



## Triveni Engineering & Industries Limited

### Earnings Conference Call Transcript

### February 11, 2014

---

**Moderator** Ladies and gentlemen good day and welcome to the Triveni Engineering and Industries Limited earnings conference call for the Quarter ended December 31, 2013. As a reminder all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference call, please signal an operator by pressing '\*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Gavin Desa of CDR India. Thank you and over to you sir.

**Gavin Desa** Thank you Shaima. And welcome everybody to the Triveni Engineering Industries Limited results conference call for the quarter ended December 31, 2013. We have with us today on the call Mr. Tarun Sawhney – Vice Chairman and Managing Director, Mr. Suresh Taneja – Group CFO and Mr. Sameer Sinha – President along with other members of the senior management team.

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

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

I now like to hand over to Mr. Tarun Sawhney to share some perspective with you with regards to the Company's operations and results for the quarter under review. Thank you.

**Tarun Sawhney** Thank you and good afternoon everybody. Welcome to the Q5 15 months financial results review for Triveni Engineering and Industries Limited.

For the quarter under review, our net sales stood at ₹ 590.5 crore which was higher than ₹ 533 crore for the corresponding quarter a year ago. The increase in sales for the quarter is primarily on account of the higher sales from sugar and marginally higher volume and best realizations from our distillery products. The turnover of Co-generation was lower because of the late start of this crushing season. The Engineering business sales were also just marginally lower from the corresponding quarter a year ago.

Our EBITDA was ₹ 5.9 crore which was substantially lower than the corresponding quarter a year ago because in spite of a good performance of the Co-generation, Distillery and Gear business, the contribution from sugar in a time where we had declining sugar prices, negatively impacted our EBITDA and our PAT for the quarter on a consolidated basis was negative at ₹ 29.7 crore. Our term loans stood

at ₹ 491 crore and working capital of ₹ 165 crore with an overall debt of ₹ 656 crore. The average interest rate over the period was 12%.

Turning specifically towards the various businesses – the performance for the quarter under review for sugar was a mixed bag. The cane crush was substantially lower compared to year ago primarily on account of a much delayed start. The industry and we as an integral part of the industry were in a prolonged debate and discussion with the State Government which lasted all the way up to the end of the first week of December 2013. This accounted for the late start of the season. I'll address some of the other more important issues later but suffice to say that we started the factories under a lot of pressure from the Government. The package that was announced by the UP government was completely insufficient and bearing the brunt of that as we speak and the sugar that is being produced. The recovery was marginally higher for the quarter when compared to the previous season stood at 8.96% which was 0.01% higher than the previous year. Sugar production was ~ 88,000 tonnes for the period. Our stock as on 31<sup>st</sup> December stood at 14.26 lakh bags of which just less than 30% was refined sugar. As you all remember, we had converted our factory at Khatauli to a refinery. Our factory at Sabitgarh, has also been a refinery for the last 2 seasons. We expect, for this year over 40% of the sugar that will be produced by the group will be refined sugar. Our free sales realizations for the period were ₹ 30.33/kg, a substantial decline from the corresponding period. This really typifies the problem that the industry is facing and is probably the only significant agricultural product where the prices have fallen by almost 15% on a year on year basis. And you have had stability as far as your input costs are concerned leading to a devastating impact on the industry especially in North India where the crisis for the input material has not changed. I'd like to address some of the industrial scenario, as you are well aware that the concessions that have been provided to the UP sugar industry has been too little and inadequate. We have been given the subsidy of ₹ 63 per tonne with respect to the Society Commission. Having said that, a further ₹ 90 per tonne is up for grabs. For this a committee has been formed to judge whether this ₹ 90 should be given to the industry and we expect the report back over the next few months. The division of cane price which has been done into 2 buckets, the Government has stipulated that the industry should pay ₹ 260 as the first installment and the balance ₹ 20 at the end of the crushing season. Out of that ₹ 20 per quintal, ₹ 9 is what I was referring to a little bit earlier. There is hope of course that the industry would put forward its case more coherently to the Government. And the Government will add a lending ear. However given the fact that this is an election year, we don't expect any further incentives from the state government's perspective until after the elections. Importantly, the central government has recognized the plight of the industry and has announced the bailout package of ₹ 6,600 crore of interest free loans based on the excise duty paid and payable over the last 3 years.

For Triveni Engineering, the loan that we seek would be for about ₹ 126.5 crore. I am told that in the state of Uttar Pradesh, at this point in time, no loans have been disbursed so far. All millers have put in applications for these loans. I anticipate that some groups will be able to receive these loans over the next month or so. However it will take longer for some of the other weaker players. Not everybody will have access to these funds in the same way that this loan was given out 7 – 8 years ago when it was far more straight forward and easier and there weren't as many stipulations and strings attached. Looking at the country's production which is very important, the last time we spoke to you, we estimated our country's production at about 25 million tonnes. However, looking at the lower yields and lower recoveries in the state of Uttar Pradesh and looking at the delayed crush across the country, our current estimation is for about 23 million tonnes of production across the country. The deficit of at least 1 million tonne may be coming from the state of Uttar Pradesh. After January 2014, the year on year sugar production has been lower by 17% and stood at about 11.5 million tonnes primarily

due to the delayed start across the country. The outlook for the next season is highly dependent on the planting that will take place for next year.

Another very important facet from the central government has been the announcement of its anticipated export subsidy of ₹ 3,500 per metric tonnes. This expected announcement once it is notified will push out substantial quantum of raw sugar, about 400,000 tonnes of raw sugar has already been exported. Now this subsidy will be retrospective and applicable from 1<sup>st</sup> of October, 2013. Our projection is 2 million tonnes can potentially be exported by the end of this year 30<sup>th</sup> of September 2014. The delay in this announcement has caused a great uncertainty in pricing. We have seen sugar prices move steadily downwards in the domestic markets. Having said that, the announcements for last week has provided a little bit of stability. But we are very much at a rock bottom. Personal projection is that we will see an increase over the coming few months and quarters as raw sugar gets exported and as the country's production numbers get firmed up towards the lower side. So there is light at the end of the tunnel from that perspective. As per global estimates however the world production is expected to exceed consumption by about 5.5 million tonnes, this phenomena is occurring again for the third year in a row. We have seen softness in global prices as well where the ice index has fallen from about 20 cents to a low of 14.7 cents at the end of January. It was at 15.6 cents yesterday where whites were \$439 per tonne. I do expect that these prices will soften once Indian sugar starts flowing out more forcefully. Having said that the quantum of ₹ 3,500 per metric tonnes is sufficient to push out that entire quantum of sugar and it is certainly what the industry has been pushing for and I am very happy that the Government has raised that bar from the previously contemplated 2,000 per metric tonne to ₹ 3,500/tonne. Looking at the ethanol procurement, the OMCs floated a second tender for procurement in July for supply from December '13 to November '14. As per the various reports the total requirement indicated was about 133 crore liters of which the offers for only 61 crore liters were made. However, the OMC have jointly announced they will only be accepting bids offers of ₹ 44 per liter. Now this gap of course has placed constraints in terms of the overall blending program. I should mention that we have received about 120 lakh liters under the second tender and we have sufficient quantity of supply of ethanol for the OMCs till December 2014.

Triveni has co-generation plants at Khatauli and Deoband and smaller plants at Chandanpur and at Milak Narayanpur. Due to the late start of the season, the results of the Co-generation business were also subdued. Nevertheless we had a solid performance and our PBIT stood at just shy of ₹ 14 crore which was just a shade lower than the corresponding quarter, a year ago. We have received and it will be uploaded on the website any time today, about 94,000 RECs which will be sold and was not projected by us, this will come as a slight bonus to the Co-generation business.

As far as the distillery business is concerned, we had a robust quarter with ₹ 5 year on year increase in average realization up to ₹ 38.08/liter from ₹ 33.8/liter in the quarter for October to December 2012. Looking forward this business looks remarkably robust. We have received some of the highest realizations across the industry, across North India and this is a testament of the quality of the product and the product mix that is manufactured by the distillery which runs at a 100% capacity utilization as per our norms and standards. We have supplied about 74 lakh liters of ethanol as on date which has been made against the order of about 140 crore liters against the earlier ethanol tender.

Turning towards the Engineering businesses – The high speed gears and gear box business had a good quarter, despite slightly lower sales which was on account of orders being pushed out in January to March 2014 quarter, we did have a reasonable quarter and our PBIT margins were slightly lower, reflecting the lower

sales. The orders are in place and have been exported and we expect a resounding Q6 quarter that is underway. We have taken on several important R&D initiatives in our gear box business, one of them being the development of epicyclic gears for drive applications. We have developed and we own the IP for this product range. We developed a mill drive application and used it at one of our sugar factories as a test case; it has been operating for about 2 months on date, absolutely trouble free, giving better than expected performance data. This product line can be used in variety of sectors from cement, to coal, sugar, etc., whatever drive applications are important. The segment that we are targeting is of course the highest strength in the technology segment, the largest gear boxes where we have almost no competition in domestic industry. We will be selling this product globally and those sales efforts are also underway. This will help in future quarters in terms of revenues and provide a good stream of orders for our Mysore unit. There are other R&D programs that are underway and as and when these products and prototypes get launched and are tested, I will be happy and delighted to inform you.

Our order book for this business stood at ₹ 64 crore which was 23% growth versus this previous quarter, a very substantial growth and we will be executing all those orders within a period of 6 – 7 months which is also very encouraging. The Outlook for the business - despite the sluggish activity in India and the postponement of Capex plan in various industries, we have managed to get a substantial amount of export orders, our export business continues to grow robustly as does our establishment in repairs business. We are hopeful that we will be achieving our growth target despite the challenging environment while protecting our margins and confirming to the margins of previous years which is quite an achievement in this business climate.

Turning to the water business, as you know is focused on providing world class solutions in water and waste water treatment to customers in the industrial and municipal segment. The business is gaining faster momentum and recognition in a very high potential market. However, the dynamics of the overall market are not lost on this particular business and we have seen customers going very slow in terms of execution of orders and placement of new orders remains at a more subdued pace. Sales for the quarter were broadly in line with the corresponding quarter of last year. However there is a small marginal PBIT loss for this business due to the delay in execution of projects purely at the customers end.

The power sector which is one of the most important sectors for this business has been facing problems such as fuel linkages, land acquisition, environment etc. We see that once these issues get tackled our growth in that line will be tied into the growth of the industry. The outstanding order book on the 31<sup>st</sup> of December stood at ₹ 570 crore which did include ₹ 205 crore of operations and maintenance, contracts which were for a longer period.

With respect to the outlook – it is important to say that we have a comfortable order book; enquiry book is growing and is very large. We expect the finalization of several ground breaking and very large tenders over the next few months. Every new project is a question of 2 to 3 years plus the execution time for these projects. We believe that the order book over the next few quarters will balloon substantially as we find that customers are embracing higher technology solutions, both in the municipal and industrial segments. And we through our acquisitions of technology and through our development of technology in-house are very well placed to be beneficiaries of the return of the growth cycle in the business. Thank you.

With that I'd like to open up the discussion for question and answers.

**Moderator**

The first question is from the line of Sunny Agrawal from Aditya Birla Money.

**Sunny Agrawal** In the last 2 to 3 years we have been producing sugar on a pan India basis. We are producing 23 – 25 million tonnes of sugar and now Maharashtra and Karnataka have already taken steps to link cane prices with sugar price and UP is also in that process. So, will the cyclical in the sugar industry go away?

**Tarun Sawhney** The cyclical that you referred to is in terms of the performance of the sugar industry. Performance of Sugar Company is determined by the cost of raw material and sale price, with a linkage what is happening is that the sugar mill is becoming a Toller and the variances between factory-to-factory would be based on relative efficiencies of one mill versus another. So you are absolutely right. In a theoretical scenario, we would put an end to the commodity cycle. However in actuality at this point in time we are seeing Maharashtra and Karnataka trying to adopt the Rangarajan Committee formula, we are also seeing in the state of Uttar Pradesh that the chief secretary has formed a committee, under his chairmanship and stewardship to review whether linkage is possible for the state of Uttar Pradesh. The industry is hopeful to see that they will heed to the request of the industry that this is central for the longer term benefit of the Company and more importantly for the farmers. Provided all of this happens, we will put an end to the cycle and that's exactly what we are trying to move towards.

**Sunny Agrawal** Will we be supplying ethanol to OMCs at ₹ 44/liter for this second tender?

**Tarun Sawhney** I said that OMCs have set a cap of ₹ 44/ liter landed at their depots which is why regardless of how much was tendered, the OMCs only took up the contract to people who had supplied at lower rates effectively at rates where the cost would be ₹ 44/ liter and that's in all honestly that is an arbitrary number. Given the existing cost of fuel in the country, what our import bill is, this would help in terms of import substitution and plus by raising this ₹ 44/ liter cap, would certainly give a big push to the ethanol blending program. However, that has not happened to date.

**Sunny Agrawal** What will be our ethanol average realization be?

**Tarun Sawhney** Average realization is about ₹ 36.5/liter.

**Moderator** The next question from the line of Achal Lohade from JM Financials.

**Achal Lohade** What is the landed cane cost at the time of accounting and are we including the ₹ 20?

**Suresh Taneja** In terms of determining the cane cost, we have taken all the cost which ends including the ₹ 20 and however we have not taken society commission of ₹ 6.3 per quintal which has been offered this year. The expected subsidy of ₹ 9 per quintal, which may also be announced later, is currently forming a part of our cost.

**Achal Lohade** What is the landed cost now?

**Suresh Taneja** ₹ 288/quintal.

**Achal Lohade** How was it last season?

**Suresh Taneja** It was about ₹ 6 more last season due to society commission.

**Achal Lohade** Even the purchase tax would have been taken?

**Suresh Taneja** Purchase tax was also exempted last year, so there is no incremental benefit.

- Achal Lohade** The government has formed a committee on linkage, by when will the committee come out with a report or recommendation?
- Tarun Sawhney** With reference to a press conference that the Chief Secretary held in the month of December, he said that the government will look at the possibility of linkage among other factors and that this committee will take 3 months to report back. The committee was formed in the middle to end of January and I anticipate that they will take few more months to revert back. I don't expect to get an outcome from this committee until after the general elections.
- Achal Lohade** Has the linkage in Maharashtra and Karnataka been approved legally or is it practically implemented this year onwards?
- Tarun Sawhney** This is for the future. It is still being contemplated. It has not been brought into effect. Once it is, they will come into law. At this point in time, they are following the same old formula that they followed for the last few years. There have been cross debates in Karnataka and Maharashtra, multi-party debates, between the farmers, the millers and the Government is trying to look at sugar pricing, rise in sugar cane pricing, etc., but at this point in time, the linkage formula is not operational in any state in the country. I anticipate that Maharashtra and Karnataka will certainly be the leaders and in all probability, for the next crushing season it will certainly be in place in these states.
- Achal Lohade** So the perspective could be that 40 to 50% of India's production will be under linkage, the balance also has to follow the same otherwise it can lead to very dramatic consequence?
- Tarun Sawhney** You are absolutely right. You cannot have somebody producing sugar at rates that are substantially lower. For example, the current cane cost in the state of Maharashtra is substantially lower by almost ₹ 4.5-5 than the state of Uttar Pradesh. Despite the ₹ 3 differential in terms of transportation, bringing sugar from South India or Central India to North India, you still have a delta in terms of these relative cost structures. This relative difference exists on multiple accounts. It exists because you have higher recoveries in Karnataka and Maharashtra and you have lower recoveries in North India especially in UP. That is one of the fundamental factors. Until you have a scenario of having linkages and having a farmer receive a payment based on the quality of cane that he is supplying, it will be a great evener and under that scenario, you will see that there will be tremendous investments in terms of development. At this point in time all development is done only by sugar cane society/agencies and very little is done anywhere in the country and certainly nothing that is done in North India. You will find a tremendous amount of work. We ourselves have plans in place to look at sugarcane from the basis of entomology, pathology and plant science, breeding science, etc. However, you need to have some amount of clarity before you undertake very large programs such as these.
- Achal Lohade** What is the current arrears situation in terms of the outstanding for the state UP and India?
- Tarun Sawhney** I am uncertain about the arrears across the country as on date, but I expect the total arrears to be to the tune of ₹ 15,000 to 20,000 crore across the country as on 1<sup>st</sup> of May. In UP, as on date about ₹ 500 – 600 crore of cane dues are still applicable for last year. We don't have any dues applicable but there are ₹ 500 – 600 crore still applicable by other millers. As far as the current season that is undergoing, there are dues that are applicable and I personally believe that by the end on the same timeline, on the 1<sup>st</sup> of May, 2014, out of the ₹ 15,000 – 20,000 crore across the country, UP would probably account for half.

**Achal Lohade** Do you see farmers actually moving away from cane? January to March is a period when plantation takes place in UP. Have you come across or have you got any sense from your people about the shift?

**Tarun Sawhney** Planting starts in East UP at the end of February. In the West UP, planting only starts in the end of March and it continues for a period of 3 months. So planting hasn't started in North India as yet. In areas where the density of sugarcane is lower, there will be an impact on total planting. One has to also remember that this year due to intermittent rains, the yields are substantially lower in places like West UP. Provided you have a good rainfall next year, you may not see a decline in the total quantum of sugarcane in North India. I do think that there will be an impact in Karnataka and some impact in Maharashtra and some of the other Southern states. This kind of cane price, in the feedback that one has received, the farmer is very happy to get his payment in a little bit of time. Because he is getting it, it's a secure payment once the sugar factory start, you have to pay, somebody has to pay, let us put it that way and it's a very reasonable return on a crop, very reasonable return on the crop. The cane prices in the unorganized sector this year are as low as ₹ 200, at one point of time they were ₹180. If the farmer is willing to send his cane to a Khandsari unit at ₹180 it feels that he is eating out his cost of production. He is not selling his crop at a loss to be perfectly honest. At ₹ 280, it's a bumper profit.

**Achal Lohade** What's the inventory quantum in the valuation, have we taken any inventory write-down?

**Tarun Sawhney** We have taken a small inventory write down. It's actually in the note that has been circulated of about ₹ 20 crore. The valuation is around ₹ 30 and the inventory stood on ₹ 14.26 lakh bags.

**Moderator** The next question from the line of Sageraj Bariya from East India Securities.

**Sageraj Bariya** How is linking of sugarcane prices so as per Rangarajan committee going to work, can explain whether it is going to be linked with sugar or the final output as in sugar, power and distillery?

**Tarun Sawhney** The Rangarajan committee has very broadly stipulated its ideas, the final mechanics of cost needs to be worked out but in a nutshell you have millers that are divided up into 2 pockets, one that are standalone factories and the others that are integrated. So they have co-generation and distillery. As far as millers are concerned, 75% of the sale price of the final product which means sugar will be paid as cane price and as far as companies which have integrated operations, 70% of sale price of sugar and co-products will be paid as cane price.

**Sageraj Bariya** Basically for integrated it would be 70% and standalone mills at 75%.

**Tarun Sawhney** Correct.

**Sageraj Bariya** Since Maharashtra and Karnataka have taken initiatives, they have just formed the committee or have they frozen it, what mechanism would they be going ahead with?

**Tarun Sawhney** They had a bill to adopt the, Rangarajan Committee formula and in its whole form. One has to wait and see whether that bill is fully accepted and passed.

**Sageraj Bariya** How would that work out the price? If it's a standalone mill, how do they calculate the sugar price?

**Tarun Sawhney** It's too early to tell. These are some of the mechanics that have to be worked out. The options are simple. If you want the payment upfront, you can take the previous 12 months realization and cost but that's not realistic. If you want to take the full sugar season, then you can adopt a scenario where you pay FRP and you pay the balance at the beginning of the subsequent sugar year when you know exactly what the realization is?

**Sageraj Bariya** It's still not finalized?

**Tarun Sawhney** They are still fine tuning it. State to state there may be differences. Once you have the percentage, that's the most important factor to have in place.

**Sageraj Bariya** What is the opening stock of the country this season?

**Tarun Sawhney** Just above 8 million tonnes.

**Sageraj Bariya** Are we expecting 23 million tonnes of production?

**Tarun Sawhney** 23 million tonnes of production and hopefully about a million to 2 million tonnes of exports. For the sake of argument say 1.5 million tonnes is exported, over the consumption of 22 million tonnes, we will see closing stocks this year of about 7 to 7.5 million tonnes.

**Sageraj Bariya** What is the country ethanol requirement?

**Tarun Sawhney** At 5% it would be somewhere about 110 crore liters.

**Sageraj Bariya** How much do oil marketing companies currently source?

**Tarun Sawhney** The oil marketing companies so far in the first tender have placed purchased orders between 38 to 39 crore liters and in the second is about 24 crore liters.

**Sageraj Bariya** Historically have they been able to meet the 110 crore liter requirement?

**Tarun Sawhney** Not across the country and (as the issue on the ceiling on FOR ethanol prices which the oil companies have put in, they were offered 124 liters, 55 crore liters in the first tender and 65 crore liters in the second tender of which they chose to pick up only this quarter.

**Sageraj Bariya** And there has been more hedging on the pricing, if we receive at certain price, there only they are ready to take that. Now question arises why are they asking for that price, any particular reason sir?

**Tarun Sawhney** I think we are the wrong people to ask for that. We will be guessing.

**Moderator** The next question is from the line of Rajesh Zawar from Anand Rathi.

**Rajesh Zawar** Looking at the overall situation in the value chain where the arrears are on the higher side and the situation is worsening. What would lead the farmers to change their plantation because we have been hearing that there has been some shift from sugarcane to other crops?

**Tarun Sawhney** It really depends on variety of factors and these factors change depending on state which you are in. So let me start of by addressing Uttar Pradesh and then I can speak broadly about the rest of the country. In Uttar Pradesh, you are divided into

areas where there is typically very high cane density 70 to 75% sometimes even 80%. Now in these areas traditionally, the switch in periods of the sugarcane cycle is very minute. The real change is in terms of yield and that's what pushes up and pushes down the total availability of sugarcane and I anticipate that going forward with such healthy and robust pricing we really won't have a very substantial decline in sugarcane plantation in these parts. In other areas where you have lower area covered by sugarcane, you have the newer farmers. You had the possibility of farmers that are new to sugarcane, seeing that they are not being paid, seeing the crisis in the arrears and moving away from sugarcane. Now that possibility is substantially higher. For North India, it is very difficult to fit that picture until about May 2014 because planting hasn't even started as yet. It depends on whether the companies give any bonuses or incentives to plant, the kind of ground work that is done with the farming community and that of course varies company-to-company. When we look at South India, the economics are very different because they have fundamental weaknesses / paucity of water, other irrigation challenges, and the whole host of other parameters. We have seen that those farmers are more acute. In Maharashtra, the sowing for next year at one point was adequate, now the latest report is that there will be decline in production next year. This will certainly be true in the states like Andhra, Tamil Nadu and few other places across the country. With arrears growing, you will see planting being curtailed in certain parts of the country but nothing too staggering. We still have very robust prices across the country. So it is not going to be a staggering decrease.

- Rajesh Zawar** When we talk about the Rangarajan committee and linkage of sugar prices to cane prices, that's what the underlying principle would be?
- Tarun Sawhney** Exactly.
- Rajesh Zawar** Is Brazil also facing weather issues?
- Tarun Sawhney** At this point in time, it is off season in Brazil. The production will start in the month of May. In certain years it starts as early as April. We just have to wait and see when crushing in Brazil really starts. If it starts of in May, and there are extended rains in the next few months, that would probably be a boon for sugar prices globally. But there is stress along the system and the global stock is only increasing. India has contributed to that increase certainly by a factor. The 5.5 million tonnes internationally, which is the excess of production versus consumption, half of that quantum comes from India. We are going to see that a lot of those stresses will go away provided Brazil starts late, provided that this period of closure right now continues all the way up to May.
- Rajesh Zawar** There has been a very sharp decline in capital employed in your sugar business, is it because of inventory destocking?
- Suresh Taneja** It is a late start of the season.
- Rajesh Zawar** There is no swing because of destocking?
- Suresh Taneja** No.
- Rajesh Zawar** What is the inventory?
- Tarun Sawhney** 14.26 lakh bags as on 31<sup>st</sup> of December, of which just under 30% is refined.

**Moderator**

Participants, that was the last question. I now hand over the floor to the management of Triveni Engineering and Industries Limited, for closing comments. Thank you and over to you.

**Tarun Sawhney**

Thank you very much everyone for joining us for the Q5 and 15 months fiscal 2012 – 14 results of Triveni Engineering & Industries Limited. I think we are poised again at a very interesting time. However, I don't think that there would be many substantial changes with the exceptional sugar prices going up little bit between now and next time that I managed to speak to you. I do anticipate that after elections we will start seeing more policy revival, more active steps being taken both in the state and on the national platform and one is cautiously optimistic over the next few quarters for the sugar business. On the engineering side of course, I think the next quarter will domestically be at this pace but we are seeing great growth in regional markets and internationally and we should be beneficiaries of that growth. Thank you for joining us and I look forward to speaking to you for our Q6 and 18 months result in a few months' time.

**Moderator**

Thank you sir. Ladies and gentlemen on behalf of Triveni Engineering and Industries Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.