



Praj Industries Limited

Q4 FY18 Earnings Call Transcript

May 17, 2018

Moderator

Ladies and gentlemen good day and welcome to the Praj Industries Limited Q4 FY 18 Earning 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 concludes. Should you need assistance during the conference call please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Priyanka Watane from Praj Industries Limited. Thank you and over to you Ms. Watane.

Priyanka Watane

Thank you Janis. Good Day everyone. I, Priyanka Watane, welcome you to this Conference Call organized to discuss Praj Industries Limited operating performance and financial results for Q4 and FY2017-2018 which were announced on May 16, 2018. I am happy to share that Mr. Pramod Chaudhari – Executive Chairman has consented to be with us for today's call. I also have with me Mr. Shishir Joshipura – CEO and MD, Mr. Sachin Raole – CFO and Director (Finance and Commercial), Mr. Atul Mulay – President of Bio Energy business 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 our financial performance were e-mailed to all of you earlier. These documents along with the quarterly results presentation are also posted on the corporate website. I now invite Mr. Chaudhari for his opening remarks.

Pramod Chaudhari

A very good morning ladies and gentlemen. It is a pleasure to connect with all of you again. I would like to touch upon a few pointers connected to the bigger picture before Atul and Sachin get into the quarterly business updates.

At the outset, I take this opportunity to formally introduce Mr. Shishir Joshipura – the CEO and MD of Praj Industries Limited. He has assumed the position, with effect from 2nd April. He brings with him over 35 years of proven track record at various Leadership levels. The Board also believes that his deep understanding of business, both local and global and a sound industry background will be value accretive for our Company. His appointment coincides with the commercialization of our own second generation ethanol technology, a landmark for Praj and for the Industry in which we operate. I believe that his role will strengthen our prospects in more projects and also in other business segments. This would also help, and place Praj once again on the growth trajectory in this important second coming.

Renewable energy for transportation is an important element in the world energy matrix and India is leading the way with implementation of second-generation Biorefinery projects. A conducive environment for additional blend ratio and policy framework will definitely help strike a balance between India's developmental needs of energy, environment and economy. A welcome news came just yesterday with the Indian cabinet approving the much-awaited national policy on biofuels from 2018. This policy will provide impetus to the biofuel program in India, leading to additional ethanol production. Ecosystem of second-generation ethanol addresses many flagship agendas, rural employment creation, increasing the farmer's income, import substitution for oil and reduction in the GHG Emission among others.

Of course, Atul will elaborate more on these later. Indian Government's relentless focus on widespread adoption of ethanol and other alternative fuel across the nation continues to bolster visibility prospect for India in the global ethanol market. Long-term levers are falling into place for an improved and sustained bio ethanol landscape. Globally, bio-based economy is shaping up with second-generation bio refineries forming a major constituent of energy policies of various countries. In the European Union, a vibrant dialogue continues on the use of renewable energy and biofuels and which are instrumental in helping EU countries meet their target of 10% renewable in transport sector. The renewable energy directive called RED-II, sets off the biofuel sustainability and the next frame work is in the offing later this year. Our second-generation integrated Biorefinery demo plant has attracted a lot of attention from stakeholders around the world and was recently visited by the delegation of senior executives from bio industrial sector representing renowned organization as a part of India - EU conference on advanced biofuels. We are at an advanced stage of discussion with select prospects in Europe. We remain confident in our ability to significantly contribute to the global renewable energy market.

Praj has positioned as a front runner in the development of second-generation ethanol technology has also been reinforced by the U.S.-based prestigious Biofuels Digest in the recently published list, captioned "50 hottest companies in the advanced bio economy 2018", listing Praj at the 34th position. The list consists of companies from different parts of the world, making noteworthy contributions to the global renewable energy space, a testimony to our technologic leadership in the industrial biotech space. All these happenings are encouraging and conducive towards our ensuing growth story. We are also excited by the growth prospects in the High Purity and Engineering Business segments. These businesses have made headway in the global markets too. We have successfully delivered some complex jobs in the Chemical and Oil & Gas Sector. Our focus remains on maintaining high quality and leveraging the domain knowledge of the industry that we serve.

I am personally confident that having withered the slowdown on various accounts, now Praj is fully geared up to leverage its core competency supported by business strategy, global brand and prudent practices. On the backdrop of this development I welcome Shishir to the Praj family.

Now I request Atul and Sachin to walk you through business scenario, including outlook and financial performance for Q4 and FY 2017-2018. Thank you very much.

Atul Mulay

Thank you Mr. Chaudhari. Good day everyone again, there is an excitement development with IOCL issuing a letter of acceptance to Praj for a wide scope of work which includes license of proprietary technology and design package, EPCM work for a value of Rs. 38.7 crore. This project is located in Panipat, Haryana and will have a production capacity of 100 kilo litre per day of ethanol from biomass such as rice straw. This is further to the MoU signed between Praj and IOCL in

September 2016. The letter of acceptance was awarded to Praj after the performance of evaluation of its second-generation integrated Biorefinery demonstration plant located in Maharashtra. This technology addresses the challenge of biomass burning, which leads to smog like situation in the higher density urban centers of Delhi and NCR. As per the earlier contract with Bharat Petroleum Corporation Limited, BPCL for license of proprietary technology and design package, Praj is on track with the execution. We are also participating in further major tenders released by BPCL for the State projects.

As stated in the previous calls, these projects are structured in multiple phases, which have now started rolling out. The 2 orders discussed just now are from engineering services which will be followed by orders of equipment. As mentioned by Mr. Chaudhari, cabinet's approval for the national policy on biofuels 2018 is a high point for the Indian biofuel industry. Salient features of the policy, which mainly includes categorization of first and second-generation biofuels and the bio CNG into basic biofuels and appropriate fiscal incentives. Inclusion of a wide array of additional feedstock for first-generation ethanol, such as sugar cane juice and damaged grains. More importantly, viability gap funding to the tune of Rs. 5,000 crore for the second-generation Biorefinery projects over a period of 6 years and differential price and tax incentives for second-generation Ethanol. Praj in its pole position to participate in the opportunities to build additional ethanol capacity with its experience and expertise on various feedstock. This is a welcome move for India's aspiration to enhance renewable content in its energy basket and energy self-reliance.

Some sectoral developments across the global Ethanol market, in the Asia Pacific region, Vietnam is progressing towards the enforcement of 5% mandate, Thailand continues to be the most thriving market in the region with increased ethanol market and also opportunities for the other grades of the ethanol. In South America, we are focused on the several markets like Argentina, Colombia, Peru; several countries in the region are aiming at higher ethanol blend ratios. We pursue these developments as attractive pockets of opportunities for Praj in the near future. Modernization of existing plants for real improvement, energy reduction and product flexibility is a key growth area for the first-generation ethanol business. The ordering for this segment has doubled from the previous year.

Coming to the Praj HiPurity Systems:

The FY 18 marked the highest ever sales in the history of Praj HiPurity System business. While the market share in the Water System business was steady, it was a remarkable year for the Process business marking a rise in recognition and market share growth. With diligent focus on creating customer value and streamlining into their processes Praj HiPurity has been successfully creating momentum. In the Engineering business, Critical Process Equipment and Skids business is showing traction with enquiries as global supplier from some of the globally leading EPC and Chemical companies. We remain focused on this field which commands a higher component of multi-discipline engineering. Along with the market diversification we are also working on several operational efficiencies frontiers.

Brewery business continues to contribute to the overall performance of the Company, with stable market share. Water and wastewater is showing opportunities in the wider industry spectrum. Our focus here continues on high complexity zero liquid discharge system for industrial effluents. A combination of solid technological competence, combined with a superior end capability has not only established Praj Industries as a diversified market leader across high potential revenue streams, but has also improved the brand size considerably.

I will now hand over to Sachin for his comments on the financial performance.

Sachin Raole

Thank you Atul, good morning ladies and gentlemen. First, I will talk about our quarterly performance.

Revenue on a consolidated basis stand at Rs. 274.53 crore, an increase of 10.57% over the last quarter, but a drop of 9% over the corresponding previous quarter. The timing of the order intake has impacted the execution in this quarter having an impact on this top-line growth on the previous quarter basis. Of the total revenue, 50% is from bio energy, 16% from HiPurity and Engineering business contributed 34%. Domestic revenues accounted for 64%. EBITDA, excluding other income is 11.3% at Rs. 31.08 crore as compared to 6.7% of the previous quarter and 12.7% of the corresponding previous quarter. Drop in EBITDA margin as compared to corresponding quarter is mainly on account of change in the composition of sales and a pressure on margin, which we faced in the last year.

PAT has increased by 17.65% as compared to the corresponding previous quarter and stands at Rs. 26.81 crore. The order intake stands at Rs. 375 crore, of this, bio energy forms 61% and also export orders forms almost 18%.

For the fiscal year 2017-2018, revenue, which is net of excise duty on a consolidated basis stands at Rs. 916 crore against last year's revenue of Rs. 915 crore. Of the total revenue, 51% is from bio energy, 19% from PHS and 30% from engineering businesses.

Export revenue accounts for 40% against last year's number of 26%. EBITDA, excluding other income is at Rs. 61 crore as against Rs. 73 crore of the last year and our PAT is Rs. 39.49 crore as against Rs. 44.6 crore of the last year. Order intake for the entire fiscal year stands at Rs. 1040 crore of this, 60% is from bio energy with 29% share is from export order. The gross order backlog as of 31st of March 2018 is at Rs. 850 crore. As a prudent practice we have removed some non-moving orders worth Rs. 175 crore from the pending order backlog from the execution point of view. Net off, non-moving order backlog is at Rs. 675 crore, out of which export orders forms 26% and bio energy is 67%.

Cash and cash equivalents on hand stands at Rs. 282 crore. Total CAPEX during this year is Rs. 16 crore. Apart from normal CAPEX, during this year we have added a module of 5CNG to our demo plant at a cost of Rs. 2.5 crore. Effective tax rate for the fiscal year is 26% as compared to last year's effective tax rate of 34%. Last year's rate was high on account of recognition of deferred tax liability on the R&D facilities. This was related to the demo plant of Rs. 28 crore. Even though company was paying MAT as a prudent policy, a deferred tax asset which is equivalent to Rs. 13.5 crore is not recognized. Going forward, we believe that effective tax rate should remain in the range of 26%. We are happy to share that the Board of Directors has recommended a dividend of Rs. 1.62 per share, which is 81% on paid-up capital of Rs. 36.19 crore.

Thank you, ladies and gentlemen, I now invite Mr. Joshipura for his remarks.

Shishir Joshipura

Thank you Sachin and thank you Mr. Chaudhari for the generous introduction. Good morning friends. I am happy to connect with you in this maiden engagement in my new role. I am well and truly excited by the reception I received at Praj in last 45 days as I have engaged with rank and file.

I also had the opportunity to meet some of our key customers and important stakeholders. This has only reinforced my belief in the strong institution that Praj is and the potential that it holds. What has impressed me most is the sustained focus

on technology development that is instrumental in keeping Praj ahead of industry peers. I believe Praj's unique offering across different business verticals are increasingly relevant in today's business environment. Praj has created a pioneering role in the global bio process solution industry with strong focus on sustainability. The new National biofuel policy which is leading to establishment of several projects by PSU is also expected see participation sooner than later from private sector as we move forward. It will be my priority to collaborate with all stakeholders and to lead Praj to its next phase of growth. We will continue our relentless pursuit to create value by being customer centric in all our endeavors. Innovation, focus on global market and sustainability remain our focus area.

With this I conclude my remarks. Thank you all for joining. We would be happy to discuss any questions that you may have.

- Moderator** Thank you very much. We take the first question is from the line of Shariq Merchant from Quest Investments. Please go ahead.
- Shariq Merchant** Sir, I have three questions. The first one is on the biofuel policy. Now in the current regime the cost of producing ethanol under 2G was roughly 2X of the 1G system. With the new policy giving incentives around subsidies, tax incentives in your calculation, what would the procurement price work out to and what I'm trying to understand is, will this give enough incentives to private players to undertake CAPEX?
- Atul Mulay** So the feed stock pricing is purely based on specific region to region. But a differential pricing certainly will boost the confidence of private investors. And then we see a private investor also coming forward for getting the benefit of this policy.
- Shariq Merchant** Okay, but have they outlined what will be the procurement price and what will be the incentives as yet? Because the press release by the government only said fiscal incentives and higher price, a specific number was not provided there.
- Atul Mulay** So that is being worked out by the respective ministries, agricultural ministry and petroleum ministry.
- Shariq Merchant** So, in your view how long would that take to have clarity on that? Because that effectively will decide whether private CAPEX will happen or not.
- Atul Mulay** See this is basically Agro waste. And so far, there was no price for Agro waste is basically when you can see the rice straw they were throwing it or burning it. So they were zero- priced. But still the Government is considering in consultation with Ministry of agriculture and Ministry of petroleum, they will decide in due course of time.
- Shariq Merchant** So what the press release says is the price that they will offer for ethanol will be a higher price, correct?
- Atul Mulay** Yes, correct.
- Shariq Merchant** So the clarity that we will need is what the price of ethanol will be for 2G versus 1G?
- Atul Mulay** This is getting worked out as well as discussed by the ministries and OMCs. This is the first time there is a differential price concept that has come in the discussions and it has come into the policy.

Shariq Merchant	Also they talked about other feedstock like sugarcane juice, corn, cassava etc. So for corn, cassava I don't think Praj has a product as such at this point in time do you think that will be a challenge? And with sugarcane juice being allowed, sugar companies would be incentivized to undertake higher CAPEX, so how do see the dynamics playing out there?
Atul Mulay	Yes, to answer your question of the sugarcane and cassava, in fact we are on the pioneering work in the cassava and corn. In India, almost like more than 30% ethanol gets produced, alcohol gets produced from its raw material like corn and damaged grains. And we hold almost like 90% market share. We have also given a plant; in fact, world's largest plant of 12 lakhs litre per day based on grain which is wheat, is based on Praj technology in Europe. So that we have mastered the technology we have been in this plant for the last over 25 years. And then coming on the sugarcane juice, and cassava wherein in cassava we have over 20 plants running for last almost like 20 years.
Shariq Merchant	And sugar cane juice?
Atul Mulay	Sugarcane juice also, we have a technology in fact we have mastered it 15 years back from Columbia. In South America our plants are in operation, ranging from capacity of 200,000 litres per day to 800,000 litres per day.
Shariq Merchant	So sir, what would you see as being the biggest driver? Will sugarcane juice be a stronger driver than the 2G feedstock?
Atul Mulay	No it is as I said, the price of sugar is going to decide the sugarcane viability. So again, they are working out from agriculture Ministry and sugar associations for getting the appropriate pricing for sugar, as well as ethanol.
Shariq Merchant	Okay because with lower sugar prices, sugar companies will be incentivized to higher price.
Atul Mulay	Yes that is the idea in the policy.
Shariq Merchant	And so also on the European piece, you all were in talks to set up demo plants in Europe any updates or progress on that?
Atul Mulay	We will let you may be in the next quarter or so about it.
Shariq Merchant	Alright. My last question is on the municipal solid waste and bio CNG opportunities, so how do you see that piece playing out for Praj?
Atul Mulay	Presently we are working on agromass, biomass waste to bio CNG and liquid waste to biogas, bio CNG. As of now we are not working out on that MSW to bio gas.
Shariq Merchant	Okay, so there are other players who already have a product in the market that can address this opportunity or since Praj has been working on it, you see that piece playing out over the next 2-3-4 years?
Atul Mulay	Yes , that is one of the agenda on our technology development, but as you rightly said, may be next couple of years, from an MSW aspect.
Moderator	Thank you. We take the next question from the line of Nirav Vasa from B&K Securities. Please go ahead.

Nirav Vasa

My first question pertains to the incremental orders inflows that we can get from oil marketing companies. As I understand all the oil marketing companies are going to do piecemeal tendering for each and every phase of the project. So first I wanted to understand is that in the existing orders from IOCL and BPCL, who are the competitors who are bidding in each and every stage of piecemeal contracts?

And the other question is the third oil marketing company which is taking technology from our competitor; do we have some scope of work that we can offer to them in the competitive bidding scenario?

Atul Mulay

See as far as the equipments are concerned that tendering is in process, but they are pertaining to proprietary critical equipment and there, obviously we be a technology provider the proprietary critical equipment will come to us and then also non-critical equipment where normally the EPC will go for a tendering and then we will also bid for non-critical equipment. So that is a normal structuring process for the OMCs.

Nirav Vasa

So sir, what could be the break-ups if approximately as I understand Rs. 180 to Rs. 200 crore is the cost of one package for Praj so can you just share some kind of breakup between proprietary critical equipment and non-critical equipments?

Sachin Raole

So it depends on the plan, which is going to come up. Every call we are making a mention about this break-ups are going to be in the ranges, so we are not sure how this numbers are going to come in the last stage. So critical equipments will be in the range of Rs. 100 to Rs. 150 crore, non-critical will be in the range of Rs. 200 to Rs. 250 crore. That is the overall break-up or rather the range of these equipments which are supposed to come up.

Nirav Vasa

Sir can you just repeat the non-critical amount?

Sachin Raole

Rs. 200 to Rs. 250 crore.

Nirav Vasa

Sir my second question pertains to the order backlog of Rs. 175 crore on which no action is happening, and we have not included in our core order backlog. So just wanted to check who are these customers and what are the reasons as to why is this order not coming on track?

Sachin Raole

So these orders are basically non-moving orders and to achieve clarity or transparency about the executability of orders we are removing those. Last quarter we have also seen the orders which we had removed in the earlier years, came back to us and again the execution started. So as a precaution, we are removing this Rs. 175 crore orders from outstanding order book right now. They may come up or they may get dropped, depending on what is the situation at their end. So these orders are from different segments, not necessarily only from one segment. But as a yearly practice we generally tried to figure it out if something is not moving we get it removed.

Moderator

Thank you. We take the next question from the line of Arvind Joshi from Bateleur Advisors. Please go ahead.

Arvind Joshi

Yes sir, I wanted to get some idea on the recent comments that have been made by Mr. Gadkari pertaining to the problem of burning off wheat waste in the northern areas and he had said, very detailed work is going on and aggregators are being finalized and this could be a huge opportunity to convert a serious problem area into a big opportunity. Is this realistic? And sir in what way could we be involved? Because I think we are seriously tooled up to tag this opportunity. Thank you

- Atul Mulay** Mr. Arvind this is what Mr. Gadkari said, I also read in the newspaper. But this is exactly the area where government is looking to avoid the pollution in the near about Delhi. Rice straw burning, and wheat straw burning is a problem, and so the technology, which got developed and in fact we are working out an IOCL order for converting the rice straw to ethanol. So that is the reality now.
- Moderator** Thank you. We take the next question from the line of Chandra Mauli, an individual investor. Please go ahead.
- Chandra Mauli** How is the Petrobras order shaping up now?
- Sachin Raole** Yes, so as we mentioned earlier as well, Petrobras order has ultimately got awarded to Kerui. Their agreement got signed in the month of March and we mentioned that they will take almost 3 months to finalize the ordering process from their side on the various suppliers. That process has begun so they are on the right track right now from the ordering position for their suppliers and we are naturally participating in those processes. It will take some time for finalization of the orders from Kerui on their suppliers.
- Chandra Mauli** The next one is, initially you had mentioned about 12, 2G plants that are planned by all the 3 OMCs in India. When is the other plant starting and then what about Praj's own share?
- Atul Mulay** See out of 12, as I mentioned that we have already started the work on BPCL, we have started to work on IOCL. As third in the row we got shortlisted on a global tendering business for HPCL. And then there are couple of projects which are being done by the ICT-DBT and one in the Northeast by one foreign player. And remaining 6-7 are in the tendering process.
- Chandra Mauli** How much time will it take approximately?
- Atul Mulay** It is a typical OMC tendering process, individual OMCs will go with their own clearances from their own Board, so the timeframe is what they will decide.
- Moderator** Thank you. We take the next question from the line of V.P. Rajesh from Banyan Capital Advisors. Please go ahead.
- V. P. Rajesh** Sir, just wanted to understand the timeline of these 2 tenders with IOCL and BPCL getting into our order books. So, is it likely to happen in the current financial year or will it happen in the next financial year?
- Atul Mulay** See the order book for BPCL, services order is already booked. We have already declared it during last previous quarter. An order book again for services for IOCL is also booked now which I said about is about Rs. 40 crore worth of services order we have booked.
- V.P.Rajesh** Right, sorry, my question was more about the Rs. 100 crore to Rs. 150 crore proprietary equipment order that you are likely to get.
- Atul Mulay** So for that the tender is already in place from both the sides and could be in 2-3 months' time.
- V.P. Rajesh** Okay, so you're saying it is currently not in the order book of Rs. 675 crore. But it will come in sometime in the next quarter or maybe thereafter.
- Atul Mulay** Yes, correct.

- V.P. Rajesh** And that too is it for both of them or just one of them?
- Atul Mulay** Both of them.
- V.P. Rajesh** Okay, and one of the questions for the last financial year, our EBITDA margin declined for a similar level of revenue, so could you comment on what drove that? Was it is more driven by lower profitability in the engineering business or the export numbers were less? It will be helpful to just get some commentary around that.
- Sachin Raole** So on a year-on-year basis, yes, there is a drop of almost 1.2% in EBITDA. You pointed it out rightly; yes the reason is mainly on account of the sales mix, the engineering business with a lower margin as compared to ethanol business which has contributed more this time in the revenue. So naturally the margins have come down by almost a percentage point.
- Moderator** Thank you. We take the next question from the line of Bharat Sheth from Quest Investments. Please go ahead.
- Bharat Sheth** Now other business on critical equipment as well as HiPurity can you give some more color on as to how with the revival in some of the private CAPEX? So how are those things shaping up and what kind of opportunity we really look at for these two businesses?
- Sachin Raole** On a critical equipment side, the opportunity is definitely looking positive. Rather we are getting selected as a global supplier for the bigger EPC companies for that matter. We are expanding the base not only in domestic market, but globally also. We recently got an order from the US market for that matter. So there is definitely a positive development which is happening on the critical equipment side. If you look at from Praj HiPurity point of view rather we just mentioned that they have done the top line, which is the highest one in their entire history for that matter. The growth naturally will be linked to the Pharma growth and you are fully aware about what is happening in the Pharma space. We believe that growth in Praj HiPurity will be definitely in line with Pharma growth.
- Bharat Sheth** Okay and on HiPurity we will looking to go beyond Indian geography, so how the things are panning out over there?
- Sachin Raole** Yes in HiPurity, Internationalization is also happening albeit slowly, it is not very aggressive for that matter. But we're definitely getting orders from the International market as for now. So that momentum has started now.
- Bharat Sheth** Are we looking from the Indian Pharma company setting up the plant abroad?
- Sachin Raole** No even for their local players also. Not necessarily and only Indian players going abroad, but in the market from the local people also.
- Bharat Sheth** Okay. So how do we really look at these two businesses over the next 2 years' timeframe?
- Sachin Raole** The Pharma growth as I mentioned for the Praj HiPurity very directly linked. So it is completely dependent on how the Pharma market is going to come up. And there are definitely good opportunities available on that segment. In the critical equipment hopefully, the current oil prices and the investment, which is coming up in that segment will help us to grow our business also, for that matter.

- Bharat Sheth** And this HiPurity also, we were looking for food processing and other industry other than the Pharma. So, is there any clarity coming on it or some kind of success are we seeing there?
- Sachin Raole** So not really majorly, to be very frank with you. The entire focus right now is on the Pharma and we are trying, it will be on a test-case basis we will do something on the allied side also. But mainly focus is going to be at least for this current year only on Pharma.
- Moderator** Thank you. We take the next question from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.
- Vikram Suryavanshi** Most of the questions were answered. The 1G or ethanol business I think we have come to a very base level. So how do we see the growth coming back from the orders from the First Generation?
- Atul Mulay** See if you read this policy may be there is also encouragement for the first-generation ethanol. So they also talked about in these 'the policy categorize biofuel as basic biofuel vis-à-vis first-generation bio ethanol and advanced biofuels'. So, this policy also talks about raw material for ethanol production by allowing use sugar cane juice, sugar containing materials like sugar beets, sweet sorghum, starch containing materials like corn, cassava, and damaged food grains. So as you know that we have market share in the market for the food grain to ethanol is almost like 85%. And so far, they were not direct bidders for the fuel ethanol. Now they were also allowed to go for bidding for the fuel ethanol. So it gives them the flexibility to either use it for the portable grade or for the fuel ethanol grade and that also gives an opportunity for upgrading their plants to the fuel ethanol plant. So we see a huge opportunity there.
- Vikram Suryavanshi** Okay, and last question regarding our R&D side. Are there any revenue opportunities emerging, like commercialization of molecule or any other opportunities from R&D side?
- Sachin Raole** So if you look at on R&D, our efforts are continuous one rather 2G is the one which is getting commercialized, a very live example of our R&D for that matter. And there are multiple developments which are going on parallelly; I can't right now name any technology, which will get commercialized during this financial year. We will definitely let you know at the right time.
- Moderator** Thank you. Ladies and gentlemen this was the last question. I would now like to hand the floor over to the management for their closing comments.
- Priyanka Watane** Thank you everybody for joining in. Please reach out to us in case of any queries. Have a good day.

Disclaimer - The following transcript has been edited for language and grammar, it however may not be a verbatim representation of the call.