



## Triveni Engineering & Industries Ltd Q2 & H1 FY19 Earnings Conference Call November 02, 2018

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 & H1FY19 Earnings Conference Call of Triveni Engineering & Industries 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. Rishab Barar from CDR India. Thank you and over to you sir.

**Rishab Barar:** Thank you. Good day, everyone and a warm welcome to all of you participating in the Triveni Engineering & Industries Limited Q2 & H1 FY19 Earnings Call. We have with us today Mr. Tarun Sawhney – Vice Chairman and Managing Director; Mr. Suresh Taneja – Group CFO and Mr. Sameer Sinha – President, Sugar as well as 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 invite which was sent to you earlier. We would like to emphasize that while this call is open to all invitees, it may not be broadcasted or reproduced in any manner.

We will start this conference call with opening remarks from the management, followed by an interactive Question-and-Answer session.

I would now like to invite Mr. Tarun Sawhney to open the call. Over to you, Mr. Sawhney.

**Tarun Sawhney:** Thank you, Rishab. Good afternoon, everybody and welcome to the Q2 fiscal '19 consolidated results call for Triveni Engineering & Industries Limited. The gross revenue for the company for the half year stood at Rs. 1,394 crore with the profit after tax of Rs. 69.48 crore. Regarding the Sugar business, the country's latest estimates for the sugar season '18-19 now stand from our perspective at 31.3 mt. Also notable is the Government of India's announcement to export 5 mt of sugar to evacuate some of the surplus. And over the last few months, prices have been in a narrow band from Rs.32.5-33 for plantation white sugar.

The highlights for the Engineering business and the Gears business has registered excellent growth in terms of turnover, profitability and order booking. The Water business has booked many significant orders in the half year and also in the quarter. The outstanding order book of our Engineering businesses is Rs. 1,586 crore



combined which is an increase of 25% since we last spoke approximately three months ago.

Other notable events are in line. With the broader sugar industry, the accounting treatment of off-season expenses incurred by the sugar business has been revised during the quarter for quarterly financial statements. According to which such expenses will not be deferred but expensed as and when incurred or accrued. The change in accounting treatment has affected the lowering of profitability, PBT for the quarter and six months ended 30.9.2018 by Rs. 94.53 crore. This change in accounting treatment will not have any impact on the annual financial results. The sugar profitability for this quarter includes an inventory revaluation of Rs.55.02 crore. The Distillery business has performed extremely well in terms of turnover and profitability in view of the low prevailing price of molasses and there was no co-generation operation during the quarter. I will of course spend a substantial time talking about the Engineering business for the quarter and the Gears business later in the opening remarks.

From the Company's perspective, the total debt of the Company as of the end of September '18 is Rs. 669 crore which is higher than a year ago. Having said that, the total debt includes term loans of only Rs. 96 crore, substantial reduction in term debt which in turn comprises of soft loans of about Rs.19 crore. The reduction in term loans has been 42% and 62% respectively in comparison to March 31, 2018 and September 30, 2017.

Turning to the business on hand, I would first like to discuss the Sugar business followed by the Engineering. The dispatches in Q2 for the Sugar business was approximately 165,000 tonnes with an average realization price of Rs. 32,852 per MT or Rs. 3,285 per quintal. The PBIT as a net result of business was Rs.13.23 crore. In view of the change in the accounting treatment which I just spoke about, the profitability for the quarter and six months obviously was lower. Sugar has been sold as per the release quota mechanism of the Government of India which is announced on a monthly basis. I would like to mention that there is a small typographical error in the investor brief that has been emailed to you; the sugar inventory as on the 30<sup>th</sup> September 2018 was 35 lakh quintals which was valued at Rs.30.1 and not Rs.31 which is in your investor brief. The valuation was at Rs.30.10 for the stock of 35 lakh quintals. During the quarter sugar stocks have been revalued upwards by approximately Rs.55-odd crore.

The industry scenario is a very interesting subject for conversation. The Government has announced a large Rs. 5,500 crore package to help export 5 million tonnes of sugar and also offered a transportation subsidy. The initial estimates for the planting of next year show an increase in the acreage across the country under 10% which is lower than what we had anticipated earlier and therefore a downward revision in terms of the country's total sugar output expected for the commencing October 2018 season, and, of course, as I mentioned the downward basis our estimation for the sugar crop to 31.3 million tonnes and this is primarily due to a reduction in three states – Maharashtra, Karnataka and Uttar Pradesh. In fact, Uttar Pradesh is expected to produce 12 million tonnes and Maharashtra by about 9.5 million tonnes. The carryforward stock is estimated at about 10.5 million tonnes on the 1<sup>st</sup> of October of this year and therefore we estimate a closing balance on 30 September ranging between 10.8-11.8 million tonnes. So broadly speaking, about the same at the end of next year. This is of course contingent upon a successful export program by the industry. Uttar Pradesh Government has also announced a variety of financial support packages for the industry. Two notable points include Rs. 4.50 per quintal grant and the second is the soft loan with partial interest subvention to pay the cane dues. The salient point here is that the cane dues need to be cleared by the end of

this calendar month November 2018 and there are discussions ongoing by the company to ensure that happens.

In order to correct the sugar balance of the country and also to focus on biofuel, the Government's biofuel policy which has been announced has also put a great amount of emphasis on the manufacture of ethanol and increasing the range of feedstock for which ethanol can be produced to include spilt grain.

The OMCs floated a fresh tender for supply of 329 crore liters of ethanol for sugar season '18-19 which included 66 crore liters by ethanol manufactured B heavy molasses and 263 crore liters from C heavy molasses and also about 2 crore liters directly from cane juice. The allocation that has been done on the basis of that tender is approximately Rs. 203 crore liters. So we are well in excess of 5% blending, perhaps about 6.5% blending.

I would like to mention that the board has approved of the establishment of a new distillery at our existing site at Muzaffarnagar the Alco chemical complex of 80 KLPD and the Company will now be submitting its documents for environmental clearance first as the first step in terms of establishment of this facility.

From the international scenario, I think the most notable point is that the global surplus is expected to shrink by approximately 5.5 mmt and that has had a remarkable impact on the ice as well as white sugar contracts in London and we have seen an upward move of approximately (+30%) in sugar prices. Of course, this is central and was central for contracts to take place for India to be able to export sugar.

Turning to the Co-generation business, there was no operation in the quarter. Regarding the distillery business, at an average realization of Rs. 40.8 per liter, we produced approximately 12,600 KL and sold approximately 13,200 KL of ethanol during the quarter. The share of ethanol for H1 fiscal '19 is 100% of that against the total sale volume and this is against 88% in H1 fiscal '18 the previous year. The distillery production during the quarter was higher by 241% by the sales, volume were higher by about 207% over the corresponding period of the previous year which as you remember Distillery had been closed for several days. The increase of course is quite substantial and we intend to continue at this pace going forward. The project for the new ethanol plant at our Sabitgarh sugar unit and the incineration at the existing distillery are proceeding extremely well and we are expecting the operations of the Sabitgarh plant which I had mentioned to you would be at the very start of Q1 fiscal '20. So April 2019, we would expect that perhaps about a month earlier in part 2019 and we are hopeful that we may be able to recognize some revenue from this plant in this year's financial results.

Turning to the Engineering businesses, again, I have good news to report. The High Speed Gears and Gear Boxes business had revenues of Rs. 37 crore in the quarter, a record PBIT of Rs.10.3 crore for the quarter and an order booking of Rs. 50 crore. The growth for OEM sales has been 46% whereas the sales of repairs, refurbishment has been about 34% for the half year. The order bookings improved by 28% during this quarter as compared to the previous year. The overall market looks definitely stable and there are positive signs across the board as far as industries are concerned in terms of pickup in demand for business, strong enquiries also in defense and is hopeful of concluding more orders in the coming quarters. The outstanding order book on the 30<sup>th</sup> of September stood at Rs.186 crore including some long duration orders of about Rs.76 crore.

Turning to the Water business, while the PBIT is broadly a breakeven and I mentioned to you at the last earnings conference call, on a gross revenue of Rs. 48.76 crore. The Water segment has continued its winning trend in order booking and has achieved a closure of order book worth Rs. 353 crore including O&M in Q2 fiscal '19, very substantial amount of order booking and with excellent profitability for the orders.

In some of the existing projects, there are some continuing delays and there are some cost escalations but these are all now on a firmly declining trend. That is very important for us to note. The total order intake during the first half year was Rs. 951.53 crore with the outstanding order book standing at just a shade above Rs. 1,400 crore which includes Rs. 520-odd crore towards O&M contract which is engaged for a larger period of time.

Before I turn for some questions, I would like to mention that the Sugar Season for the Company is expected to start just after Diwali potentially around 9<sup>th</sup> or 10<sup>th</sup> of this month and factories will continue to start their operations after the 9<sup>th</sup>. Thank you very much and now I would like to take some questions.

**Moderator:** Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Yash Agarwal from JM Financial. Please go ahead.

**Yash Agarwal:** I just wanted to understand the global sugar scenario excluding India. So what was the surplus estimated few months back and currently what is the surplus estimated? And which are the geographies which has seen a reduction in production?

**Tarun Sawhney:** Excellent question. So it depends on which point a few months back because there were varying reports of approximately net even balance but over the last three months is what I would like to mention where the most significant changes have come especially due to Brazil, the center south area and the surplus is expected to shrink by 5.5 mt due to the movement over the last three-odd months. In the center south, the production until 16<sup>th</sup> of October which is the data that I have got is lower by 25% as compared to the corresponding period of last year and ethanol production has increased by 22%. So, there has been a huge divergence away of several million tonnes of sugar to ethanol, approximately 3-3.5 million in Brazil. It has been a new biofuel focus by Thailand, that is also extremely notable and the country's forecast amid Thai forecast, of crop of about 122 mt is 11% lower than the previous crop. So approximately three quarters ago I had mentioned that one was anticipating a huge crop from Thailand. That planting has gone on as the rains had happened in that country as well, there has been a substantial lock down with a downward bias. So we are talking about 1.5 mt coming out of the Thai crop as was previously envisaged. Consequently, I think both of that put together plus an impact from South Africa, Australia, totals to about 5.5 mmt that has come out of the global stockpile.

**Yash Agarwal:** So what would be the surplus now globally after removing this 5.5 mt?

**Tarun Sawhney:** It is a deficit of 2 mt.

**Yash Agarwal:** Also, on the exports, what sort of subsidy per Kg are we getting because the implied price is about Rs.21-22 per Kg even right now, so what would be the profit & loss on that?

**Tarun Sawhney:** It is not Rs. 22, in fact, it is lower because the global markets have cooled off a little bit this week, so it is about Rs. 20 per Kg. The subsidy that one is getting is Rs.3 on

transportation for a mill in Uttar Pradesh. I will talk about Triveni in particular and approximately Rs.8 production subsidy totaling Rs.11 per Kg.

- Yash Agarwal:** So is the Rs.3 given by UP government and Rs.8 the central government?
- Tarun Sawhney:** No, both are given by the central government, Rs.3 is given as an export subsidy in lieu of transportation and Rs.8 is given as the production subsidy, the total is Rs.11 per Kg.
- Yash Agarwal:** So at Rs.20, our realization would be Rs.31. is that a right understanding?
- Tarun Sawhney:** Correct, without accounting for the cash flow in balance, the total realization will be Rs.31.
- Yash Agarwal:** Coming to the ethanol division, what sort of volumes are we going to have from B heavy and C heavy going forward?
- Tarun Sawhney:** So in the tender that was announced and allotted, we quoted only for C molasses, our production is still considered little bit higher than what it was last year, so we have ample C heavy molasses. You must also remember that our new distillery which will give us that extra capacity is only coming on line at the very end of Q4 fiscal '19. So that capacity till it comes on line we did not have the flexibility of experimenting with B heavy molasses. Having said that, if there are subsequent tenders, the tender-II that happened in February-March and the third tender likely to be happened in May, at that point in time if we have spare capacity we may experiment with B heavy molasses. But as such we have sufficient quantities of C molasses for this molasses year.
- Yash Agarwal:** What quantum of capacities coming in, in Q1 FY 20?
- Tarun Sawhney:** At this point in time, we have 160 KL per day distillery operating in Muzaffarnagar. We are setting up the same size plant at a location at Sabitgarh district Bulandshahr, 160 KL. So we will be doubling our capacity.
- Yash Agarwal:** Do we have enough molasses, will it be completely integrated?
- Tarun Sawhney:** The Sabitgarh distillery is at the location of the sugar factory, so it is an integrated sugar plant, Muzaffarnagar is a standalone distillery but it will be able to source all the molasses from our seven sugar units as a collective.
- Yash Agarwal:** So going ahead our ethanol realization should move up to Rs. 43 from Rs. 41?
- Tarun Sawhney:** That is right.
- Yash Agarwal:** Last question on the Water business. What is the timeline that you are looking to execute all these orders?
- Tarun Sawhney:** So these projects that we have just received Rs. 900-odd crore have an execution period of between 24-36-months. The O&M of course is for 10-years beyond that minimum.
- Moderator:** Thank you. We will take the next question from the line of NK Arora, an individual investor. Please go ahead.

- NK Arora:** What is the quantum of ethanol we have tended this year?
- Tarun Sawhney:** We have tended for the total quantum that we are producing. So it is 160 KL per day. We have permission to operate the distillery for approximately 330-days, knock off a few days and we have tended for the entire amount. The allocation of course would not be the entire amount, it will be lower than that because there will be some duplicity at certain depots. We will get an opportunity to tend that as well.
- NK Arora:** Secondly, last year the export quota by the government was 2 mt and only 5 lakh tons was exported, so that date was extended to 31<sup>st</sup> December. So this year exports will be 5 mt plus 1.5 mt of the last year?
- Tarun Sawhney:** No, it is only going to be 5 mt against the new policy. So you are right it was extended, that was something that the Government is certainly not pushing. Any exports now will be against the 5 mt, 2 mt does not exist any longer.
- Moderator:** Thank you. We will take the next question from the line of Pratik Matkar from Dolat Capital. Please go ahead.
- Pratik Matkar:** I just want to know your view on upcoming sugarcane pricing policy in UP?
- Tarun Sawhney:** I think it is an excellent question. Just before Diwali, the Chief Secretary, my understanding is that he has called a meeting on the 5th of November, Monday in three days' time to discuss this very issue. He has called the interested parties in terms of initiating the deliberations on cane prices. Thus far the preliminary meetings for discussing cane price have not even happened. So I expect that we are running late in terms of that announcement. Having said that, as we know, we are moving towards a general election in the second quarter of the next calendar year and there is always a temptation for prices to be increased. That apart, given the over production in the country, given the scenario of cane arrears that exist in the State of Uttar Pradesh I am hopeful that there will not be any increase or significant decrease in cane prices. Very difficult to put a number on it, because we certainly do not have that information but this is our view.
- Pratik Matkar:** I just want to know that how much is this feasible to implement ethanol blending scheme and how do you see its prices?
- Tarun Sawhney:** The prices have already been announced by the CCEA and they are very remunerative for ethanol made from either C heavy molasses which commands a slightly lower price, than ethanol made for B heavy molasses or directly from sugarcane juice. So my particular view is I am extremely positive about this strategy. It is an excellent policy for multiple reasons. First and foremost, it supports the Indian farmer. Second, it gives life to a brand new industry and there is tremendous amount of capital that will be allocated, over 250 applications have been sent to the Government under the Biofuel Policy Scheme. Third, the impact on foreign currency reserves is also quite substantial, especially as we are looking at minimum 6.5% blending going up to 7 - 8% potentially this year and then higher levels from next year onwards. We are looking at and of course the fuel is cleaner and the impact on the environment is we cannot say enough about that and certainly not lost in the order, probably the most important factor.
- Pratik Matkar:** Just your view on sugar outlook?
- Tarun Sawhney:** Again, I think that is an excellent question. The outlook for Triveni for sugar going forward over the next few quarters is a stable one. We do not see any substantial

variance in prices that have existed. So as I mentioned, we have seen plantation white prices vary between the range of Rs. 32.5 to 33 per Kg. I expect that prices will certainly remain range-bound in this kind of a range. Having said that if there is an increase in cane prices at all I am sure that the Government will look favorably upon increasing sugar prices through the restriction of sales until the release mechanism.

**Moderator:** Thank you. We will take the next question from the line of Yash Agarwal from JM Financial. Please go ahead.

**Yash Agarwal:** A question for my broad understanding, so the Government is targeting 20% ethanol blending, right?

**Tarun Sawhney:** No, the Government is targeting 10% ethanol blending.

**Yash Agarwal:** So what can be the maximum blending ratio that a country can achieve?

**Tarun Sawhney:** Brazil has moved on to 26% but the Government is mulling E20 in the next few years, in fact, it may come even sooner with so many distilleries coming up on stream, the government's program of ethanol will certainly be crossed and so we will have to look at higher levels of ethanol blending. Now in Brazil if you have reached E26 the automobile industry has worked very closely with the Government as well as with the ethanol sector in technological changes that allow for that type of blending or the utilization of that type of fuel. In India too, the Governmental and private industry committees that have been set up to examine this issue, found that to be favorable and now there are discussions happening between the automobile sector and the Government and of course the ethanol industry in terms of seeing what can we take it to at least in Phase-1 above 10%. Prima facie 20% has been cleared by the Government.

**Yash Agarwal:** So at 20% what would be the total ethanol demand for India?

**Tarun Sawhney:** Right now it is 330-odd crore liters into two, 660 crore liters.

**Yash Agarwal:** Will the new facility that is coming up Sir will that be able to make B heavy?

**Tarun Sawhney:** All of our facilities can operate on B heavy and so will the new facility that comes up.

**Yash Agarwal:** I wanted to ask what is the long-term debt on our book after the expansion that we do?

**Tarun Sawhney:** After the expansion it is too early to tell because we do not know exactly how much term debt we will take, so it is jumping the gun little bit but our term debt at the end of September 30<sup>th</sup> as I mentioned in my opening remarks is Rs. 96 crore which includes Rs.19 crore of loans with interest subvention.

**Suresh Taneja:** Very roughly speaking, 30<sup>th</sup> of June 2019, all these loans will be liquidated.

**Tarun Sawhney:** This Rs. 96 crore.

**Yash Agarwal:** Will we only have the working capital debt?

**Tarun Sawhney:** Absolutely plus any debt that may or may not be incurred for the Capex of the distillery project.

- Yash Agarwal:** Last year FY 18 we dispatched about 76 crore kg of sugar. So what is the outlook there?
- Tarun Sawhney:** So we are now subject to release mechanism and that would not be one, we could sell as per our own strategy and looking at the expectations of our sales department and marketing team. We are now currently subject to the release mechanism by the Central Government, by the Ministry of Food, and it is based on their allocation of quota, typically when there is a 2-2.2 million tonnes quota announced for the month, we receive some 70,000 tonne, that is broadly what we have been receiving thus far.
- Yash Agarwal:** You have answered the question on sugar prices, but just to ask it again, what is the risk that domestic sugar prices crack post this festive season?
- Tarun Sawhney:** You are absolutely right, actually there was a buildup of prices in the first half of October, in fact, all the way till 25<sup>th</sup> of October there was a buildup. The moment you hit the festival, the demand goes down because whoever has to buy the trade, the industry that has to buy and convert sugar into sweets, toffees and the like has already purchased that quantity and there becomes the softness. I still do not because we have quantitative restrictions. I think this is just a momentary blip. Over the course of 31-days I still see average pricing going at Rs. 32.5 to 33 per Kg of sugar. I do not see that changing very much. This festival would not have an impact because of the quantitative restrictions that exist today.
- Moderator:** Thank you. We will take the next question from the line of Ritika Agrawal from Quest Investments. Please go ahead.
- Ritika Agrawal:** You mentioned that the 160 KLPD new distillery that the Company is coming up with will be now filing for the environmental clearance. So my question would be how much time does it actually take for getting environmental clearance?
- Tarun Sawhney:** That is not correct. For the new distillery of 160 KLPD coming up at Sabitgarh, we have filed and received environmental approval already. It took us several months. The typical process of getting that approval can be anywhere between 8 to 12-months. That is the typical time amount taken. The board of the Company has approved the setup of a brand new 80 KLPD distillery at our existing chemical complex in Muzaffarnagar. For that particular project, the environmental clearance will now be sought.
- Ritika Agrawal:** What I understood is 8-12-months it takes for an environmental clearance. So is it not a fairly long period to get it cleared from the Government as in to what the Government is talking about of a huge ethanol opportunity, so do we see the time getting crunched going forward from the Government side?
- Tarun Sawhney:** It is a great question. I think there is ample opportunity to reduce this time period. No reason for it to be so long. The Government recognizes it and it is exploring possibilities of automatic clearance routes, etc., but right now nothing has happened. So for our new distillery, we will have to go through the same process that has existed all these years and it will take that amount of time. If the Government does come up with an auto clearance window, then of course those times will crash.
- Ritika Agrawal:** Secondly, is my understanding correct that only after we have received the environmental approval only then we can order to any Company for set up of a distillery or is the ordering process before that?

- Tarun Sawhney:** To be financially prudent which we are, our approach and this differs from company-to-company, would be once we have received the clearance, we go ahead with the capital outlay and building of the plant. It does not mean that we wait for the full engineering and for the financial closure of the project. All of that can happen concurrently, but the first foundation will only be laid after we receive the environmental clearance, the rest of the work can start.
- Ritika Agrawal:** So the government is talking about the biogas opportunity. It wants to come up with 5,000 biogas plants in next four to five years. So is the company recognizing that as a huge opportunity and will the company be participating in that opportunity?
- Tarun Sawhney:** I do not know how huge it is, but it is certainly an avenue for us to be able to liquidate our press mud. As you know in many conventional distilleries, they used to use bio compost, they can use press mud with the spent wash to make a bio fertilizer. Now that we at Triveni are going totally towards incineration system. We will have no requirement for this press mud, some of which of course we give to our famers which they use as a fertilizer and the balance will go towards the biofeed NG plant. So we are evaluating this opportunity, we are competing and we are putting in our interest in the Lol that will come up in June, you must be aware of but we have not made any decisions in terms of investment and our board has not cleared the same.
- Ritika Agrawal:** By when do you think something material would be clarified from the Government?
- Tarun Sawhney:** I am not certain, maybe by the next time I speak to you one quarter from now, I will be in a better position to answer that, we are certainly looking at that opportunity.
- Ritika Agrawal:** We understand that is a good opportunity for the sugar companies?
- Tarun Sawhney:** Yes, it is.
- Moderator:** Thank you. We will take the next question from the line of Vimal Sampat, an individual investor. Please go ahead.
- Vimal Sampat:** Can you throw some more light on the water orders, from which segment have we received it?
- Kamal Verma:** We have received total four orders in Q1 and Q2; so in Q1 we have received one Mathura project which is a hybrid annuity project, another one is industrial - Balotra project and third one is the 15 MLD power based project and in Q2 we have received Delhi Jal Board project, so total put together there are four contracts.
- Tarun Sawhney:** The total is Rs.900 crore.
- Vimal Sampat:** This Rs.353 crore order single order Delhi Jal Board?
- Kamal Verma:** Delhi Jal Board is only project, so that is correct, Rs.350 crore roughly
- Vimal Sampat:** I believe you have also bid for some Mumbai municipal project?
- Tarun Sawhney:** I am afraid we cannot comment on orders that we have not received.
- Vimal Sampat:** With this Rs. 353 crore order, do you need to expand your balance sheet to cater to larger orders or you think your balance sheet size is good enough?

**Tarun Sawhney:** The board has no reason to expand its balance sheet.

**Moderator:** Thank you. We will take the next question from the line of NK Arora, an individual investor. Please go ahead.

**NK Arora:** Sir, there were some reports in the media that we have got loans with interest subvention for five distillery projects. We are setting up two. Are any more in the pipeline?

**Tarun Sawhney:** Actually we are doing three, we are setting up a boiler project at our existing distillery, we are setting up a brand new plant at Sabitgarh and the board has approved a further plant at Muzaffarnagar, that is three different projects. Yes, we did apply for a few more but those we are going to wait and see what the opportunity is and we are going to do them in a sequential manner. At this point in time, the board has only approved these plants.

**NK Arora:** Secondly Triveni Turbine has come out with a buyback offer. Are we going to participate in it?

**Tarun Sawhney:** Once the intimation is made to all the shareholders, which would include Triveni Engineering and we have reviewed the terms of said offer, we will then be able to take it to the board and make a decision and we will let you know the moment that the board has taken that decision.

**Moderator:** Thank you. We will take the next question from the line of Yash Agarwal from JM Financial. Please go ahead.

**Yash Agarwal:** So on the water orders, what sort of advance have we got?

**Suresh Taneja:** Normally it is 10% of the contract value.

**Yash Agarwal:** So you have got about Rs.90-crore of advance?

**Suresh Taneja:** Not exactly, in some of the projects, the advance provision was not there, it was there in Balotra, it was there in Mathura, but Mathura being a hybrid annuity model project, so after the effective date the advance we will be realizing thereafter sometime in the January-February.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

**Tarun Sawhney:** Thank you very much for joining us for the H1 fiscal '19 consolidated results review for Triveni Engineering & Industries Limited. I have to be speaking to you in another three months' time with such positive news yet again. We are very hopeful that the UP government will announce a sensible price and hopefully no increase but certainly we are not the arbitrators on that front, but we are hopeful that the factories are ready for a positive season, with better recovery and crush and there has been a lot of work done by the team on that front, similarly, on the Co-generation and Distillery business, and of course in the Engineering business we are hopeful for very positive results as well.

With that, I look forward to speaking to you in a few months' time. Thank you very much for joining us this afternoon and evening and I Wish All of You a Very Happy Diwali. Good Bye.

**Moderator:**

Thank you very much, Sir. Ladies and gentlemen, on behalf of Triveni Engineering & Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.