



Praj Industries Limited

Q2 & H1 FY17 Earnings Conference Call Transcript

October 21, 2016

- Moderator** Ladies and gentlemen good afternoon and welcome to the Praj Industries Limited Q2 FY17 earnings conference call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation conclude. Should you need assistance during the conference call please signal an operator by pressing * then 0 on your touchtone telephone. Please note that this conference is being recorded. I would like to hand the conference over to Ms. Priyanka Watane from Praj Industries. Thank you and over to you ma'am.
- Priyanka Watane** Good day everyone. We welcome you to this conference call organized to discuss Praj Industries' operating performance & consolidated unaudited financial results for Q2 and H1 FY 2016-17, which were announced on 20th October. I have with me, Mr Gajanan Nabar, CEO & MD, Mr Atul Mulay – President Ethanol Business, Mr Sachin Raole, CFO, Mr Dattatraya Nimbolkar, Company Secretary and Mr Surendra Khairnar, AVP – Accounts.
- Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to the financial performance have been emailed to all of you. These documents, along with a quarterly results presentation, are also posted on our corporate website. I would like to invite Mr Nabar for the opening remarks.
- Gajanan Nabar** Good afternoon ladies and gentlemen. A warm welcome to all of you. I hope you have had the chance to refer to the results circulated earlier. We have slightly changed the format for today's call. I will walk you through the overall business scenario. Considering recent developments in the Indian ethanol blending program and 2nd generation ethanol, we have Atul with us to brief you on this and Sachin will cover the financials. Starting with the macro-economic trends –
- First two quarters of the fiscal saw a decreasing trend in the industrial growth. In India, investment is taking place in pockets in the capital goods sector. However, the challenging environment persists for the sector.
- Going forth, the central and state governments' spend on infrastructure projects will drive the recovery till the export and consumption led growth picks up. Also, the Make in India Initiative will help the capital goods sector which gives locally manufactured equipment a priority.

Given this macro scenario, the passage of Constitutional Amendment Bill of GST and the rate cut announced by RBI are precursors of efficient business processes and a healthy economy. Now, let me walk you through developments in business environment concerning us. On the international ethanol front –

South East Asia is showing a steady flow of opportunities with enquiries and order conversion from Philippines, Myanmar and Thailand. Indonesia is also taking positive steps to develop the local sugar industry. Myanmar is in the process of preparing tax structure and environmental norms for the distillery industry. In Vietnam, PetroVietnam is seeking tax exemption on cassava based fuel ethanol and reduction in VAT. Despite these positive developments in the region, the drought and El Niño effect have led to rise in feedstock prices and hence, delayed investment decisions. In the South American continent, Argentina continues to offer opportunities for greenfield plants and modernization. While greenfield plants remain our mainstay, modernization of existing plants, even in the international arena, are presenting up opportunities. The team has identified suitable technologies and value proposition for various markets. Such projects go through a process of technical assessment of plants before the order placement. We see this business model gathering momentum over last couple of years.

Coming to the brewery business – This segment has reported a steady performance in the first half of the fiscal, with winning of 2 orders for supply of process plants for greenfield breweries in India. Brewery industry in India is undergoing several changes in the wake of consolidation and entry of international players. Owing to drought in some key states and imposed liquor prohibition in Bihar some expansion projects have got affected. In such a situation, our team has maintained the market share. On developments relating to the emerging businesses - Starting with Praj HiPurity Systems - Biosimilars is an attractive opportunity for Indian pharma companies with scope to export to the developed markets and Indian companies are gearing up for this. US, EU and Japan are the largest markets for biosimilars.

With a sizeable market share in the water systems, Praj HiPurity is focusing on increasing the ticket size by enhancing the scope of work. We are also driving modernization initiative with existing customers, as Indian companies are looking to employ newer technologies to prepare themselves for FDA scrutiny. In the water & waste water segment, the business environment has not shaped up as anticipated. Zero liquid discharge for the industrial waste water remains our focal point. We continue to pursue niche opportunities in this segment with a sharper focus on execution. Coming to the critical process equipment and systems, the Organization of Petroleum Exporting Countries (OPEC) has agreed to modest decrease in oil production. This should see oil prices firming up and coming back into the investment range. We are also seeing early signs of investments moving toward downstream from upstream triggered by lower oil prices.

In a recent press release, it is announced that Petrobras board has voted to resume work on the COMPERJ project. This order forms a part of order backlog. We are in discussion with the earlier contractor and also the new shortlisted contractors to work out the modalities going forth. In essence, there are certainly many bright spots for Praj. However, due to lower capital activity, we could see the challenging environment continuing for couple of quarters. Now, I will request Atul to continue.

Atul Mulay

Good afternoon everyone. Coming to the domestic ethanol segment and the ongoing developments around 2nd generation ethanol – With 3.2% blending achieved this year till date, India has made significant progress and is on track to go for higher blend levels. The first generation ethanol, produced from molasses (a by-product of sugar mills), will continue to contribute to the ethanol blending program, besides serving beverage and industrial demand. With improved health of sugar

sector and forecasts of even monsoon distribution, visibility is positive for this segment. The World Biofuel Day celebration held in India on 10th Aug is an important development in furtherance of biofuel use in the country. MOPNG is undertaking various initiatives to promote clean energy, including ethanol, with the intent to curtail oil imports by 10% by 2022. Ethanol directly addresses the GHG emission caused by transport sector while helping India meet the GHG reduction as agreed in the Nationally Determined Contributions at COP 21. In order to achieve the aspired 20% blend ratio, an eco-system for 2nd generation ethanol is in the making. As a part of this drive, 9-12 numbers of 2nd generation ethanol projects are expected to get finalized, with average capex of Rs 500 cr each. It is understood that locations have been assigned to these projects based on the feedstock availability, ethanol production and demand-supply situation in some states.

We are happy to share that during the quarter, IOCL selected Praj as technology partner for setting up three plants based on the 2nd generation ethanol technology developed by us. The Indian government also announced that a biomass based biofuels policy is in the offing to promote agro-economy and renewable energy. Work on our 2nd gen "Smart Bio refinery" Demonstration Plant is also on track. This will be a multi-feedstock and multi-product plant capable of producing bio-ethanol, bio-chemicals, power, bio-CNG and CO₂, complete with an integrated effluent treatment plant. The Cabinet Committee on Economic Affairs has recently approved the mechanism for revision of ethanol price for supply to OMCs for the sugar season 2016-17. We believe this is a move toward sustainability of the industry and hence, ethanol blending program, as it brings clarity on the pricing. With an assured offtake from the OMCs, it is remunerative for sugar mills to supply ethanol for the blending program.

The developments on the 2nd gen ethanol are comforting and we believe, we have put our best foot forward to capitalize on all the action happening on this front. However, we would like to clarify that this is an initiative being made possible by the involvement of multiple stakeholders. Hence, there will be updates based on the progress of milestones. We understand from many of you that there is keen interest for further details and granularity about this initiative. We request you to be patient and rest assured that Praj will provide all the relevant details at an appropriate time. I will now handover to Sachin.

Sachin Raole

Good afternoon everyone. Let me now cover the financial performance of 2nd quarter and first half ended 30th Sept, 2016. Please note that the numbers are reported in compliance with IND AS and previous quarters are also adjusted for the same. Revenue on consolidated basis stands at Rs 205.79 cr. Export revenues account for 25%. Of the total revenue, 57% is from ethanol, 11% from brewery and 32% is from emerging business. EBITDA (excluding other income) stands at Rs 6.08 cr, PBT at Rs 6.28 cr and PAT at Rs 3.04 cr. The fresh order intake for the quarter stands at Rs 200 cr. Of this, ethanol forms 62%, brewery 8% and emerging businesses 30%. The order book is inclined toward domestic with 74% share. The order backlog as of 30th September, 2016 is Rs 1025 cr. Domestic orders form a larger portion with 72% share. Ethanol forms 51%, brewery 9% and emerging businesses 40% of the total order backlog.

The cash and cash equivalent position as on 30th September, 16 stands at Rs 239 cr based on the improved working capital cycle. On half yearly basis –Revenue on consolidated basis stands at Rs 410.72 cr. EBITDA stands at Rs 12.87 cr, PBT at Rs 11.18 cr and PAT at Rs 7.15 cr. On the organizational front, we are glad to share that Mr. Pramod Chaudhari, Executive Chairman of Praj, has been appointed as the president of Maharashtra Chamber of Commerce Industries & Agriculture (MCCIA) for the period 2016 to 2018. MCCIA is one of the most active chambers of Commerce

in India and has been instrumental in promoting number of institutions in Pune. Concluding, I would like to mention that we are pleased to report a stable performance, in the midst of the sluggishness in industrial capex. On the macro level, we are particularly pleased with acceleration in the biofuel space in India. With focus on value engineering and disciplined efforts in all the business segments, we are well placed to capitalize on potential opportunities.

Thank you ladies and gentlemen for your participation. Wish you all a very Happy Diwali and prosperous new year. We will now take questions.

- Moderator** We have first question from the line of Nirav Vasa from B&K Securities. Please go ahead.
- Nirav Vasa** My first question pertains to the depreciation charge. If I look at FY16, the consolidated number is Rs. 25.14 crore and if I compare that number with the consolidated balance sheet in FY16 annual report that number was around Rs. 34.45 crore. So going forward should we go with the depreciation run rate of around Rs. 25 crore?
- Sachin Raole** Rs. 25.14 crore depreciation which is reported now is after taking into account IndAS implications. So, we would like to take that into account, going forward.
- Nirav Vasa** Any major reason why there is such a huge difference of around Rs. 10 crore between just two numbers which are reported at different times?
- Sachin Raole** This is basically the accounting treatment which we have to do to the intangible amortization and that's the reason why this impact is there.
- Nirav Vasa** Any update on the Petrobras order, you had informed that you are already in negotiations with the new contractor but any timelines by which you are expecting work to begin on the designing part?
- Gajanan Nabar** As I mentioned in the narration, the discussions are on with the existing contractor as well as the new contractor. We are expecting by end of this calendar year or early next year we should have some more information to share with all of you.
- Nirav Vasa** In your media interview, you had informed that there are some slow-moving orders. Were you referring to the Petrobras order or are there some other slow-moving orders in the backlog as well?
- Gajanan Nabar** Right now, the Petrobras order is the only order, which we have shared with investors that it is a slow-moving order.
- Nirav Vasa** For the second-generation ethanol plant, as I understand, we are selected as a technology partner. But any more color as to whether we will have to put some kind of capital in these projects or any further update on that?
- Gajanan Nabar** The project outlay is somewhere between Rs. 550 to 600 crore and our portion of the project stands somewhere between Rs. 350 to 400 crore. This whole thing will be driven by oil marketing companies, that is IOCL, HPCL and BPCL and they would bring most of the capital including equity and part of the debt. The government has formed a bioenergy fund, which we are envisaging putting part of at least debt. We as technology players will have to put some skin in the game and that will also show the confidence in our technology, which could be in the range of between 7% to 12% of the equity portion. So, these are the details which are being

currently worked out. **Moderator** We have next question from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.

- Vikram Suryavanshi** What would be the typical size in terms of production capacity of this plant?
- Gajanan Nabar** This plant capacity is about 100,000 liters per day. On an annualized basis, this will produce between 3 to 3.5 crore liters of ethanol.
- Vikram Suryavanshi** The major concern would be a material availability or is there any concrete plan on how that can be managed?
- Gajanan Nabar** Actually these plants have been set up to really come out of the problem from the agro waste, so availability of raw material is abundant. In fact, one can see that available cellulosic biomass available, even if we use 40% of that, this can take care of to the extent of 12% to 15% of India's fuel ethanol requirement. It depends on multiple states, multiple locations.
- Vikram Suryavanshi** Is QGIT still the vendor for the Petrobras order or there is a change in contractor for Petrobras?
- Gajanan Nabar** No, so there is some change. As I mentioned we are also discussing with the new possible contractors. This has already referred to us by Petrobras only, so we are talking to QGIT as well as the possible new contractors.
- Vikram Suryavanshi** Can you just give a sense in terms of what kind of growth we can see in emerging business going ahead or is there a slight slowdown because of the economic traction?
- Gajanan Nabar** As you know, we don't give guidance as such. But let me give some color of how we see the whole emerging business sector panning out. We see good traction in terms of inquiries as well as order book in Praj HiPurity Systems which is obviously supported by good macro pharma and biotech. On oil and gas link which is the CPES business, we are seeing some green shoots of investment coming in the downstream. As you know in the last almost one year because of the lower oil prices, the investment in upstream oil sector dried up, so the enquiry basket actually reduced significantly. But now we are seeing some green shoots coming out of the petrochemical as well as the refinery sector. In India, obviously because of the new pollution control norms, refineries are going with further lot of expansion and that would present us the potential opportunities so that's for CPES. Whereas on wastewater treatment business, we have been and this is what we have been sharing with our investors for past so many quarters that our focus has been EBITDA and we see that only select few opportunities are being presented to us in this sector and we are going cautiously. We are focused on zero liquid discharge kind of solutions, so we would continue to maintain this profile or maybe little bit lower profile here. But Critical Process Equipments & Systems as well as Praj HiPurity would continue to gain whatever opportunities are presented in the market.
- Moderator** We have next question from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.
- Swarnim Maheshwari** The first half has been sort of flattish for us, how do we see the second half as such for us?
- Gajanan Nabar** We have mentioned that the first two quarters look little more challenging. We are clearly seeing better performance in the second half.

- Swarnim Maheshwari** In terms of the delivery schedules, are the clients now ready for actually taking the deliveries in the second half?
- Gajanan Nabar** I'm not sure whether I get your question but it's more of the order entry timing and not so much of delivery getting stuck. It is order entry timing which is leading to the lower revenue in first half and as we see that some of those things will get sorted out, we are very confident that the second half will be better than the first half.
- Swarnim Maheshwari** My second question is on the employee cost, particularly for this quarter, there was 15% growth in employee cost. Any particular reason for that?
- Sachin Raole** Generally, our increments and the other cost related to employee takes place in the month of July, so this is the quarter where we see some spike in employee cost as compared to other quarters. And going forward, it will be a normalized cost for other quarters.
- Swarnim Maheshwari** In your estimate, have you guys taken any revenues coming in from the Petrobras Order in FY17?
- Gajanan Nabar** We would be able to share that with you by end of this calendar year. If everything gets bottom down by end of this year which we are hoping to or early next year, we would let you know what the status is.
- Moderator** We have next question from the line of Sandeep Sabharwal from Span Capital. Please go ahead.
- Sandeep Sabharwal** To extend the point on this Petrobras order, is there any possibility that the new contractors gives it to someone else excluding of Praj is that also a scenario you are working with?
- Gajanan Nabar** Theoretically yes but commercially it looks difficult because we already have proceeded on the contract significantly. We understand the design and the requirement of that so now getting somebody else would only lead to higher lead times for the contractor. So theoretically, it doesn't constraint them from looking at somebody else but I would say in practical terms, we would probably stand to be the best choice for them at this point in time.
- Sandeep Sabharwal** Secondly, with IOCL order signing with you, would that plants execution start only after your demo plant comes up or there is no linkage between the two?
- Sachin Raole** Actually there is no linkage between the two and the IOCL has evaluated various technologies after raising their expression of interest and there is no linkage between both.
- Sandeep Sabharwal** The by a consultant done a couple of years back so, there was a strategy worked out to enhance the growth of the company and as well as improved profitability, but we are actually seeing profitability being under pressure and growth actually has not been there for the last few years. So, is there some color you could throw on these aspects?
- Gajanan Nabar** One of the most important points that you as an investor should look at is the market share. So I am glad to share that in all business segments at least the predominant business segments of ethanol and brewery and (PHS) Praj HiPurity Systems, we either kept the market share at the same level or gained the market share and only on account of sluggishness in investment climate especially on account of international ethanol, which is a little sporadic in the last five years - six

years we always have seen that it goes through a cycle. As I was mentioning in some other forum, probably we are at the lowest cycle of that right now and we only hope and we can see that some signs of this can pick up going forward in the next couple of quarters. The effort that we have put in along with the consultant definitely is helping us in terms of we have done much more rationalization of our cost. We have looked at our engineering; we looked at how the variable cost can be controlled and all those things which obviously are in the P&L that you see. But because, our revenues being flat and also the composition of international being very low in our execution, what you see at the bottomline is a little different then what your expectation is.

- Sandeep Sabharwal** And lastly, on this IOCL sign-up so, are there no timelines they have indicated or there is something which has been shared like over what time period it would be done, etc.?
- Atul Mulay** See the whole program is based on the inputs from various OMCs that they need to come to production in the next 24 months' cycle time. So there is an equal pressure from all OMCs they want to come to the production in the 24 months to 28 months.
- Sandeep Sabharwal** From your perspective, setting up such a plant if you actually get the go ahead would be how long?
- Atul Mulay** For us, based on for this size of a plant in domestic market we can get it into between 15 months to 18 months.
- Moderator** Thank you. We have next question from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.
- Sanjeev Zarbade** On 2G ethanol, are we open for talks with other OMCs also or is there any figure that they have sent, how is it working out?
- Atul Mulay** No, it is based on expression of interest. So, expression of interest IOCL has already finalized now. There is expression of interest from HPCL, BPCL, are still open and they are under discussion.
- Sanjeev Zarbade** These three plants which IOCL plans to set will be ordered in FY 2018 itself or there is any staggered ordering that they have planned?
- Atul Mulay** IOCL is working out on the scheduling of this ordering but eventually this financial year we will definitely see something move on this.
- Sanjeev Zarbade** In FY 2017?
- Atul Mulay** Yes.
- Moderator** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh** Looking at the order books, it seems the orders in emerging segments is from just brewery. So, could you provide a little bit more color on that?
- Gajanan Nabar** Yeah, so, I think as I mentioned, the waste water business we are looking at the low profile of it going very selective in terms of what orders to book because of some of the challenges that we face. Our critical process is obviously coming out of this whole oil and gas cycle and looking at some fresh enquiry. So, they have a good build up in the enquiry basket but I think that is still not converted into order book.

Praj HiPurity Systems have shown some traction in the order book and I think that is what has been represented here. So, on overall basis as I also mentioned brewery has done fairly well despite some of the headwinds as Bihar ban on liquor and also having drought like situations from states, beer has done fairly well and you know we have kind of concluded more than our fair share of order book for brewery in India.

- VP Rajesh** What was the revenue of HiPurity in the current quarter?
- Gajanan Nabar** We have not been sharing each segment wise analysis as such so, you have to excuse me for that.
- VP Rajesh** On the increase in the employee cost, year-over-year it has gone up by almost 14% and part of that may be increments but is there any one time or there is significant addition of employees?
- Sachin Raole** See, the employee cost increase is on two accounts basically, one on the retirals where we had to get it discounted at a lower government rates, basically the provisions which we have to do for the retiral fund where the discounting was on a lower side and that is the reason the provision is on a higher side. If we exclude that, the number will be flattish for all the corresponding quarters so, the impact of that is a little higher in this particular quarter because we had to take the hit for all the previous quarters technically on this retiral benefits.
- VP Rajesh** There is a one-time step-up in the provisioning required for the retirement benefits of the employees?
- Sachin Raole** That is right.
- VP Rajesh** What is the amount related to that?
- Sachin Raole** It will be around Rs. 2 crore type.
- VP Rajesh** On the IOCL, I heard you say that the capex will be Rs. 550 crore to Rs. 600 crore so, what is the revenue opportunity for us and is that already reflected in the order book?
- Atul Mulay** It is roughly Rs. 350 crore to Rs. 400 crore and it is not already reflected in the order book.
- Moderator** Thank you. The next question is from the line of Madanagopal Ramu from Sundaram Mutual Fund. Please go ahead.
- Madanagopal Ramu** If I look at the other expenditure as well year-on-year there seems to be saving. Are there any one-offs in this even in last quarter also we saw that number had come down?
- Sachin Roale** You are referring to the other expenditure?
- Madanagopal Ramu** Yes.
- Sachin Roale** In a percentage term, if you look the variation is very minuscule.
- Madanagopal Ramu** On the absolute number, there is a fall of Rs. 5 crore at least so compared to last year.

- Sachin Roale** For the last year, we had some one-time expenditure which was booked for the consultants fees. That element is no there in this year.
- Madanagopal Ramu** So, can we assume the current numbers are representative?
- Sachin Roale** Yes.
- Madanagopal Ramu** And we were talking about the second-half being better than the first-half but for the full year, do you think given the flat sort of an order book and compared to the first-half of the last year, this year has been a little weak, even doing last year full year numbers would be a challenge or you think still that is possible given that PHS as a mix has improved and that is a short cycle order?
- Gajanan Nabar** As a matter of practice, we do not give any guidance. But what we would like to share with you qualitatively is that the second-half looks better than the first-half on this year's basis itself and there are efforts on all fronts including bringing the orders earlier, executing, increasing the execution speed as well as on the cost side taking out a bunch of costs that we can. So, there are efforts all around to make sure that the numbers look better but I would not like to comment whether it will be better than last year or not.
- Madanagopal Ramu** In case of the IOCL 2G related stuff so, there is any limit that you will have that only this many plants that you will want to do given the equity constraint we might face or you are still okay to add more plants to your portfolio?
- Atul Mulay** No, we are open for more plants but it is largely on what is the percentage of our equity various OMCs are looking for.
- Moderator** Thank you. Our next question is from the line of Khadija Mantri from Dalal & Broacha. Please go ahead.
- Khadija Mantri** My question pertains to the tax rate which has increased to about 50% this quarter so, you have paid about Rs. 3 crore of tax as compared to just 10% last year's corresponding quarter. So, what could be the reason for that? Is that you are making losses in the subsidiaries and that is why on consolidated level the tax amount looks higher?
- Sachin Roale** Partially yes, what is happening is that the provisioning that we are doing in the subsidiary companies, we are not taking any kind of a deferred tax asset in the Praj books. So, on a consolidated basis, this looks a little higher but on a conservative basis, we are not providing any kind of deferred tax assets on those provisioning.
- Khadija Mantri** What could be an average tax rate that we can work with?
- Sachin Roale** It should be in the range of 30%.
- Khadija Mantri** Is it possible for you to provide percentage of fuel ethanol orders in order inflow and order book?
- Atul Mulay** Right now, it will not be possible to give that kind of break-up.
- Khadija Mantri** But largely does 10% - 20% come from fuel ethanol?
- Atul Mulay** We will not be able to provide this answer, right now.

- Khadija Mantri** What would be our market share in brewery in India?
- Gajanan Nabar** As you know we are a leading player, we have done business with all the leading breweries like Heineken, Carlsberg, SABMiller, and now AB InBev and our market share is higher than 65% for the brewery industry and it continues to be that.
- Moderator** Thank you. Next question is from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.
- Bhalchandra Shinde** Our order book has not been able to cross the range of Rs. 1,000 crore - Rs. 1,100 crore. So what factors should play out for the company for us to see a strong growth in the order inflows?
- Gajanan Nabar** As we mentioned, there are quite a few positive triggers that are there in the macro-environment. For example, the second generation mandate that is the government is pushing for is a big trigger and as Atul said in his narration that they are looking at around 10 plants each one in the range of Rs. 550 crore to Rs. 600 crore, out of which the process, the heart of the system is going to be in the range of Rs. 350 crore. So, that is a big trigger.
- Bhalchandra Shinde** The successful commercialization of the second-generation plant could help us see order inflows of around Rs. 300 crore - Rs. 350 crore. Is that the kind of potential?
- Gajanan Nabar** Yes, certainly. And of course, there is Praj HiPurity Systems which is backed by good micros and we are getting some traction in the modular process area as well in addition to the HiPurity business.
- Bhalchandra Shinde** In the PHS business also we are not able to cross 25%-30% levels, do we see that kind of a potential availability in that business or there is a limitation in those markets?
- Gajanan Nabar** I do not want to give you qualitative analysis of each segment at this point in time but certainly there is no limitation as the market for biosimilars is growing leaps and bounds so that should augur well with this business. Third, the modernization business, which in last two years has significantly grown and showing further signs of growth. So there are multiple factors. Of course, the current economic scenario and the whole bias towards capital formation is not helping but even in that situation, we are seeing that there are good opportunities for us to get some order conversion. The good part is that our market share continues to either remain same or is grown, which is a very-very good sign from investment standpoint.
- Bhalchandra Shinde** Regarding our sales mix on the execution front, trend wise, the ethanol and beverage orders are relatively higher in execution in the second-half or is there any clear demarcation in the trend because usually this year, your subsidiary level performance was relatively higher around 70% growth, around Rs. 46 crore you did in subsidiaries. So, what other businesses get accounted in subsidiaries?
- Gajanan Nabar** We had clarified earlier that all other subsidiaries are basically local execution arms of all our business including ethanol business international so, local execution is done through our local subsidiaries that is how it is.
- Moderator** Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand over the floor to Ms. Priyanka Watane for her closing comments. Over to you, ma'am.

Priyanka Watane

Thank you, Karuna and thank you ladies and gentlemen for your participation. In case of any queries, please get in touch with us. Have a good day.

Moderator

Thank you very much, ma'am. Ladies and gentlemen, on behalf of Praj Industries Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.