



## **Praj Industries Limited**

### **Q1 FY17 Earnings Conference Call Transcript**

#### **July 25, 2016**

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**Moderator** Good day ladies and gentlemen and welcome to Praj Industries Limited Q1 FY17 Earning conference call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Priyanka Watane from Praj Industries. Thank you and over to you ma'am.

**Priyanka Watane** Good day everyone. We welcome you to this conference call organized to discuss Praj Industries' operating performance & consolidated unaudited financial results for Q1 FY 2016-17, which were announced on 22nd July.

I have with me, Mr Gajanan Nabar, CEO & Managing Director, Ms Vinati Moghe, VP, Corporate, Mr Surendra Khairnar, AVP, Accounts, Mr Dattatraya Nimbolkar, Company Secretary. We are also joined by our incoming CFO, Mr Sachin Raole.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to our financial performance were emailed to all of you earlier. These documents, along with a quarterly results presentation, have also been posted on our corporate website. I would now like to hand over the floor to Mr. Nabar for his opening remarks.

**Gajanan Nabar** Good morning ladies and gentlemen. I welcome you to Praj Industries' Earnings call. I hope you have had the chance to refer to the results which were circulated earlier. The presentation for the same is available on our website.

There are some team developments at our end. Mr. Dattatraya Nimbolkar, Praj's CFO, will retire at the end of the Calendar Year. Till then he will assume the role of Company Secretary. I would like to take this opportunity to thank Mr. Nimbolkar for the important role that he has played at the Company. Mr. Sachin Raole has joined us as the CFO. Sachin has over 20 years of experience in the finance function and in the past has been associated with reputed companies. Ms. Vinati Moghe, with whom most of you have interacted during the course of over 2 decades that she has been with the Company, has decided to leave Praj for personal reasons. We thank Vinati for her contribution and wish her the best of luck for her future endeavors.

Allow me to walk you through developments of the quarter. First quarter of the new fiscal was quite eventful, with several developments on the domestic and international front. Capital goods sector in India has been recognized as a strategic sector. Also, infrastructure projects have caught impetus – right from railways, power transmission, roads. In the wake of this, consumption-led growth will soon follow and is expected to restart another upward cycle of investments.

The government of India also opened doors wider for FDI in various sectors including pharmaceuticals and food products, which are of interest to us. Britain's decision to exit EU was a development of global importance. As far as the Indian economy is concerned, BREXIT will have a mixed impact owing to the bilateral trade relations between the two economies. Coming to the business environment. Starting with ethanol business: On the heels of firming up of sugar prices, good monsoon showers have buoyed the sentiments in Indian sugar industry. The sector also gained from increased ethanol blending in the country. With the positive momentum on ethanol blending program, new investors are entering the space and we are in discussions with them for setting up ethanol projects.

Government's increasing focus on the implementation of ethanol blending mandate has certainly bolstered visibility prospects for India. It is paving the way for progressive blending to achieve GHG reduction as agreed in the Nationally Determined Contributions at COP 21; while also helping the rural and farming community. Centre's plan to launch the integrated bio-energy mission is a welcome step in this direction. The indicative outlay of Rs 10,000 cr for the next 5 years, starting 2017-18, will enhance the use of ethanol and biogas, along with other forms of renewable energy. Some of these funds are expected to go towards viability gap funding (VGF) for 2nd generation ethanol.

Some state level initiatives are also being taken. For example, in Gujarat, 25% subsidy is declared for modernization and expansion of existing ethanol plants. The permitting and licensing process is also simplified. For higher blends, 2nd generation ethanol technology becomes important. With MOPNG's commitment for implementation of 2nd generation projects, OMCs will be the investors in 2-3 projects each. They are in the process of selecting technology suppliers and working out suitable business models. We expect some positive announcement on 2G front. The EOIs released by OMCs have seen favorable response from many participants in the industry.

In line with this, development on our own 2nd Generation Integrated Bolt-On Smart Bio Refinery Demonstration Plant is on track. The engineering is complete and we have started placing orders for components and raw material. As a company, we have always believed in sustainable solutions and with our 2G efforts we are designing a "techno-socio-economic model" for the energy space, right from farmer through producer to blender and eventually to the consumer.

In the international space, right now the indenting activity internationally is at a lower ebb due to various factors. Argentina and Peru are the promising geographies in South America currently. With successful references in the region, Praj has an established reputation. Sugar mills are in the process of expansion and addition of ethanol plants. With the international demand for ethanol, some of these markets are also looking for export opportunities. We are also pursuing specific modernization and retrofit opportunities in Central America's rum industry.

In South East Asia, we see increased number of enquiries from Indonesia, Philippines and Myanmar. Thailand continues to remain an important market for us. We are pursuing some Greenfield opportunities here in addition to the focused modernization projects.

In each of the regions, our teams are pursuing niche cases of technical audits, modernization and retrofit where, technological interventions will play a role in energy optimization, yield improvements, plant stabilization and meeting environmental norms. With added focus on modernization and retrofit segment, we have a substantial basket of enquiries. These go through a process of assessment of the plant followed by technical intervention.

Coming to the brewery segment, we are glad to share that the team has won 2 orders for the supply of complete process plants for Greenfield projects in India. Enquiries have also picked up in the wake of Andhra-Telangana division. Having worked with the top global brewers, we are in the process of devising key account strategy for some chosen customers in this space. We are closely monitoring the business environment concerning our emerging businesses.

The recently announced FDI push in the pharmaceutical sector is refreshing. While the earlier norm allowed 100% FDI in brownfield projects only through the government approval, new norm allows 74% FDI under the automatic route. The FDI policy change will definitely reduce the timeline for cross-border M&As in the sector and will lead to more funds coming into India.

We are driving various operational efficiency measures at Praj HiPurity. With increased internationalization, the number of enquiries has improved from select geographies. The team is also focusing on key accounts to improve the ticket size and winning new accounts. Last quarter, the team won 2 new large accounts. The strategy to enhance the growth prospects is in place. The package of value added services also plays an important role in improving the lead basket.

The water & waste water business has won some impressive projects in the power and F&B sectors and also some repeat orders from existing clients. The focus here is to improve the ticket size and application of reduce-recycle-reuse of effluents in the water starved geographies. With recycle norms in the power sector, the team is pursuing flue gas desulfurization opportunities while considering suitable business models. Though crude oil prices have ascended, we will have to wait for them to come into the investment range before any significant movement for our critical process equipment and systems business. With infrastructure projects picking up in India, we expect them to have an impact on other sectors too and our efforts are on to pursue projects there. The quarter bygone has seen some first time wins in this segment.

Petrobras related order maintains the status quo. As indicated last quarter, discussions have opened to shift it to the new Contractor. It is reliably understood that there is a strong likelihood of resuming the project this calendar year. This order forms a part of our order backlog. Let me now cover the financial performance of 1st quarter ended 30th June, 2016

Please note that the numbers reported for the quarter are in compliance with IND AS standards of accounting. For the sake of comparison, previous quarters are also adjusted for IND AS. It is observed that the first half is seasonally weak for capital goods sector and we would like to bring this to your attention. Praj is also subject to this phenomenon, with first half typically subdued. Revenue on consolidated basis stands at Rs 204.93 cr. This is neutral as compared to the corresponding quarter of Q1 FY 2015-16. Domestic revenues account for 78%. Of the total revenue, 61% is from ethanol, 11% from brewery and 28% is from the emerging business. EBITDA excluding other income is at Rs 6.79 cr. PBT and PAT are at Rs.4.90 cr and Rs 4.11 cr respectively.

The order intake stands at Rs 280 cr, which is 53% increase over the previous quarter and 72% increase over the corresponding quarter. Our effort is to take it upward in the coming quarter. Ethanol forms 51%, brewery 18% and emerging businesses 31% of the total order intake, with domestic orders comprising majority at 92%. We indicated in the last analyst call that some projects got spilled over to H1 FY17. We see positive development on those. We expect them to reach conversion and come into the execution and invoicing cycle in the latter half of this fiscal.

The order backlog as of 30th June, 2016 is Rs 1030 cr. Export orders are at 32%. Ethanol forms 51% of this, brewery 10% and emerging business the remaining 39%. Cash on hand stands at Rs 255 cr. On organizational front, Praj was recently conferred with The 'Best Machinery Manufacturing (Distillery) Award 2016' by Bharatiya Sugar. Praj was declared the winner after a stringent evaluation of suppliers all over the country.

We are glad to share that the Together for Sustainability (TfS) team audited our Kandla manufacturing facility and we have done well. TfS is an initiative of globally respected chemical companies to enhance sustainability within the supply chain. U and U2 ASME stamps have been re-certified for our Kandla manufacturing facility. We have also applied for the S stamp.

Concluding, I would like to indicate that the challenging environment continues. Despite the seasonality and weak first quarter, our enquiry pipeline is robust. We expect a large portion of this pipeline to reach conversion stage in the next two quarters. With all the developments taking place in the 2nd generation ethanol space in India, we are confident of ordering to start towards end of this financial year. Given our standing in this space, we will definitely be in an advantageous position. With the infrastructure and consequently consumption related growth picking up, emerging businesses will also gather momentum.

In addition to enhancing the relevance of our technological offerings and improving our market reach, we are also driving various operational efficiency measures on manufacturing, procurement and execution fronts.

Thank you ladies and gentlemen. We will now take the questions.

**Moderator**

The first question is from the line of Bhalchandra Shinde from Anand Rathi Securities. Please go ahead.

**Bhalchandra Shinde**

Regarding our results, through IndAS, is there any transfer of sales from subsidiaries to standalone entity because our standalone performance is relatively much better than our consolidated sales? This means that subsidiary sales have faced losses. Is there any specific change or is it because of the performance change?

**Dattatraya Nimbolkar**

As far as conversion to IndAS is concerned, you may be aware that while computing the percentage of completion as per relevant standard of IndAS, it is required to combine the contract value and contract cost of both holding and subsidiary company. Since this is the first year of implementation of IndAS, there is some recur but for this our revenues would have been higher by about Rs.4 crore for June '16. So to that extent the figures are not like-to-like.

**Gajanan Nabar**

On the business side, as you know our subsidiaries are mainly the local execution arms, we call them LECs and they are into different phases of projects and that's what is reflecting in the consolidation. So when you read the numbers and say that the standalone looks much better than the consolidated, you also have to take into

account at what phase the project contract is in the LEC companies. And over a period, as you have seen in the past, it stabilizes. Because you are not booking loss making contracts in the subsidiary. So over a period of time, it stabilizes.

- Bhalchandra Shinde** So Rs. 4 crore to 5 crore difference will remain in the next three quarters as per IndAS?
- Gajanan Nabar** Yes, that's what I understand. But over the next couple of quarters, this would get stabilized and then it would get normalized as well.
- Bhalchandra Shinde** HPCL and IOCL are most likely going to support the second generation cellulosic ethanol manufacturing, So are we getting any funding from any of these OMCs?
- Gajanan Nabar** No, as mentioned in the narration all the OMCs came up with expression of interest for second generation plants and they have got a lot of responses. So there are three players or three components of this project – one is the OMC which would bring in some equity. Then there would be a technology player like Praj or others and then there would be an integrator who would also bring in the feedstock and other infrastructure to the party. And in that, they are clearly looking for this combination of technology player and integrators and are going through this whole process of evaluation of technology players. The directive from Ministry of Petroleum and Natural Gas is that we need to go with at least 2 to 3 projects by each OMC. So even if we look at one project by each, you look at 3 to 5 projects either by the end of this year or early next year.
- Bhalchandra Shinde** As per our Ministry, the ethanol mandate now has been 10%. I read in articles that OMCs procured 68 crore liters whereas the requirement till now is around 220 crore litres. But banks are not ready to lend money to sugar companies or integrators because of their bad balance sheets. So the capex addition, will it be short-term or will it take time?
- Gajanan Nabar** Currently, the mandate is 5% and the insistence is to go to 10%. Secondly, having a good sugar season augurs well with most of the sugar mills. They had expected that with such a good sugar season they would clean their books and would be much ready for getting the funding done. That will happen just from the business economics standpoint. Thirdly, the push is to get to 10%. We have been telling in our calls that we need to adopt the second generation ethanol program and that's the push coming from the government. And I had also mentioned that there could be a viability gap funding or some arrangements which will come and will help the industry as well as OMCs to go ahead and build these projects. So there are 2-3 elements, which would obviously help us to bridge from the current 5% level blending to 10% level.
- Bhalchandra Shinde** In alcohol and beverages, as per my analysis, around 11.5 billion or 12 billion kind of a capex is planned by different alcohol companies over the next 2-3 years. Such kind of ordering is not yet seen on our books till now
- Gajanan Nabar** I'm not sure about the validity of these numbers but yes we are certainly seeing the traction on enquiry side. Obviously, we are looking at conversion cycle to kick in on this one.
- Moderator** The next question is from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.
- Sanjeev Zarbade** It is regarding the 2G ethanol opportunity, you indicated around 5 to 6 projects can come up by the end of this fiscal or maybe early next fiscal. In terms of rupee, what

could be the overall opportunity and what would be our role? Would it be purely as technology or it would also be as in the EPC side?

**Gajanan Nabar**

It could change from project-to-project. But if I have to give you a rough indication it could vary between Rs. 350 to Rs. 450 crore, this is the total outlay on the project. Now in that, Praj would definitely be playing a very important role in the process part of it and some of the outside, battery limit areas also. In India, our project execution has been always our preferred EPC, which is without civil and the main area of process plant as well as some key areas of outside the battery limit. So I think it will be a significant wallet share of that piece, which we would look at.

**Sanjeev Zarbade**

Where would be the competition for Praj? Could there be another player from India or maybe someone from overseas market?

**Gajanan Nabar**

Though there is a bias for having a 'swadeshi' technology or India-made technology, there could also be international players who could participate because it is a large opportunity when it opens up. So we are not overruling seeing competition from international players.

**Sanjeev Zarbade**

To be able to bid for this kind of a project, does it require us to have at least one project up and running so that our plant has to come up before that or is there any other issues?

**Gajanan Nabar**

One ton per day pilot plant is running and we have been demonstrating it for last several years and people have witnessed it, a lot of key influential decision-makers have visited our facilities and seen those plants, and have expressed their satisfaction on the progress that we have made. As I had mentioned that we are also putting an integrated biorefinery demonstration plant, which should come up by end of this year and that would further re-establish or reinforce our position in this area. In the first generation, we have done a lot of such scale up so the technology is proven. The challenge or the question always will be in the scale up from what level you go to what level of scaling up. And in 1G also, we have done successful scale up for the last so many years so that experience does count when you evaluate a Company like us.

**Sanjeev Zarbade**

What was the receivables position at the end of Q1 FY17?

**Gajanan Nabar**

In number of days, it is 86 days.

**Moderator**

Next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.

**Swarnim Maheshwari**

What actually led to the 500 bps kind of decline in the margins? I recollect that in Q4 FY16 you did indicate that there was some sort of revenue miss because you had not been able to get some orders, which was likely to be booked in Q1, so did that happen?

**Gajanan Nabar**

If you look at the topline, we are at the same level as Q1 last year. The difference is in the variable margins and EBITDA further going down. The main contributor for this is the amount of international revenue in the basket. So in Q1 FY16, it was about 41%. In Q1 FY17, it has dropped to 23%, so that's a significant drop in the international order revenue book in our revenue, which has contributed to the revenue decline and in the profit decline. So the variable margins have moved from 36% in Q1 FY16 to about 32% in Q1 FY17, so that is mainly on account of the composition of our revenue. I would also like to illustrate what are the positives and what are the challenges that we are looking at. On revenue, we are around at the

same level as last year. On order book, the corresponding quarter as well as quarter-over-quarter, our order book has improved. Now on your second question I would say yes, some of those orders have come in the first quarter and some of the ones which have not come we are expecting into second and third quarter of this year. So there is a catch up which is supposed to happen. As I continue to say, the order book increase and our carry forward order book will always remain the lead indicator and it's an important parameter. Some of the businesses like domestic ethanol is showing a good traction due to variety of factors which I had mentioned in my narration. One of them is the blending program. Secondly, we are also seeing that as the sugar mills will start doing better and cleanup their balance sheets, they would be in a position to start investing again into areas where they will make much more money. Our modernization and retrofit is also showing a good amount of traction and this is a business segment, we started couple of years ago and now it will stabilize and mature and hopefully will start contributing in a much bigger way. Brewery segment, always goes through a cycle in domestic, it's normally a one and half to two years' cycle. Now we get a sense that we are in the beginning of the good cycle because last year was a little bit challenging for our brewery business. Coming out of it, we have signed some new customers, international accounts in domestic brewery business, so that's the good news. Praj HiPurity Systems as you know is dependent on pharma and biotech sector and the macros are pretty positive and favorable. Further, FDI opening up is definitely going to help us. Our focus has been to increase our wallet share as well as market share by winning some large key accounts and we are on course of winning those accounts, going forward. So I would say these are few positives. On a challenging side, the international ethanol front though there are decent amounts of enquiries in our hand. The order conversion is taking long time due to variety of factors including the liquidity. That is one space we will have to watch and see how to counter-mitigate that. Some of those actions we are taking on cost as well as on other fronts, which are in line with that. I hope this gives you a perspective of how we should look at the numbers.

- Swarnim Maheshwari** On the critical process equipment business, the upgradation of oil refineries to BA6 norms, so there was this opportunity of almost around Rs.40,000 crore and maybe our share would be limited to almost around 10%-15% of that. But we were trying to develop some products and solutions for that, so any updates there?
- Gajanan Nabar** It's also included in our narration, this business typically goes by PQs or your qualifications. Each time, you climb a next level of qualification. We have won couple of interesting projects, which require a specialized way of fabrication and engineering. Those would pave the way for further qualifications of this offering. We are on track., Because of oil and gas activity being at the low rate, our skid business is right now holding but we could see that there is some definitive movements in petrochemical sector and that should augur well with this business, going in the next 2 to 3 quarters.
- Swarnim Maheshwari** The last substantial order which we won was Petrobras in this segment and apart from that there is no substantial growth, which is being witnessed at this point in time.
- Gajanan Nabar** As the petrochemical projects would start to go on the way and oil and gas would come back to a level, we would see some more interesting opportunities coming out in this business.
- Swarnim Maheshwari** Can you share the debtors positioned in absolute figures? The number of days you mentioned were 86, now what is the absolute debtors amount?
- Gajanan Nabar** In terms of value, it is Rs. 261 crore as of June 30, 2016.

- Swarnim Maheshwari** This seems to have come up sharply from March quarter.
- Gajanan Nabar** It's down by Rs.100 crore.
- Swarnim Maheshwari** Has the cash and bank balance gone up?
- Gajanan Nabar** Yes, by Rs.20-25 crore.
- Moderator** Next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.
- Dhananjay Mishra** Could you explain more about this viability gap funding in 2G ethanol segments, how is it going to happen and currently what is the difference in terms of operating cost for generation versus 2G ethanol?
- Gajanan Nabar** Viability gap funding, the government has announced the bio energy mission which is supposed to aid and help the projects, which are in that space and 2G is obviously forming a major part of the bioenergy mission to get to our agenda of 10% and further going to 20%. So some part of it is expected to get diverted as viability gap funding. We don't have any definitive information but this is how it looks like that OMCs would invest some part of the equity. The integrator would have to invest some part of the equity and there is a question whether the technology player can bring some part of the skin in the game so these are the questions that are being discussed and getting sorted out. The price difference between 1G and 2G is always a question. It keeps changing as we have shared with our investors multiple times. With the current level of ethanol pricing, the 2G looks viable so the key is ethanol pricing currently and it also would depend a lot on feedstock pricing. As you are going to the commercial scale and you require hundreds of tons of biomass, we really don't know how would be the impact on the pricing of cost of that biomass and that's one of the reasons we said that bringing this whole socio-technology economic model, where something like every farmer would bring in the biomass and become part of the whole supply chain. But there is some miles to cross here yet. So these are the two questions.
- Dhananjay Mishra** This technology player will also have to bring some 5%-10% equity in the project?
- Gajanan Nabar** There is nothing definitive on it right now.
- Dhananjay Mishra** In terms of our emerging businesses, do we still have a target to reach 50% by FY18?
- Gajanan Nabar** This is a project led business so if our order for Petrobras gets executed, you would reach 50% faster, but if we get delayed, it will take some time. But the overall direction to move towards non-reliant ethanol or independent ethanol business is definitely in focus and that's where we are going towards.
- Dhananjay Mishra** About this domestic ethanol business outside 2G, do we expect any Greenfield expansion or any Greenfield project coming in?
- Gajanan Nabar** We already have some Greenfield projects in our order book and more are expected to come in.
- Moderator** Next question is from the line of Pawan Parekh from HDFC Securities. Please go ahead.



- Pawan Parekh** Firstly these 2G projects, their individual size would be about Rs.350 to 400 crore , so these projects would be what in physical terms?
- Gajanan Nabar** We are looking at economic size of 100 tons per day, 100 kiloliters per day.
- Pawan Parekh** What is the capacity of the pilot plant?
- Gajanan Nabar** It is one ton per day on the biomass basis.
- Pawan Parekh** But is that scalable?
- Gajanan Nabar** It is scalable.
- Pawan Parekh** The Greenfield projects that you mentioned is for first-generation sugar-based ethanol, right?
- Gajanan Nabar** Yes.
- Moderator** Next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.
- Saket Kapoor** Could you explain the seasonality factor that affects the company's numbers?
- Gajanan Nabar** The first two quarters last year were also softer. We have mentioned that to our investors in the beginning of this year and also in our last investor call that the first two quarters look to be softer. So the second quarter also would be on the same lines. There are multiple parameters, we have different businesses, they go into different project cycles in terms of even the time cycles. And what you see is an outcome of all that. So when I say seasonality, it is in terms of what has kicked in terms of the total composition of the revenue, how much the international element is, because international orders are normally at a higher EBITDA and higher margin basis. How much is the domestic revenue, how much of that is from the LECs i.e., local execution arms, execution portion and variety of that. But looking at our order book composition, from time to time, though we don't give any guidance but we give some indications to our investor community for comfort and I hope that helps.
- Saket Kapoor** The second quarter was weaker than the first quarter last year. Is that the likelihood for this year also or on a comparative basis, will it be better?
- Gajanan Nabar** Lets watch for one more quarter and then we will give you further indications.
- Saket Kapoor** Coming to your point of this incremental capacity addition in the second generation part, how much of this technology is accepted worldwide? What kind of acceptance is there in other countries which have already adopted the second generation technology?
- Gajanan Nabar** In US, there are four commercial size plants which are pretty large, 200-250 Kiloliters per day sort of plants that have come in. In Europe, there are couple of projects which have come in. As this is a new technology, it is still getting accepted. So it is still at somewhere in the middle stage of acceptance, if you see on a fully acceptance basis. But the technology definitely works, there is investment coming in for that. In countries where there is good amount of biomass, and most of the oil getting imported, then this becomes a good solution for such challenges. In addition to that, it is a very-very green fuel as compared to the fossil based fuels.

- Saket Kapoor** In value terms, could you give the order breakup segment-wise of the current order book?
- Gajanan Nabar** It is there on our website.
- Saket Kapoor** One request – kindly make the opening remarks of the call available at your website as soon as your results are out. Also, make the audio recording available on the website.
- Gajanan Nabar** We will consider your request.
- Moderator** Next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.
- Vikram Suryavanshi** How is the traction in this water projects in ‘Clean Ganga’ mission?
- Gajanan Nabar** There is definitely a movement but it is not to the extent that it was expected to happen. I would say it is only trickling down. Definitely every quarter we are capturing orders in both waste water as well as some of the ethanol-linked businesses. But it is not coming gusto as was expected by everyone. As we have clarified earlier, the current focus is on municipal cleaning of water and not so much on industrial. So industrial is trying to go through the Zero Liquid Discharge route but it is little more of a slower process. They have also given longer time to the industries to comply with, so that has also not helped the order flow in that sense.
- Vikram Suryavanshi** Any further clarity on the development in Petrobras order?
- Gajanan Nabar** We are hoping to get some more clarity in the second quarter. One of the things which we understand from reliable sources that Petrobras has very clearly announced that they will go ahead with this project in this calendar year. If we get any more clarity, we will come back to you.
- Vikram Suryavanshi** The integrated bio-refinery will be like a joint venture with oil companies or something like what we did for second generation with sugar companies?
- Gajanan Nabar** No it will be our own project, it won’t be a joint venture at this point in time.
- Vikram Suryavanshi** Will it be big investment or any idea to what kind of investment it could be?
- Gajanan Nabar** We have indicated that it is about Rs.20 to 25 crore of investment.
- Vikram Suryavanshi** Will it be this year?
- Gajanan Nabar** Yes, we are hoping that the plant would start in Q1 FY17 and so end of this calendar year, we will finish the plant.
- Moderator** Ladies and gentlemen that was the last question for today. I would now like to handover the floor back to the management for their closing comments. Over to you.
- Priyanka Watane** Thank you ladies and gentlemen. Please reach out to us in case of any queries. Have a good day.
- Moderator** Ladies and gentlemen on behalf of Praj Industries that concludes this conference call. Thank you for joining us and you may now disconnect your lines.