



“The Anup Engineering Limited  
Q4 FY2021 & Financial Year Ended 31<sup>st</sup> March 2021  
Earnings Conference Call”

May 14, 2021



**MANAGEMENT: MR. RISHI ROOP KAPOOR - CHIEF EXECUTIVE OFFICER  
- THE ANUP ENGINEERING LIMITED  
MR. BHAVESH SHAH – CHIEF FINANCIAL OFFICER -  
THE ANUP ENGINEERING LIMITED  
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**Moderator:** Ladies and gentlemen, good day and welcome to the conference call for analysts and investors for post results discussion for Quarter and Financial Year ended March 31, 2021 of The Anup Engineering Limited. 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rishi Roop Kapoor, Chief Executive Officer, Anup Engineering Limited. Thank you and over to you Sir!

**Rishi Roop Kapoor:** Thank you Margaret and good afternoon to everyone who has joined this call. Before I begin let me share with you that I have here with me our CFO, Mr. Bhavesh Shah and Company Secretary, Mr. Chintankumar Patel. We are officially joining today for our Q4 earnings call for FY2021. Before we proceed to the call let me remind you that the discussion may contain certain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risk that could cause actual results, performance, or achievements to differ significantly from what has been expressed or implied in such forward-looking statements. Please note that we have uploaded the results, the press release and also the outcome of the board meetings on the stock exchanges and in case if you have not received the same you can write to us and we would be happy to share with you in due course.

Let me begin by taking you with through our numbers for FY2021. The revenues for the year at Rs.279 Crores up by 14% for FY2021 as compared to the corresponding previous year FY2020, PAT at Rs.54 Crores is up by 25% for FY2021, sales of Rs.133 Crores in the Q4 is up by almost 90% as compared to the corresponding quarter in FY2020. The order book also is similar to the number that we have opened this financial year and the previous financial year, which is Rs.256 Crores, overall the EBITDA margin for FY2021 is 25%. If I may add over here we have successfully completed the buyback of Rs.25 Crores in the past financial year. I am also pleased to inform you that the Board has recommended a final dividend that is 70% that is Rs.7 per equity share of Rs.10 each and the company for the year ended on March 31, 2021.

As we would like to move into the questions and answers let me put on record over here that the previous quarter that is ending quarter Q4 of FY2021 has seen an exceptional performance from Anup Engineering and that performance has been actually a revolution as far as our execution capabilities are concerned and largely in fact I would say that it is completely powered by the kind of teamwork that our team demonstrated with a lot of dedication and commitment despite very, very testing times, so I think it goes without saying that the team has stood the test of time. We are also wanting to highlight over here

that it was possible in a large way because of the kind of product mix that we had on our hand that we have selected and the kind of support, which our customers give us by allowing us to complete those, so this is how I would like to conclude as far as our quarter performance is concerned.

Going forward I think next year also as far as the order book is concerned we are pretty strong. We have about Rs.256 Crores of order book for the year and since then we have already booked about Rs.46 Crores that takes the number to Rs.302 Crores for the year and also the enquiry pipeline continues to remain strong backed by our fantastic execution record, we have very satisfied customer base whether it is EPC, whether it is endusers or any other segments. Primarily the order book comprises of about 14% for exports and 86% domestic and the reason for that is pretty simple is that the domestic demand continues to hold up and a lot of our traditional sectors doing very well, so I would like to now invite questions, which we can discuss upon. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Ankit from Subhkam Ventures. Please go ahead.

**Ankit:** Good afternoon Sir. I have a few questions. What is the capacity now at your Odhav plant because you were expanding it a little bit adding some bay over there, so as of now what is the capacity there?

**Rishi Roop Kapoor:** What we have done is that we have added heavy bay, which is called New H7 that was commissioned right at the beginning of the year sometime and in last financial year and also we have strengthened our existing bays so plus in addition to this bay extension, which has happened we have also converted one of the bays that we had which was an unproductive bay, which has not really been used it was pretty much idling we are constructing a clean room in that place and that was commissioned I think the capacity of this plant at Odhav would be anywhere in the region of about Rs.500 Crores to Rs.550 Crores.

**Ankit:** Is it fair to assume that since you have mentioned in the press release that the clean room would be ready in the first half so by the end of the first half the capacity of Odhav would be in the range of Rs.500 Crores to Rs.550 Crores?

**Rishi Roop Kapoor:** Absolutely.

**Ankit:** So by which year you feel that you can reach these levels of revenue for the company considering that you have more capacity?

**Rishi Roop Kapoor:** That is a good question. Going forward the outlook has to be a little cautious because of which have been thrown up by the current ongoing pandemic, but I think pretty much our capacity is going to be at that level moment we commission our clean room, so we have all the necessary infrastructure in place for us to be able to deliver that number so it will take may be a couple of years before we reach the target maybe two to three years from now we should be in a position to achieve that number.

**Ankit:** Any new timeline for your goal to these Rs.1000 Crores revenue?

**Rishi Roop Kapoor:** Again it is a difficult question to answer at this moment because we have not been able to start the construction work at Kheda and to do that we need to have a clean window where we can start and end in an uninterrupted fashion. Unfortunately the way that events have panned out over the past 12, 14 months we are not being able to get that window, but we still feel that the moment we get the clear window of about six months, seven months, we will immediately begin the construction because from here on now almost all the regular work are completed and all the approvals and the plants and everything is completed, it is just about getting the work started at the time, so maybe it would be fair to say that sometime in the middle of next year providing for uncertainties, we are also anticipating the third wave is going to hit us sometime towards the third quarter and second quarter, so maybe sometime in the middle of next year hopefully that should be commissioned.

**Ankit:** Sir what kind of order inflows you are expecting in the current year FY2022?

**Rishi Roop Kapoor:** Order book is not really constrained deferrals we are still hoping that we will be continuing the order flows as we have demonstrated in the past 12 months so it will remain at those levels.

**Ankit:** What was it in the last year Sir FY2021?

**Rishi Roop Kapoor:** FY2021 I think the total order book was in the region of about Rs.300 Crores for the year.

**Ankit:** Okay so further Rs.300 Crores kind of an order inflow is possible in FY2020?

**Rishi Roop Kapoor:** Yes definitely.

**Ankit:** Sir last question is the steel prices are rising continuously I understand your orders are short cycle in nature but any impact you see on the margins in the medium term?

**Rishi Roop Kapoor:** Our orders are not short cycle in nature, our order span for about 12 months.

- Ankit:** So any impact of steel price?
- Rishi Roop Kapoor:** What has happened is that we generally go for a back-to-back agreement when we take the orders and typically that is one of the focus areas for us as soon as we get our orders, we secure the materials so to that extent I think we are pretty well covered, but still I feel this escalation has been pretty exceptional and it might dent the margins by about 2% to 3% so maybe about 22%, 23%, 24% would be the range.
- Ankit:** Okay and Sir lastly just a request kindly conduct this earnings conference call on a quarterly basis as in these uncertain times things are changing on a quarterly basis to a great extent so as investors we would like to have the view of the management and how things are panning out so as a request if you could conduct the quarterly concall on a quarterly basis not at the end of the year.
- Rishi Roop Kapoor:** Sure I think we will keep that in mind going forward.
- Ankit:** Thank you so much Sir all the best.
- Moderator:** Thank you. The next question is from the line of Apurva Shah from PhillipCapital. Please go ahead.
- Apurva Shah:** Thank you very much for the opportunity. Sir congratulations to you and the entire team of Anup for a fantastic result. Just need more clarity so if you look at from Q3 number, so I think which was impacted because of the restrictions put by the local government I think which led to some execution of dispatch led issue I think the situation was similar in Q4 as well, but what changed at company level which led to such a fantastic result in Q4 so I think this is historically high number so I just need your thought process and what kind of action as a management we took to address the ongoing challenges?
- Rishi Roop Kapoor:** See Apurva what has happened is that the kind of spike was experienced immediately post Diwali and the curfew was implemented in Ahmedabad I think that was very much it came as a surprise and we had our night shifts affected for almost 30, 35 days, in fact if you look at the whole year we lost somewhere close to about two-and-a-half months of production if we count in April, May, part of June and some part of post Diwali so it is actually the surprise, which we were taken because we were not expecting this kind of a lockdown or a curfew and also it was also hit by the fact that a lot of our workmen go back to their native places during Diwali holidays and they could not really return back on time so there was a lag there, which really hit us at a very crucial kind of a period whereas in this quarter we were very prepared for it and we have taken measures by deploying extra resources and

deploying the necessary manpower in order to ensure that such kind of a blip does not happen.

**Apurva Shah:** Considering I think still there is night curfew in Ahmedabad region so is the situation extends in maybe part of quarter or two so will we face similar challenges like we faced in Q3 or because of our experience to deal with such situations we may overcome this kind of situation?

**Rishi Roop Kapoor:** If you look at Ahmedabad ever since I think in the month of January itself there has been a bit of restriction, which was enforced throughout the quarter but since we were very well prepared for it this time we were able to handle it well, so those learnings will definitely come in handy when we deal with similar situations in the coming quarters and also the fact that we have at least began the year better than last year it is not as good as what we could have like, but at least there are no shutdowns or there are no lockdowns or curfews, which are allowing industrial work to continue to proceed so I think to that we have perhaps begin well and with our learnings that we have acquired to deal with COVID and related issues, restrictions like curfews and lockdowns we should be able to deal with it better in the coming year.

**Apurva Shah:** Great. Sir one thing on capex so as you mentioned in the last answer in Kheda we will be looking for 6-7 months of clear window to proceed with Kheda capex plan so what kind of capex we will be looking for in FY2022 in Odhav I think we are just doing some sort of a debottlenecking over a period so what kind of further capex will be required at Odhav in coming years?

**Rishi Roop Kapoor:** We have more or less kind of achieved whatever capex we had planned for Odhav barring this clean room, which again has to be deferred it has been impacted again by the second wave and we could not really work through the last quarter in the way that we had wanted initially I think we were looking to complete it by May 30, 2021 but it has now been deferred to sometime towards I think end of August is what we are expecting so once we commissioned the clean room I think our major capex we are not expecting here in Odhav we would have take kind of a capacity infrastructure.

**Apurva Shah:** Sir excluded Kheda it can be Rs.10 Crores to Rs.15 Crores for FY2022?

**Rishi Roop Kapoor:** Yes, I would think so.

**Apurva Shah:** Just final clarity from Bhavesh Bhai, so Bhavesh Bhai can you just give me clarity what will be customer advances in our balance sheet?

- Bhavesh Shah:** Our customer advances would be 20% of the order book.
- Apurva Shah:** So our current liabilities are around Rs.50 Crores, so 20% of Rs.50 Crores right?
- Bhavesh Shah:** Order book is Rs.256 Crores so we roughly have advances 20% of the order book.
- Apurva Shah:** Understood. Thank you. Thanks for the clarity and all the best for future.
- Moderator:** Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.
- Kirti Jain:** Sir Congratulations for a good come back in the performance. Sir my question was any new client or application we have added in the current year and how successful we were in delivering the project to the client?
- Rishi Roop Kapoor:** I think that is one area where we have done well. We have added several new export lines in the previous year and also technological product we have added, which is called baffle we have tied up with an Italian company and we won the order sometime about March, April last year and we have delivered it in the previous financial year that is FY2021 so that really opened the door for us for more such requirements and the good part is that we have a sole kind of a collaborators or sole partners for this particular technology in India.
- Kirti Jain:** So that will allow us to penetrate Indian market with the technology or we can supply anywhere in the world?
- Rishi Roop Kapoor:** Yes, definitely this was last year but the effort in that direction continues to take a lot of our focus and attention because that is the way forward if we talk about the future of this company we have to go on adding the special products to our portfolio, which acts as a great kind of a differentiator between us and other fabricators, so if you were to look at like I mentioned about the kind of work that we did in the past quarter in Q4 it was possible primarily because of the kind of critical work that we did and it allowed us to deliver this kind of a performance purely because of the kind of product mix that we had and that product mix is critical. We have certain kind of leverage with the customer not too much but little leverage we do have with the customer and that is our effort and endeavor going forward that to strengthen this portfolio by adding more and more critical and complex equipments in the manufacturing range.
- Kirti Jain:** The previous participant one of the questions you had highlighted that our order flow target will be in the vicinity of 3 billion, but when we see our presentation you had guided that the

enquiry pipeline is strong where is the disconnect then it should have been higher right in terms of the order flow?

**Rishi Roop Kapoor:** We have given it in the presentation which slide are you referring to?

**Kirti Jain:** No you have given the strong enquiry pipeline in outlook first line strong order book and enquiry pipeline you have given and also in the previous participant question you had highlighted that our order flow will be in the vicinity of 3 billion.

**Rishi Roop Kapoor:** In the vicinity of Rs.300 Crores plus.

**Kirti Jain:** So there can be a double digit growth in order flow, in manufacturing we cannot say but in terms of order flow?

**Rishi Roop Kapoor:** The answer is definitely double digit growth in the order flow in this coming year. We are talking about something in the range of Rs.300 Crores to Rs.330 Crores definitely there are opportunities, which are capable to us.

**Kirti Jain:** So subject to manufacturing availability the growth will be there that is the correct interpretation?

**Rishi Roop Kapoor:** It is really not a constraint for fabricators like us because of the special skills that we have.

**Kirti Jain:** Then with regard to the Kheda capex will we now downsize it or how will the plan be for Kheda given the delays and everything?

**Rishi Roop Kapoor:** We are not looking to downsize it. The only thing is we are looking for more certainty in this current environment we cannot really mobilize during this COVID pandemic and this is a problem and once the project gets started if it kind of gets interrupted and if it is languishing in time then what happens it will escalate the cost as well so it does not help us at all, so we got to wait for more opportune time to begin the construction work over there. Apart from that no other changes in the plan for Kheda the kind of layouts that we have finalized already they will continue to hold.

**Kirti Jain:** Sir any new customer acquisition will happen in the near medium term what new products the company will add in our portfolio?

**Rishi Roop Kapoor:** We were to look at the kind of order book that we have. We have almost 70% shell and tube heat exchangers so that is our strength and we will continue to build on that so more different varieties of heat exchangers and even more advanced designs of heat exchanges



heat exchangers will definitely be there right up there in the priority list and of course we do have about 30% from columns, vessels and reactors because that is something, which we are again we have started very well in the past year as well and this year also we have those kind of large vessels and columns, which we are actually executing and which are very much there in the order mix for the current year. So I think the entire effort in filling the product mix will continue by adding more customers and by adding more kind of differentiated products to our manufacturing range. We have been able to add a lot of customers in the past year even in those times of when we were just beginning the quarter we were able to conduct virtual orders and by global customers and we were able to successfully fare in those orders and I think that kind of a market initiative will continue going forward.

**Moderator:** Thank you. The next question is from the line of Sameer Dosani from Carnelian Asset Management. Please go ahead.

**Sameer Dosani** Basically you did touch upon the order enquiry, which is robust so just wanting to understand is the order inflow getting delayed on account of higher commodity prices and therefore once this commodity prices kind of started to cool down there could be further extension in the order book that is my first question, the second question presently 14% of our order book from the export part right so how are we seeing the traction when it comes to the export part because of various reasons for that matter where China was dominant quality issues out there so how are we seeing traction out there when it comes to our export book, presently Rs.300, 350 Crores order book the ratio more or less remains same or there is quite a bit of export component out there as well?

**Rishi Roop Kapoor:** Samir sorry the question was not clear I think may be the second part of the question I was able to understand a little your question is on the export the proportion of export orders in the overall order mix is that correct?

**Sameer Dosani** Yes how are you seeing the traction out there when it comes to exports basically is what I am trying to understand, are we seeing any benefit on account of China plus as a strategy that has been added globally and how is the ratio in this Rs.300, 350 Crores kind of order book, which we envisage to have in this current year?

**Rishi Roop Kapoor:** In the coming year I think as far as the ratio of the export order is concerned maybe it is not going to be more than let us say 20% to 22% going forward, but eventually we would like to stabilize that 50% exports and 50% domestic so that is the direction in which we are working in towards getting the necessary connects with our new customers in the overseas market. Fortunately in the last one year or maybe two years we have been working with the giant EPC company who have the global projects across continents and across different

countries and they do have a very good and functional peer sharing model where every project whether it is located in Australia or it is located in Canada they are connected and they are looking for that sourcing and when you look at the fundamentals of this business India is very well placed to solace the global market and I do not see any reason why we cannot hit our target of 50% exports in the coming years maybe in two to three years time so that is definitely there and as far as the short term or midterm opportunities are concerned yes we have plenty of opportunities in the export market.

**Sameer Dosani:** Okay and the first part of the question because of the rise in the commodity prices are you seeing some order enquiry not getting translated into order book, which probably would get converted as commodity prices kind of cool down to have the cushion further on the upside when it comes to the order book?

**Rishi Roop Kapoor:** Not yet. We are not seeing that in the short to midterm.

**Moderator:** Thank you. The next question is from the line of Chetan Vora from Abakus Asset Manager. Please go ahead.

**Chetan Vora:** Good afternoon Rishi. The first thing I wanted to ask how should one see your gross margins I understand it is very tough to keep a pen on the quarterly things but the volatility or the fluctuation is quite high so how should one see that?

**Bhavesh Shah:** Yes the current gross margin for the year was 47% we are seeing this trajectory to be maintained plus minus few basis points based on the metal price, uncovered raw material for the recent orders, which might end up.

**Rishi Roop Kapoor:** So I think it is time to be a little cautious about it because this kind of upswing is on one hand we have been traditionally securing our raw materials as soon as we get our orders and generally we are on a back-to-back basis where the valid quotations are available with us and we have targeted vendors so to a large extent we have managed it very well in the past consistently, but this time I think it is an exceptional situation so we would like to be a little cautious about telling you about how much is going to be and whether it is going to be impacted or not there is a recent chance it may not get impacted but we would like to be more cautious than that, may be it would be a few basis percentage points impact.

**Chetan Vora:** But if I see on a yearly basis FY2020 we did gross margin of 55% and this year it has come down to 47% so should it be attributable only to the commodity push or whether there is change in the product mix also?

- Rishi Roop Kapoor:** If you look at our quarterly performance if you look at maybe Q2 that is where I think if you look at maybe our gross margins where we are lower and that was perhaps mainly because of the kind of product mix that we had in that particular quarter, barring that if you look at the rest of the three quarters it has been pretty much consistent.
- Chetan Vora:** But again even in the December it had shot up to 87%, which is also very unexplainable?
- Bhavesh Shah:** No, that was a quarter where our execution was to the tune of close to around Rs.60 Crores but we were able to sell only Rs.30 Crores worth of equipment because of last minute lockdown so that is why the overhead of Q3 were located to the inventory so that was you may say it is a kind of drawback quarter but if you see the year as a whole gross margin appears to be in the tight range.
- Chetan Vora:** Okay so just on a yearly basis the 55% has come down to 47% how much of that will be attributable to the commodity pressure?
- Rishi Roop Kapoor:** I do not think commodity pressure would have been a factor.
- Bhavesh Shah:** It has been more of a product mix.
- Rishi Roop Kapoor:** Primarily the product mix.
- Chetan Vora:** Got it. The second question was that initially as per my understanding that we were expecting to commission the Kheda plant by Q3 of FY2022 the first phase if I am not wrong but now what I understand that right now we have deferred the expansion plan considering the uncertainty in the macro environment is that right?
- Rishi Roop Kapoor:** What we are saying is that we are looking for a clear window in order to start and finish the project in an uninterrupted manner so what I would like to mention about here is for example if we are able to get that window sometime in October this year we will begin the work. If we get that window may be one or two months down the line we will begin the work at that time so we are in the state of preparedness. You would know that we cannot have firm plans like this because the cost has also been impacted to some extent; however, it does not change our decision to go ahead with the project, but it is difficult to kind of plan it so well that we can predict when we are going to start that. We hope to start sometimes towards maybe Q3.
- Chetan Vora:** Completely agreed, the thing was that once we start how much lead time you will need to start with the first phase any color on that?

- Rishi Roop Kapoor:** It should be about six months not too long.
- Chetan Vora:** The second thing you say earlier to the participant that to reach the potential revenue of Rs.500 Crores to Rs.550 Crores in the order you will take two to three years is that right?
- Rishi Roop Kapoor:** Yes.
- Chetan Vora:** So this year we have done a near number of nearly close to Rs.280 Crores so we are expecting revenue to reach Rs.500 Crores to Rs.550 Crores in the next two to three years?
- Rishi Roop Kapoor:** Definitely. Yes because most of our capex is going to be concluded with the commissioning of the clean room I think that is something that we are looking to advance and try and minimize this COVID impact the second wave impact on that so we hope to commission it by end of august so that it gets off the ground.
- Chetan Vora:** Lastly in our revenue for the full year how much would be contributable from the heat exchanger?
- Rishi Roop Kapoor:** Last year I think it was similar about 70%.
- Chetan Vora:** Whether this mix will be changing because as per as our initial talks also we were planning to get into the other process equipment like reactors, columns and that mix to increase so how this mix will look like?
- Rishi Roop Kapoor:** Our product mix has evolved over the last two to three years because we had always kept Kheda in our plans and we wanted to get some work under our belt, which will keep us in very good strength when Kheda is commissioned the first phase is commissioned. So keeping that in mind if you would see for the past maybe two or three years the proportion of other kinds of equipments like columns and vessels and reactors has progressively increased from being somewhere let us say about 20% or 15% about three years back to about 30% and we have also successfully delivered the kind of heavy wall thickness, vessels and reactors and large columns, which we intend to do from Kheda. So it will keep on changing because there is going to be an increase in the revenue also and I think there is going to be a proportional increase in the percentage of columns and reactors going forward.
- Chetan Vora:** That is it from my end. Thank you.
- Moderator:** Thank you. The next question is from the line of Chirag Shah from ICICI Direct. Please go ahead.

**Chirag Shah:** Good evening Sir. Sir if I look at the Q3 cash and liquid investment balance we were somewhere around in excess of Rs.70 odd Crores and this quarter for FY2021 we have ended the same at a figure of Rs.23 odd Crores so is there some stretch in the working capital or it is just the kind of execution that we have seen in this quarter, just Q4 phenomena and probably money will reduce once the milestone comes for the payment is my reading correct on that?

**Bhavesh Shah:** Yes in Q4 as you might be aware where we had bought a buyback of Rs.25 Crores which at gross level had a cash outflow of Rs.31.2 Crores taxes and other expenses and also if you have seen our balance sheet the debtors has increased because we have a very skewed execution in Q4 because Q3 sales have got postponed to Q4, which will get liquidated in the current quarter so that is where liquidity from Q3 and have reduced to Rs.20.5 Crores of fund balance as on March 31, 2021.

**Chirag Shah:** Sir with respect to our capex on Kheda whenever it starts so it will be funded from the internal accruals as envisaged earlier right so that does not change?

**Bhavesh Shah:** Yes.

**Chirag Shah:** Sir your PPT mentioned and the earlier participants mentioned that there were strong enquiry pipelines so which are the segments or which are the sectors which you are seeing a good amount of traction coming in and coupled with that given steel and cement sector are hitting peak utilization levels so do you expect any kind of opportunity from that segment if the capex revised from there?

**Rishi Roop Kapoor:** Which segment you said sorry?

**Chirag Shah:** Sir steel and cement given steel and cement we are not.

**Rishi Roop Kapoor:** Steel and cement have so far not been our traditional customer base, we have not supplied too much to steel except barring some of the associated plans for companies like let us say JSPL when they had commissioned their coal gasification plant and that kind of an opportunity will present to us in the future as well, but as far as our traditional sectors are concerned the demand is pretty much holding very well. We talk about refining and now the fertilizer sector is also picking up and petrochemicals so these are the three traditional sectors that have been providing us with maximum opportunities and that is where we will not see any kind of a let up in terms of demand so that is going to go, but at the same time we have been able to enter in a limited way new sectors like power and chemical and even in the water sector so I think those are the sectors where we are looking to penetrate further and pickup some more substantial kind of order book from these sectors.

- Chirag Shah:** You have mentioned that you have already won Rs.46 Crores of orders in April till now so which are the segments that orders have come from, are they the new ones like power, chemical or whatever you mentioned?
- Rishi Roop Kapoor:** It comes from the traditional sectors so far it comes it comes from the traditional sectors, but it is too short a time I think we should be discussing it maybe six months or eight months down the line.
- Chirag Shah:** Sure and Sir within your traditional sectors it is more of an OEM demand or more of a replacement demand that you are looking at?
- Rishi Roop Kapoor:** Greenfield projects either capacity enhancements or completely Greenfield projects so a sizeable new projects that we are seeing. Replacement of course continues to be our special focus area because that is where we get an opportunity and serve our end users and that is something which we really cherish and value a lot.
- Chirag Shah:** Sir out of this Rs.256 Crores of order backlog that we have how much will be fixed price contract and what proportion would be on the price variation clause?
- Rishi Roop Kapoor:** Typically our contracts are not coming with an escalation clause because that is not there in the peering contract between our customer and the end user so it is coming with a fixed price contract.
- Chirag Shah:** Sir that is all from my side. Thank you and all the best for the future.
- Moderator:** Thank you. Ladies and gentlemen due to time constraint that was the last question. I now hand over the conference over to Mr. Rishi Roop Kapoor for closing comments.
- Rishi Roop Kapoor:** Thank you very much. On behalf of the Anup Engineering Limited thank you for joining us.
- Moderator:** Thank you. On behalf of the Anup Engineering Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.