank put our revenue growth or our order inflow growth expectation at risk?

**Dhruv Sawhney** It can have some effect, I don't think a major effect but quite frankly that's why when people say what is your margin going to be for the end of the year or what's your turnover, it is very difficult to say that.

**Moderator** The next question is from the line of Mithun Soni from Geecee investment. Please go ahead.

**Mithun Soni** Can you just explain a little more about the derivative contract that we have and are these reversible or just book entries?

**Suresh Taneja** You know MTM charges are basically in respect of the foreign exchange contract which we have taken to cover our exposure. And in case of a loss as per the accounting standard we provide for it and in case of gain we do not take the gain. So basically this charge is only in respect of that.

**Mithun Soni** So basically these are for whatever exports we are obliged to do for this quarter or for next 2 quarters?

**Nikhil Sawhney** That is only with underlying open exposures.

**Mithun Soni** How much exposure we would have taken to what extent is it for the full year or six months?

**Nikhil Sawhney** Because they have been underlying the fact that it is to the maturity of the underlying receivables. So each order is a receivable that we expected it is to that maturity. The total amount is somewhere in the region of ₹ 86 crore on net basis payable comes to approximately ₹ 79 crore.

**Suresh Taneja** Very roughly speaking we are hedged to the extent of about 75% of our net exposures. So I am taking out the natural hedges straight away.

**Mithun Soni** Is it possible to say at what price we would have hedged it and so if the rupee was to strengthen again, we would again have to reverse these losses, would it happen?

**Suresh Taneja** If the rupee comes down if it appreciates then obviously all these losses would be reversed and secondly If the rupee stays at wherever it is as of now then my export transaction would take place at a higher price. So ultimately I will get the forward rate which I hedged for.

**Mithun Soni** But sir what will be our hedging limit, would you be able to share that?

**Suresh Taneja** ₹ 57.5.

**Moderator** The next question is from the line of Pankaj Kumar from Edelweiss Securities. Please go ahead.

**Pankaj Kumar** My question pertains to your domestic enquiry book which I think in the last quarter you stated somewhere was around 4.2 gigawatt and recently it has come down to 2 gigawatt, am I right on that?

**Nikhil Sawhney** Actually while you are very right in looking what we talked about in terms of enquiry book, there is slight distinction in terms of how we actually approach the market domestically and from the export market. The export market while we do not have the presence to be able to capture accurate data on order booking, we look at it in terms of enquiry book and conversion of the enquiry book. For the domestic market while our presence, penetration and visibility is significantly higher, enquiry book is not as meaningful as actual current hot orders which are going for finalization. So that is what we track more. From an enquiry book basis it is about consistent from where it existed and we are not seeing any movement in it.

**Pankaj Kumar** So you are saying that 2 gigawatt of this enquiry book is where we can expect orders?

**Dhruv Sawhney** Orders in the next year, year and a half or 18 months or so.

**Pankaj Kumar** And balance 2.2 Gigawatt it is shelved or something?

**Dhruv Sawhney** Not sure.

**Pankaj Kumar** The BOP scope of work which we did last year which is around 60 crore, so are we seeing more opportunity of similar kind?

**Nikhil Sawhney** No we are turbine manufacturer or product manufacturer. The fact is that to the extent our client may want us to do a little bit of scope, we would not discourage them.

**Pankaj Kumar** In future you see an opportunity then you can go for it?

**Nikhil Sawhney** No it has to be very limited and in a scope which is completely aligned with what our capabilities are.

**Moderator** The next question is a follow up from the line of Ranjit Shivram from B&K Securities. Please go ahead.

**Ranjit Shivram** Last year the same quarter also there was certain rupee depreciation so why have we not hedged that time?

**Nikhil Sawhney** We do not have that data right now but the fact is as you know the hedging happens with a forward premium as well. And of course with that point in time regardless of the rupee depreciation it must have been below our hedge rate, so therefore there was no M-to-M loss.

**Ranjit Shivram** Lastly in this Thermax orders that are also in the fray for turbines, are we expecting some?

**Dhruv Sawhney** With all EPC contractors, we have a very good relationship and where Thermax or any of the others have EPC orders may be if they have simple boiler orders, then obviously they have no turbines connected with it. So the boiler manufacturers have two types of orders in hand. So really you have to be looking at that.

**Moderator** The next question is from the line of Ashutosh Garg from Dalal and Broacha, please go ahead.

**Ashutosh Garg** Last year on the order book front we were down 12% year-on-year. So do you see a similar kind of revenue degrowth for the full year or are expecting better execution to cover up some of it?

**Dhruv Sawhney** Earlier question on book and bill is very relevant. What people take dispatch will affect the current year and while our orders on hand we are projecting at the end of the year to be at a higher figure than what it was in FY13 and that's why I am saying the effect of that is in FY15. The fact of this degrowth last year and slight delay in customer's taking part of our turbine delaying by a few months, has possibilities of effects in revenue of FY14.

**Ashutosh Garg** And more so because earlier order book didn't include the aftermarket and this one does?

**Dhruv Sawhney** Last 9 months it did. As we said that is not a consideration for comparison in the last 9 months. But compared to let's say same quarter last year, there is an effect.

**Moderator** The next question is from the line of Manish Goyal from Enam Holdings. Please go ahead.

**Manish Goyal** On this BOP order how big was the order for us, total order because we were still executing that?

**Dhruv Sawhney** You can ask us offline. We will see what best information we can give.

**Manish Goyal** As you said you expect a similar number in the current year also right?

**Dhruv Sawhney** No I didn't say that. On this project we can't say that. We are talking about orders of turbines only and not extended BOP. There will be an increase in that over the FY13 end figures.

**Manish Goyal** When we say this ₹ 60 crore what we have disclosed last year this includes the turbine you have supplied for this order or this is excluding the turbine?

**Nikhil Sawhney** It includes.

**Moderator** The next question is from the line of Devam Modi from Equirius Securities. Please go ahead.

**Devam Modi** Earlier you shared that you are around ₹ 120 crore of order in the first quarter. So based on the trend that have gone past in this quarter you would be on the same run rate to get around ₹ 100 – 120 crore in quarter 2 as well?

**Dhruv Sawhney** We should be going up a little bit.

**Moderator** As there are no further questions, I would now like to hand the floor over to the management for closing comments.

**Dhruv Sawhney** Thank you everybody. A very nice set of questions. I think as I wanted to conclude on is that, we are very bullish on our business model which is what we feel adequately catering to the domestic slowdown and we are finding very encouraging responses on our export and the new markets we are going to in our product line. We are having a very good response to our product and our pricing and the image factor is good. Similarly in our JV in the next quarters, once some turbines get commissioned, there should be a very substantial change around in the order finalization from enquiries. So with a high enquiry base in the export market and moving now on our after sales refurbishment into the export market as well, we feel we have more than adequately compensated for the temporary slowdown and the effect that we may have in FY14 in to what would be there for FY15.

**Moderator** Thank you sir. On behalf of Triveni Turbine Limited that concludes this conference.