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Smart solutions.
Strong relationships.

Our Ref: COSEC/23 /2018

May 30, 2017

BY WEB PORTAL

The Corporate Relationship Department
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The Assistant Manager – Listing
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East),
Mumbai 400 051
Scrip Code : CGPOWER

Dear Sirs,

ANALYST CALL – Q4 FY17 (TRANSCRIPT)

In continuation of our letter dated May 24, 2017 and pursuant to Regulation 46(2) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, we enclose herewith the transcript of the Analysts Call dated May 26, 2017.

We would appreciate if you take the above on record.

Yours faithfully

for CG Power and Industrial Solutions Limited

Manojkoul

Manoj Koul
Company Secretary & Compliance Officer
ACS No 16902.

Encl : aa

AVANTHA
GROUP COMPANY

CG Power and Industrial Solutions Limited

Q4 and Annual Earnings Conference Call

May 26, 2017

Moderator: Ladies and Gentlemen, Good Day and Welcome to the CG Power and Industrial Solutions Limited Q4 and annual earnings conference call for FY2017. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and '0' on your touchtone phone. I now hand the conference over to Mr. K. N. Neelkant, MD and CEO of CG Power and Industrial Solutions Limited. Thank you and over to you, Sir.

K. N. Neelkant: Thank you. Good evening everyone. I welcome you to the Q4 and as well as the annual conference call for CG Power and Industrial Solutions Limited as the gentleman put it, so this is the first call we will be having as CG Power and Industrial Solutions Limited formerly known as Crompton Greaves Limited. Firstly, before just starting on the numbers, let me just give you a brief on some other developments which have been happening. In the last call, we were speaking about one of the important divestment, which we were discussing of our ZIV investment in Spain. Most of you and all of you would have read about it when we released the press release, but since we are having this first call after the divestment, just to reconfirm that the divestment went on as planned and as communicated to you, and the transaction we closed it in the month of March which included receipt of payment, transfer of management and then since March, they have the businesses with them and the consideration towards that business, we have received. For this entire year, going forward from April 1st, ZIV as well as ZIV Business in India would no longer be part of our business portfolio and will not be considered for the calculation.

The more recent announcement what we have made today to the stock exchange is that we have received an offer for the sale of our US business. This is in continuation with our earlier stated plan of divestment of the assets abroad and this is only the execution of the first leg. However, at this point of time, we are not in a position to talk about the specifics of the deal including the name of the party or the number involved, but let me assure that the talks are at an advanced stage and the board has formed a sub-committee to look into the offer in detail, negotiate, and close the deal by June 30. The first leg of execution which we had promised as per what we had termed as plan B, this is the beginning of the execution of that plan. This also reiterates our commitment as well as execution focus towards the divestment plan we discussed before.

Now, moving on to the numbers, the usual practice I will start with the P&L performance and then we can leave the floor open for any questions, clarifications, etc. Being the year end, let me only briefly touch up on the Q4 numbers and quickly move on to the overall year numbers. The Q4 numbers if I look at it segmentally, the Power System standalone revenue for the quarter was 704 crores, which is almost the same as Q4 of last year, but 700 crores as you would appreciate is in itself a very high number for last year Q4 and they have managed to remain at the same level this Q4 also. The Power System's full year revenue was at 2684 crores which is about 10.7% increase from the comparative period of last year. On the margin side, the EBITDA was close to about 10%. The reported EBID is about 7.7%, so the EBITDA would be about 9.8% and this reflects a substantial improvement if I look at it as an overall basis for the EBITDA of PS.

On an overall year basis, the EBITDA for PS will stand at about 273 crores at the segmental level versus like to like comparison of 181 crores in the same period which is a 50% jump on a full-year basis. The corrective actions what we have been discussing over the last four quarters has clearly now shown results in terms of the improved performance both on the top line as well as on the EBITDA front. Top line for PS 2684 compared with 2424 of the previous year, which is an 11% growth, so 11% growth for Power System's top line accompanied by a 50% growth in the EBITDA.

Moving on to the Industrial Systems, in terms of Industrial Systems, the growth trend which we have been seeing over the last I would say about seven-eight quarters now, the trend continues with revenue at 581 crores for the quarter which is almost 17% growth over Q4 of last year. This, if I look at it on a full year basis, Industrial System reports the number of 2078 crores for FY17 vis-à-vis 1800 crores for FY16. This is a growth again at about 11.5% for sales in Industrial Systems. The EBITDA if I look at the company level EBITDA for PS and IS put together would be about 488 crores for the year compared to 381 crores last year. We are at a 28% growth at the company level on the EBITDA front, if you reflect this as a percentage, the EBITDA has expanded from 9% of the revenue to 10.2% of the revenue.

I would say that in all 2017 has been considering the nature of the market which remained muted for most of the part also unlike some other businesses sits on impact of demonetization, we manage to mitigate that risk quite well, so we did not allow those factors to restrict our growth trend and we continue to grow as we have shown earlier and committed to you earlier by FY17, so for me if you ask me FY17 has been a successful year. If I move on from India to outside India, the company continues to pursue the plan of divesting the business except for the Indonesian business, which we would now be treating as part of continuing and remove it from the discontinuing since our intent is to invest and grow in Indonesia. Since I am saying that Indonesian business will be a continuing business, let me also give you a feel of the performance of the Indonesia in FY17.

In Indonesia, I will speak in terms of million Euros and that will be an uniformity in currency taking it forward from this conversation because I am sure we will have more conversation from Indonesia going forward, so sale in Indonesia for this year, we achieved about €109 million vis-à-vis €106 million in the previous year. This growth of 3% might at outset look small number but when I correspondingly look at the order input number, it has expanded from 159 million this year from 133 million last year, so we have a 19.5% growth in order input, which has resulted in the expansion of the unexecuted order book to 147 million for this year we begin against 92 million with which we began last year. With a 60% expansion in the unexecuted order book, we can fairly certainly state that the road looks very rosy ahead for Indonesia.

On the EBITDA front Indonesia continues to be in the 13-14 million kind of a range and with the improved operational efficiency which you would bring to Indonesia since the uncertainty of divestment and other things those clouds have blown over Indonesia, I am sure we will do a much better job. This is to sum up the performance of the company for FY17 and as a headline summary, I would only say that the sales growth of 12.5% for the company has been accompanied by EBITDA expansion of 13.5% for the company, so the bottom line continues to expand faster than the sales growth while the sales growth, I would say at 12.5%, you would be the better judges since you keep analyzing the peer performance also, but looking at the overall market scenario which continue to remain muted in FY17, I would say a double digit growth is, I am at a loss of words, because sometimes it is difficult for me to express good things in words so easily, but 12.5% growth by any standards I would say is a good growth for FY17.

Based on our previous calls, you know that I do not indulge in giving guidance for the next year, but at a more macro level, we are definitely seeing a trend where the enquiry position as well as the order input position is improving on a quarter-to-quarter basis, it has been improving in FY17. If I look at the overall order input numbers for CG India, this year in FY17 which we closed, we booked a total order of 4981 crores vis-à-vis 4359 crores in last year, so that is a 14% growth, so what do we have here, we have a sales growth of 12.5%, EBITDA expansion of 13.5% and order input growth of 14%, by which if I extrapolate these numbers and I do not mean to give it as a guidance and I do not want to get into that zone, but with a order input growth faster than the sales growth, I am sure the way ahead looks better especially with one more dimension coming in of GST in this year, which I will not commit but I would like to comment that GST looks to be neutral for some of our B2B businesses like transformers and switchgears, so while we may have some indirect cost benefit in the sourcing area, it will be largely neutral, but for our rotating machines business, especially the business which goes through the trade channel etc., I see it as a huge positive especially considering that roughly about 10 to 15% of the switchgear business as well as 15-20% of rotating machines business in this country is still with the unorganized sector. With GST that part of the market which was inaccessible due to other reasons might suddenly become accessible to us increasing the size of the pie. With the advent of GST, with the advent of increased trend of enquiries and order input, I can only safely say that having shrugged off of the problems of the past continuing to pursue to solve certain other problems outside India, Indian business and overall CG business looks certainly brighter now than what it was looking sometime back and this year being good, I can safely say that next year should look better. Thank you so much, the floor is open for questions.

Moderator: Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir, couple of questions first on the financial performance of fourth quarter, there was some disappointment on the margin side, on a sequential basis we see both for Power Systems especially Industrial, so if you can highlight what was the reasons why the Industrial margins compressed so sharply to single digit levels and do you see any risk in that?

K. N. Neelkant: Your question is right, but let me split this question in two parts. The Power System's margin even for Q4 expanded by about 10%, so it was about 65 crores in Q4 of last year and it was 71 crores in this year and the top line is more give or take the same actually slightly lower than last year.

Renu Baid: Sir, but last year we were have also having the System's business and if we see this year beginning, we had exited System, we had made provisions, sequentially where probably 3Q margins were looking optically higher at 10%, but Power Systems seemed a bit lower compared to the Systems which is out of the books now?

K. N. Neelkant: The numbers which I am talking about is EBITDA numbers, not EBID numbers. Your question is right, but the more important question of the second part of your question regarding the compression of Industrial Systems margin, this is two-fold. One is as you know that there was a steep increase in the commodity prices including steel and copper starting from December onwards, November-December was when we saw a steep increase in the commodity prices and I think we have had this conversation earlier also that while we are fairly insulated from the commodity prices in the Power System business, in the Industrial System business, there is usually a two-to-three month lag when the commodity increases, we take about two to three months to make up, and the commodity decreases, we make money in those two to three months, so it is cyclical phenomenon based on the commodity. It is largely this impact for me, I look at it is purely commodity increase which especially since it came in the business of Q4 to honor our customer especially OEM customers onward commitment, we did not want to put pressure on price increase on those customers in Q4. I can fairly certainly say that the bulk of the problem already as we speak in the first half of Q1 of this year has already been addressed and this blip will go away starting from the results being seen in Q1 of this year.

Renu Baid: Okay, so adequate price hikes have been taken to that extent?

K. N. Neelkant: Exactly, in fact as market leaders in this business, we are also behaving as the price leaders in this business and also from a competitive scenario, almost all our competitors have increased their prices along with our prices, so it is not CG pricing against everyone else, it is everyone fighting against the commodity cost increase. The second part of it which is a much smaller part of it, but yes the relevant part is that we also took the opportunity of Q4 to correct our systems, our stocking position, etc. in various places including some recall of stocks in preparation for the GST going forward because you know that in our Industrial System business, there is some amount of stock which is usually there at our dealers end, to streamline this, we took the opportunity of Q4 to clean it up so that we have two things, we are prepared for GST as well as we do not see any of this impact going forward in FY18, so to summarize, yes, there has been a compression in the margins of Industrial System. It is a one quarter one-off thing and Q1, it will rebound back like you have been seeing in the earlier quarters.

Renu Baid: Second question, is if you see standalone debt on books, gross debt has been close to 1200 crores, so despite that we are getting off the books and international debt reducing, where do we see this debt going ahead and what is the roadmap to get the debt off the books or become debt free, and align with this, if you can also highlight why there has been substantial increase in other assets in the standalone P&L, close to 900 crores?

Madhav Acharya: Firstly to answer your question on the debt, I guess you are looking straight away from March '16, but I guess you will have to look from September '16 balance sheet that we have published, so the debt vis-à-vis the September '16 balance sheet is almost flat. There is a marginal increase in the debt. The debt levels are consistent vis-à-vis what we had in September '16, not much change. As far as the second question goes, as you rightly said we are looking at some of the assets to dispose off, which we are already outlined earlier. Once we have the disposal in place, I think we should be looking at a sizeable reduction in the debt. Coming on to your next question on other current assets, this is primarily as you know is on account of various security deposits and payments to suppliers, advances to supply that, which is a normal business expenditure.

Renu Baid: The debt in standalone books is purely for working capital or it is to support the international subs?

Madhav Acharya: Both, the thing is that since the Indian EBITDA is good, we are able to raise debt here more competitively compared to the international arena, so we have to at times take debt here and re-finance our overseas outstanding, so if we actually see my loans figure in the balance sheet, it has gone up by 450 crores, that is primarily because the money has moved from here to overseas and we have borrowed money here.

Renu Baid: The exceptional in the P&L on 20 crores towards LC, litigation claims, that is respect to which entity?

Madhav Acharya: Let me explain, this is in India, there is an exceptional item in India. There was a very old case going on with one of the SME enterprises since the last I guess seven to eight years, that case has got settled and we have paid the money.

K. N. Neelkant: A 12 year old case has been addressed, resolved, and settled.

Moderator: Thank you. The next question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

Ankit Babel: Sir, my first question is again on debt, how much money we have received by selling off ZIV, how much money has come to the company?

Madhav Acharya: The total money, Ankit, that has come to the company is approximately 700 crores.

Ankit Babel: Sir, on a consolidated basis and on a sequential basis, your net debt is down by 450 crores that is in spite of 700 crores money received from ZIV, so if I exclude that, your debt has actually increased on a sequential basis by around 150 to 200 crores...

Madhav Acharya: It was part of our working capital, we also have the inventories and the working capital cycle, the India growth is very, very strong. As Neel rightly said, we have to have inventories across various geographies so it is the working capital debt that we have.

Ankit Babel: Usually, India business always used to be a debt-free company?

Madhav Acharya: As I had said earlier to Renu on the similar question, we have been borrowing money in India to try and settle the overseas debt as well as financing the overseas losses, so money will be borrowed here and we change the money overseas, that is the reason why you see debt in the India balance sheet.

Ankit Babel: Sir, my second question is out of total revenue of around 4680 crores, which you have reported this year in your standalone business, now is there any amount which is being contributed by some discontinued businesses, which would not be there next year?

K. N. Neelkant: Nothing significant here, the discontinuing business in India as you are aware are our projects business and our telecom business, both these businesses have been accounted below the line, there is a line of discontinuing operations assets to be sold of discontinued operation, so all those are coming there, so on a like-to-like basis, whatever 4600 crores you are seeing there as part of our revenue in India, those business will continue to be there and yes, grow going forward next year.

Ankit Babel: Sir, your outlook on margins, will they be back to normal in coming quarters?

K. N. Neelkant: If you look at it, the margin expansion already has been happening. If I reiterate the figures, there has been a 50% improvement in the EBITDA as far as the Power System business was concerned.

Ankit Babel: Sir, because we had a low base in 16...

K. N. Neelkant: Exactly, so I am just analogically drawing it to our Industrial Systems. In FY16 if you see, there was a similar large growth expansion in the margins in the Industrial System business and then it has stabilized and even now it is growing, even in FY17 despite the blip in Q4 which Renu mentioned, despite all that, there has been an expansion of 7.5% in EBITDA in Industrial Systems. Similarly, the Power Systems, the goal for us is that the bottom line growth percentage, how can it be, the same percentage as the sales growth or faster than the sales growth.

Moderator: Thank you. The next question is from the line of Charanjit Singh from B&K Securities. Please go ahead.

Charanjit Singh: Sir, I just wanted to understand now we are still in the process of all these restructuring may be going through in FY18 and how would FY19 look at what all portions of the business, which we could sustainably have and from a balance sheet perspective and from a return ratio perspective, what would be the kind of return issue profile which we could see for this sustainable business, which you might continue from FY19 onwards?

K. N. Neelkant: Charanjit, I do not want to give that guidance going forward in FY19, so let me answer your question in a different way. The businesses in India as I mentioned in the earlier question also, the businesses in India right now whatever restructuring, realignment everything has been completed in FY17, so there is nothing more to be done in FY18 or even FY19, nothing to be done in India except for growing the businesses, and yes, possibly look for slightly more different and diverse avenues where we can expand our footprint in India. As far as outside India is concerned, clearly we mentioned that the Indonesia business we have brought it in and the restructuring is restricted to the other businesses. If you also look at the margins at a consol level, it is under pressure because of the loss-making businesses. First is let us going forward with ZIV divestment completed now, that itself will show some better numbers going forward which you would be able to even see the reflection of it in the numbers as early as Q1, and today with the US announcement and especially with the tight timeline of June 30 which we have set for ourselves, that will quickly follow in succession. Post that, the businesses which we retain outside India, it is clearly the businesses which make money will be retained outside India, and if you remove the effect of the businesses that are losing money, then it logically the leakage is stopped and the rest of the business even if it is reasonably stable, would show significant jump in FY19 compared to FY18, but then if you are retaining some business outside India in this whole process, it is with a clear vision of growing that business and not just maintaining a status quo, so FY19 should look significantly differently better than FY18, but without even going to FY19, I think you will start seeing the numbers change in FY18 going forward in the next couple of quarters.

Charanjit Singh: Sir, Indonesia definitely has been a good profitable business for us, so if you can highlight what would be the growth trajectory there and the margin profile in that?

K. N. Neelkant: Indonesia side, that is why I gave you the glance of Indonesian highlights for the year, those are essentially that is the reason I gave it, so Indonesia right now is doing about 109 million, 110 million top line and this year, they start with an unexecuted backlog of 147 million and these are in Euro terms I am talking about. The historic margins in Indonesia have always been in the double digit EBITDA range close to about 13-14%, and once the top line starts increasing then the operational leverage kicks in and obviously that has to further expand the margin. If you ask me whether the growth will be as high as double digits or no, no. Ultimately, the growth in any geography will be restricted to the GDP of that particular geography, but yes in Indonesia, we are looking at not just Indonesia, we are also expanding our footprint into New Zealand where historically we have been good players. We are also looking at nearby geographies like Vietnam, but that is too early to comment right now, but a €100 million top line business with the 14% kind of EBITDA number that in itself I think is a good story in itself.

Charanjit Singh: The last question from my side would be on the Industrial segment, as you know the recovery could start setting in with industrial CAPEX picking uo what we are dealing with some issues and GST also leading to some benefit what you have highlighted, so how do you see the margin profile for the industrial business that is panning out going forward?

K. N. Neelkant: Well, the different businesses we are in all of them I do not except all of them to show the same kind of behavior. I would not say that the transformer margins are going to leap up, so the transformer margins will be more or less showing a steady state kind of a behavior, but if I look at the switchgear business, more to do with the macro movement which we are seeing, which might impact the demand positively, I would definitely say that switchgear should be poised for an incremental expansion of margins. On the rotating machine side, as I earlier mentioned, we look at GST as a very positive step for our business at least and hence along with that the margin expansion should continue fair in the rotating machines business. In the other businesses, in the Industrial Systems portfolio, as the operational leverages grow, they are especially in the railway business and the trials business, now since in FY17, we have reached a critical mark in these businesses. FY18 now the goal would be to expand the margins, in FY17, the goal was to reach the critical mark in the revenue, so having reached that critical mark in revenue, FY18 it will be expansion of margins which you see, so each of those businesses would behave differently. If I do the rated average of all those businesses for CG as a whole, yes, there is some more headroom available for margin expansion as we go forward.

Moderator: Thank you. The next question is from the line of Pawan Parikh from HDFC Securities. Please go ahead.

Pawan Parikh: Sir, my first question is of the discontinued loss that you have shown in the current quarter of about 41 crores, what is the contribution of ZIV in that?

Madhav Acharya: The loss that we have shown is actually not 41 but much more, the largest contributor in that loss is ZIV, which is almost equal to 300 crores. It is an impairment of the outstanding investments in advances that we had from our OC subsidiary which have been impaired post the ZIVD.

Pawan Parikh: What is the operational loss from ZIV in this?

Madhav Acharya: The operational loss from ZIV would be approximately be 30 crores.

Pawan Parikh: Typically, you gave the breakup of order book between power industrial, if you could help with that?

K. N. Neelkant: The order input, if you look at the Power Systems, I am looking at the complete year, it is 2717 crores. The order input for Industrial Systems, is 2264 crores, so the total order input for India is 4981 crores. If you are looking at the unexecuted order book which we start of the year with, Power Systems would start off with about close to 2700 crores, the exact number being 2692 and Industrial System would start with about 706 crores, but in any case Industrial System as you are aware is a quick book to bill cycle, so it is a Power Systems what we are more looking at, so overall the unexecuted order book for India, more or less remains the same as the earlier period.

Pawan Parikh: Sir, finally on this pricing thing, so people were under the belief that transformer pricing correction has largely been arrested, so is that the case even now, are we seeing further pricing pressure in transformer?

K. N. Neelkant: That is where I mentioned in the earlier question which Charanjit asked, his question was how do we look at the expansion of margins across various products and my response to that remains the same to your question that as far as transformers are concerned, we are not looking at any serious expansion of margins, it will be a steady state kind of a thing, so the pricing pressure of transformers will continue in the conventional market, but then we have also slightly diversified our portfolio looking at other areas including other geographies to export from India which are showing potentials of significantly better pricing than the pricing levels available in India, but this is not something which I would like to straight away talk about it now, I think at the end of Q1, we will be able to specifically give you numbers of how much that expansion is happened, but on a macro level if your question is whether the pricing pressures what has happened, it remains the same. There is nothing, no good news, no bad news.

Pawan Parikh: Sir, coming back to the discontinued loss of 412 crores, what is the impairment amount?

Madhav Acharya: That is what I said, it is approximately the ZIV impairment amount is around 270 crores and 30 crores was the operational loss in ZIV.

Pawan Parikh: So 300 crores is this and balance 100 crores is loss from power...

Madhav Acharya: As you know, we have been winding down the systems businesses in UK as well as US, so this is the closing losses of those accounts largely.

Pawan Parikh: So standing today, assuming all these businesses stay where it is, what is the sustainable number on a quarterly run rate basis of losses there?

K. N. Neelkant: You are talking about outside India?

Pawan Parikh: Yeah, typically the businesses that you plan to discontinue, all those together?

K. N. Neelkant: No, it is too early for me to comment on that. We would rather take it as event by event, asset by asset when we close the business. Even the ZIV number which you have asked till today's call, we have never been sharing the numbers of individual entities outside India, but having closed that business and successfully finished the transaction, we are more than happy to share the impairment as well as the operating losses suffered by that business. Now, going forward as the next asset as it gets divested, we will be more than happy to share those numbers, but we would not want to at this stage bifurcate the asset by asset numbers outside India.

Pawan Parikh: Sir, just wanted to understand that how much cash flows from the continuing businesses will go to fund the discontinued operations?

K. N. Neelkant: Fair enough, that is a different question, so that if you look at the breakup of that 417 crores, if 280 crores was towards impairment, the bulk of the balance 130 crores would be the operating losses out of which as Madhav clarified, there was about 30 million which can be attributed to the systems business, so you remove that because that truly is also over now, so on a existing situation, 100 crores is the losses from the businesses which had discontinued, but yet to be divested.

Moderator: Thank you. We have the next question from the line of Bhoomika Nair from IDFC Securities. Please go ahead.

Bhoomika Nair: Sorry to just you know again press on this issue of debt, just want to clarify, we have received something like 700 crores on the ZIV divestment, but our debt has not gone down commensurate to that extent, so is it because it is gone away into funding the losses of the international subsidiaries or if you can just kind of explain what is the total debt even consolidated as on date?

Madhav Acharya: Bhoomika, if you look at the consideration from ZIV, we have got approximately 700 crores, after that 450 crores has actually gone down. Well, we paid off the entire 700 crores, but we had to borrow back 250 because of primarily for working capital and little bit loss funding over here.

Bhoomika Nair: Okay, so what is the kind of debt level that we see now sustaining going forward?

Madhav Acharya: As of now, our net debt position across on a consolidated basis is around 950 crores and on the EBITDA that we are currently operating in India, I think it is very sustainable. I think the important thing that as Neel said, we are looking at divesting some of the assets overseas and once we do that, I think we are in a very good position here.

Bhoomika Nair: The other question is on the US subsidiary which we are looking to hive off and kind of complete by the first quarter, if we can get a size of the loss that entity has, so we know that at least that will probably not sustain through the year?

K. N. Neelkant: Just hold on with us for one more month, one more month later when we finish that deal, we will be more than happy to share that number with you, so since the timeline what we have set for ourselves is quite tight of June 30th.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Sir, regarding the discontinued operations losses, earlier we were at a run rate of say 40 to 60 crores, now we are at around 100 crores, but is this 100 crores, this will be the number we should be looking at carrying forward every quarter or was there any extraordinary kind of element in this?

K. N. Neelkant: I am not able to actually place your question because, I am not able to connect from where you are talking about this 40-50 crores, but having said that, there are couple of more strategic actions what we have taken of winding down a particular unit in Hungary, which also the cost attached towards that and all those expenses also, we have taken into account preparing ourselves for the divestment of those assets, so even if there is a blip in the losses from the thing which might look as operational losses, it is more as I would say a preparation exercise towards the divestment, but frankly speaking, I am not able to correctly answer your question because I am not able to connect the 40-50 you are talking versus 100, more than happy to meet you separately and clarify it.

Pavan Kumar: Can you just give us a proportion of losses in these 100 crores of how much would be towards the preparation of, so that we can just assume some steady rate going forward?

K. N. Neelkant: I can give you, but since you asked that question I do not think we have it immediately an answer for you, but yes, it is both being clubbed together, so let us do our homework and next time we meet we will clarify with you.

Moderator: Thank you. That was the last question. As there are no further questions, I would like to hand the conference back to Mr. Neelkant for closing comments.

K. N. Neelkant: Thank you so much all of you for joining on the call, in fact I should have mentioned this at the beginning, despite request from you of not to hold the call late evening on Friday, we still did that this Friday also, apologizes for that, but having said that, these two things of relatively good performance in FY17 and a very positive movement in our decision of divestment. We thought it is better that we hold the call immediately after our board meeting, so thank you for your patience, thank you for your questions and we will meet sooner than later. Thank you once again.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of CG Power and Industrial Solutions Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.