Triveni Engineering & Industries Ltd.

Q4 & FY 2022 Earnings Conference Call Transcript

May 16, 2022

Moderator: Ladies and gentlemen, good day and welcome to Triveni Engineering & Industries Limited Q4 and FY 22 earnings conference call. 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. 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: Good day everyone and a warm welcome to all of you participating in the Triveni Engineering & Industries Limited Q4 and FY22 earnings conference call. We have with us today on this call Mr. Tarun Sawhney, Vice Chairman and Managing Director, Mr. Sameer Sinha, CEO of Sugar Business Group 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, maybe forward-looking in nature. And the statement to this effect, it has been included in the invite which was sent to everybody earlier.

I would like to also emphasize that while this call is open to all invitees, it may not be broadcasted or reproduced in any form or manner. We will start this call with opening remarks from the management, following an interactive question-and-answer session.

I will now request Mr. Tarun Sawhney to open the call. Over to you sir.

Tarun Sawhney: Rishab, thank you very much. Good afternoon, ladies, and gentlemen. And welcome to the Q4 and FY 22 earnings conference call for Triveni Engineering & Industries Limited. Delighted to be able to speak to you today, the Company has delivered extraordinary results at the end of the year. All the businesses have contributed significantly towards the profitability of the Company. Triveni registered the highest ever annual profitability with the Profit Before Tax (PBT) increasing by 24.8% year-on-year to ₹ 574 crore. Profit after tax grew a shade under 44% and stood at ₹ 424 crore. The Board in its meeting that ended on Saturday has declared a final dividend of ₹ 2 per equity share or 200% for FY 22.

If the final dividend is approved, this will take the total dividend for the year up to ₹ 3.25 per equity share. The net turnover for the Company however declined by approximately 8% in FY 22 and in the current quarter and this was driven by the Sugar segment where lower sales volumes of 23% and 29% was the main contributing factor in the aforesaid periods.

It is important to note that for the sugar year under review, sugar year 2022, the Company has not exported any sugar this year, whereas in the previous sugar year, we did we had record exports nearing about 182,000 tonnes, rather substantial amount of sugar was exported at that point in time. The other segments registered an increase in turnover in FY 22 in the current and as well as in the current quarter.

Turning to the Sugar business, I am happy to report that the crushing continues at three of the seven sugar units as we speak today. And the total crush, as on the 13th of May was 8.2 million tonnes with the gross recovery of 11.67%. The diversion of sugar to ethanol in sugar season 2021-22 is estimated at 93,000 tonnes against 75,000 tonnes in the previous season. The increase in net turnover and profitability of the alcohol business improved by 30% and 48% respectively, during FY 22 and were driven by increasing sales volumes and higher realizations as well as better efficiencies.

The PBIT for the aggregate for the alcohol and sugar segments grew by 13% and 14%, during the year and current quarter, respectively. Higher domestic sugar prices of 8% in the current quarter, and 7% for the entire year has helped improve sugar operations substantially. In respect to the distillery operations, both sales volumes and higher realization prices have contributed to the increased profitability.

On the 4th of April 2022, just after the fiscal year ended, the Company commenced operations of its new multi-feed distillery at Milak Narayanpur which has a capacity of 160 kilo liters per day (KLPD). I am also happy to report that this facility operated for a few days, for a fortnight on juice, which was the first of the distilleries at Triveni to have utilized juice for the manufacture of ethanol. The Company has now achieved an overall capacity of 520 KLPD. As we speak today, with the enhancement of operations at the distillery at Sabitgarh, which has increased from 160 KLPD to 200 KLPD.

The highlights of the engineering business are equally impressive. In our opinion, the business, the engineering businesses reported a 12% increase in turnover, driven primarily by the power transmission business in a year that was fraught with challenges, and especially a six-to-eight-week shutdown because of COVID, the Delta variant as we remember in Q1 of the fiscal year under review.

Both the power transmission and the water business have registered a marked improvement in profitability. The engineering businesses at an aggregate level reported strong revenue growth increase of 16% and 25% and an increase in profitability of 41% and 2% during the year and the current quarter over corresponding periods. The power transmission was the key driver with the profitability increasing by 57% year-on-year, which is quite a substantial increase in profitability growth. The turnover of the transmission business also grew at about 40%. The outstanding order books as of the 31st of March 2022 stood at ₹ 1,734 crore for the combined engineering businesses, a robust improvement from ₹1,078 crore a year before.

On the 9th of May 2022, the Board of Directors have decided to divest the Company's entire shareholding in Triveni Turbine Limited aggregating to 21.85% of the equity share capital of Triveni Turbine Limited keeping in mind, the objectives of inter alia unlocking value for stakeholders, the timely monetization of non-core assets, unbundling of businesses and enabling the long-term succession planning and facilitation of focus management of the Company.

The proceeds from the divestment are equity shares of Triveni Turbines Limited are intended to be utilized for the growth and expansion for the businesses as well as for rewarding shareholders of the Company in compliance with applicable law, subject of course to receipt of any approvals that maybe relevant.

Turning to the financial position of the Company, the revenue for operations in the quarter under review Q4 improved year-on-year by 0.3% to ₹ 1,192 crore and the EBITDA margin also grew by 1.7% to ₹ 177.66 crore. The total debt of the Company as of the 31st of March is ₹ 1,503 against ₹ 944 crore as on March 31, 2021, the previous year, it comprises the term loans of ₹ 396 crore and almost all loans are with interest subvention or at heavily subsidized rates of interest. The total debt as on the 31st of March is higher than the previous corresponding year due to higher sugar inventory levels with the Company.

Having said that, as you all know, during the course of this fiscal year, the debt rating by ICRA has been improved and as a result, the overall cost of funds stood at 5% for FY 22 compared to 6.05% in the previous fiscal year.

I would like to now spend a few minutes talking to you about the agriculture - sugar, and distillery and separately the engineering business segments individual performance. Turning to the sugar business, for the sugar season and ending at 31st of March, the crush stood at 6.61 million tonnes versus 6.9 million tonnes in the previous year, so a shade lower. The recovery too was slightly lower at a gross level of 11.59%, which we believe is one of the highest in the State of Uttar Pradesh. It was 11.7% in the previous year, and therefore, this year's performance for the sugar crushing season was 11 basis points down.

Now, this was due to unseasonal rains that we experienced in October, which, as you will all recall, resulted in a late start to the sugar season, it was very unfortunate. We also had vast flooding at one of our sugar factories at Milak Narayanpur where water was released from the dams in the Himalayas. And therefore, this led to a delayed start to the season. However, the catch up in terms of recoveries has been extremely good. I am personally very proud of the achievements in performance that we have had across the seven sugar units. As you know, and we have mentioned in the investor statement, for the sugar season compared to the previous one, we expect approximately 20 basis points. In fact, we can even narrow it down to potentially 21 basis points, a decline year-on-year, which is very much the best in class and standard. And frankly speaking, given the massive heat wave that has occurred over North India, and in Uttar Pradesh starting off in March, and through the month of April, the performance is certainly much better than our expectations and a vast improvement on the state. So as of the 31st of March, while Triveni Engineering's performance year-on-year was down 11 basis points, the state's average was going down 60 basis points. So that just gives you a kind of favor in terms of the improvement in performance.

The lower sales volume that has happened over the course of Q4 FY 22 primarily due to lower monthly allocations. And it is also due to lower exports. Now the monthly lower sales allocations as you can understand were naturally going to be lower as it ensues from Maharashtra and Karnataka, as it crushed more, and produced more sugar and therefore on a proportional basis, we received a slightly lower quotas month-on-month.

The sugar inventory as of the 31st of March 2022 was 51.5 lakh quintals, of which 40% of the sugar that remained was refined, which of course attracts a significantly improved and higher realization. It was valued at ₹ 32.7 per kilo, whereas in the previous year, the stocks as on the 31st of March 2021 were 47.5 lakh quintals substantially lower, 4 lakh quintals lower and that was valued at approximately ₹ 30 per kilo.

The co-generation operations which include our incidental co-generation achieved external sales of ₹ 62.3 crore during FY 22, which is slightly lower than the ₹ 68.3 crore in FY 21 and primarily due to the lower operating days. And as I mentioned, we had a later start to the sugar season this year because of the rains.

Looking at the industry scenario during sugar season 2021-22, the sugarcane area has increased by 3% year-on-year, and this has been reported by the various agricultural departments. The major increase has been witnessed in Maharashtra and Karnataka with a slight increase in Andhra Pradesh and Telangana due to good rainfall in the Southwest Monsoon, the reservoirs are having ample water supply.

I would like to pause for a minute and tell you about very current feedback. This particular planting season, the reports that are coming in indicate that the increase in cane area for the country should be about 1.5%, however we have been very successful in our campaign which continues to date, and we hope that for Triveni, we will achieve an 8% higher planting which will equate to a 5% higher area under cane.

As you know the area under cane includes ratoon in plant, ratoon is the previous season's plant crop as well. And this would be a record in our books for many years. Turning back to the nation, considering an opening stock of 8.2 million metric tonnes, on the 1st of October 2021, the estimated domestic consumption at Triveni is 27.7 million metric tonnes including the pipeline, and sugar exports will enhance to at least 9.5 million metric tonnes. And therefore, the closing balance on the 31st of September is expected to be a record 6.6 million metric tonnes, which is the lowest it has been for several years now. And that in my opinion points to an extremely healthy sugarcane price as we enter the large holiday season, which would be the month of October 2022.

Our projection for this quarter, the next quarter is a slow movement upwards in terms of sugar price and realizations as the remainder of the sugar exports take place. And as we have, as the summer demand for sugar then follows through into the holiday season demand for sugar.

Turning to the ethanol business, the oil marketing companies have so far allocated 425 crore liters of ethanol for supply in this year, the ethanol as you know is December through November. And this is against the requirements of 459 crore liters bringing the 10% blending target. The average blending percentage in the country as of the 24th of April stood at 9.82%. So broadly speaking, 10%, which is I think a great set of congratulations, go out to the policymakers and to the various departments in the Government to ensure that we are meeting these ambitious targets.

We are of course on track to advance towards 20% EBP levels by 2025. Of course, that target has been reduced from 2030 by the Honorable Prime Minister. And I think we are certainly on our way to be able to achieve this target and beyond. There has been talk as you know about flex fuel technology and flex fueled cars. And those things are very much underway. And that will lead to a far more robust system where the next points on discussion will have to be around pure ethanol, whether it be E100 or E85, or the like.

Turning to the international sugar scenario, the prospects for the 2023 season now indicate a balanced market. When I had spoken to you previously, we are looking at approximately 3 million tonnes of deficit globally. However, there has been an enhancement of numbers coming primarily from India, and from Thailand, and from a couple of other countries but India and then Thailand are primarily responsible for the elimination of the sugar surplus.

Yet, we see that in Brazil, there is more diversion towards ethanol, sugarcane towards ethanol, which bodes very well for the next sugar year and as we go into it, it also has been part of the reason why we've had resilience in the markets as far as raw and white sugar is concerned, the prices have with held quite nicely over the steady rocky period that has been influenced by all sorts of global parameters over the last six to eight weeks.

As I mentioned, Thailand, the Thai crop, has been increased very recently, to upwards to 11.5 million tonnes, it was previously forecasted 10.3 million metric tonnes. Global sugar prices have just softened a touch and now trade on the 13th of May traded at 19.7 cents per pound for raws, and 537.7 dollars per tonne for whites.

Our alcohol business had a slight reduction in terms of the production, and this was due to two shutdowns that happened [due to NGT, I am sorry] for the Commission for air quality, that happened influencing the NCR area. However, those were then relaxed, and we contract to full levels of production. Having said that our sales volumes for quarter-on-quarter increased quite dramatically by 24%. The highest sales volume and realizations actually for the Company. Ethanol produced from the heavy molasses constituted 83% and 93% of sales volume in the current year and current quarter against 55% and 99% in the corresponding yield to the previous year.

The Company has under its alcoholic beverages' vertical started producing Indian made Indian liquor (IMIL) towards the end of Q3 FY 21 at its bottling facility in the premises of that existing distillery plant at Muzaffarnagar. This is a forward integration of the business. As a result, FY 22 performance is not directly comparable with FY 21 performance, because it has been clubbed together.

I have spoken about the new distillery at Milak Narayanpur district Rampur, which has been commissioned on the 4th of April 2022. The Company has also announced its operations at Sabitgarh upwards to 200 KLPD from a 160 KLPD. The additional grain-based facility of 60 KLPD, which is being set up at our Alco Chemical Complex in Muzaffarnagar will be commissioned within the first quarter of this year, within the next few weeks, as we had forecast and spoken to you. And this will take the distillery capacity of the Company up to 580 KLPD. To further expansions that have already been declared, and I have spoken to you about in distillation capacity are waiting the necessary statutory clearances and we are on track for enhancing our capacity to 660 KLPD by July 2022 through plan of low capital cost and incidental expansion and some debottlenecking.

Turning very quickly to our Engineering businesses. Looking first at our Power Transmission business, we have had record revenues and profitability in FY 22. The revenue growth was witnessed across all business segments and in export market. And this was despite a seven-to-eight-week shutdown that we had due to the Delta variant in the first quarter of the last fiscal year. The higher profitability was primarily due to overall cost control and operating leverage, which stemmed from higher revenues.

The outstanding order book as of the 31st of March stood at ₹ 221 crore, which included some long duration orders of ₹111 crores. The difference between is which we hope to be able to execute in a brief period potentially six to seven months. The Board has approved a capex of ₹ 80 crore for the Power Transmission business, which is primarily for a new factory, which will be established in Mysore plant and machinery and equipment, and this should be complete by March 2023.

Turning quickly to the Water business, the Water business has also achieved a fantastic set of numbers and on a consolidated basis, which includes our SPV at Mathura, this was awarded by NMCG under Namami Gange Programme and PALI ZLD Pvt. Ltd. We have achieved a 25% growth in revenues in the quarter under review. The profitability is higher due to better cost control and very efficient project execution as things done to normalcy. And as I had mentioned in previous quarters, we were waiting for these COVID lockdowns to abate and once they have abated, business has gone down to normal, the availability of manpower has not been in question et cetera. We have been able to execute projects with great speed and the impact of that is shown on our financial statements.

The Company is expecting robust order booking in FY 23 and it is well placed in the certain bids that are being currently evaluated. The outstanding order book on the 31st March stood at ₹ 1,513 crore, which included ₹ 940 crore towards O&M, which are over a longer period.

Before I turn to the outlook for the sugar business and engineering business, I do want to mention that the Board in its meeting last week has also sanctioned ₹ 130 crore of investment in our sugar business. And this will be taking place at our factories in Khatauli, Deoband, and Sabitgarh and is scheduled to be complete by October 2022. The primary purpose of this investment is modernization which includes the improvement of processes equating to reduction in losses of these plants. It also will ensure that we achieve higher crush rates at all these factories well within our registered capacities.

In addition, there is investment in terms of improving the quality of sugar, where Deoband factory will be converted into a refined plant, and we will be doubling the output of the pharmaceutical plant at our sugar factory in Sabitgarh.

I would like to briefly touch upon the outlook of the sugar business and the engineering businesses. It is estimated, as I have mentioned that for sugar year 2022, we will be approximately 20-21 basis points lower in terms of gross recovery compared to previous year. And this is primarily due to the late start to the factories and the massive heatwave that we have had, very unprecedented weather conditions and weather patterns that we have had this year.

However, Uttar Pradesh being one of the most productive sugar growing areas, we expect much higher sugarcane availability for Triveni and a much higher crush as we go into the sugar season 2023. And this has been primarily due to our very successful planting campaign, which will translate as we hope to a much better drawl in the coming season.

I had mentioned that we will end this sugar year with inventories just higher than 6 million metric tonnes in the country. And it is our belief that we will see equally robust sugar pricing going forward with slight improvements in pricing over the next few months going through the holiday season in October, November of this calendar year.

Turning to the Engineering business, the power transmission business has clearly indicated that the domestic economy has shown great signs of growth. And so, our increased order book.

However, it is not just the domestic economy, we have received excellent orders from global OEMs as well. And we are seeing excellent growth in those businesses, which we hope to capitalize on as we move forward into FY 23.

The growth domestically has primarily been due to capital expenditure in power, steel, refineries, and oil and gas, fertilizer, cement, sugar, and mining. These are the primary areas where we have seen a substantial order booking.

Turning to the water business, I think the Company, as I mentioned, has participated in a sizable number of tenders, a lot of which are pending finalization. And we anticipate in the next few quarters, we will be having the finalization and conclusion, all those contracts. And the endeavor of what we are highly successful in many of them, we are well positioned with respect to our past bids that we expect to be finalized over the next few quarters. The demand, of course, for water in the country has expanded quite dramatically. The crisis is not just domestic, but it is also global, frankly speaking, water is seriously undervalued.

And with proper incentives that are now being put into place, we expect a robust ecosystem to exist domestically and internationally. The reason I mentioned internationally is as you know, we won an order in the Maldives, in the last fiscal year, and we are certainly looking at a few other markets to be able to execute our water business orders in South Asia and Southeast Asia.

Thank you very much. I would now like to open the floor for some questions.

Moderator: Thank you very much. We will now begin the question-and-answer session.

The first question is from the line of Sanjay Manyal from ICICI Securities.

Sanjay Manyal: Hi Sir. Just have two questions, one is on the display capacity. I believe once your work capacity gets commissioned, the full capacity had commissioned, you will be able to produce approximately 22 crore liters of ethanol. And given the fact that the area under the sugarcane is increasing significantly and simultaneously you are expecting the higher planting. So, is not the fact that your capacities are below par in terms of this fluid, given the fact that country level productions are also going higher, so will not it be required to sort of increase the capacities of ethanol even further from here?

Tarun Sawhney: Excellent question. So, let me take it one by one. The capacity number that you are looking at depends on what your feedstock is. With respect to B heavy molasses, we believe we have ample capacity, and extra additional capacity at Triveni with the 660 KLPD. We also with the 660 KLPD have some capacity to be able to process cane juice during the season. However, the economics of juice are still under question.

I anticipate that moving into the next molasses year, the next ethanol year, there may very well be indications by the Government to enhance and to support the conversion of juice directly to ethanol. But until that happens, I think this is something that we would be happy to sort of wait and watch. But we do have ample capacity at this particular point in time to be able to process our B heavy molasses.

Sanjay Manyal: Okay. Just one follow-up on that, I think you have, from what I understand, you have not also exported anything. So, export has not been done. And even the juice route, you mentioned that you will not be able to sort of take it more prominently. What I believe is it not like betting more on the sugar prices, which at this point it looks that there will not be any runaway price movement as far as sugar is concerned?

Tarun Sawhney: So, I think sugar prices at this particular point in time are fairly healthy and fairly robust at this time, well above ₹35 as you know. Now, the Company has not exported any sugar because it has been unviable. In the years where there was an export subsidy, and there were quotas given to each and every factory, there was commercial sense to be able to do it. In Uttar Pradesh, especially because we get much higher premiumization and much higher value for our sugar, we were not in a position to be able to competitively export sugar. The opportunity cost was too great. And therefore, we decided not to export sugar during this part of the sugar year.

Now going forward when you are looking at -- when you are commented, are you directly reliant on sugarcane prices? Well, we are happy to review and we constantly reviewed, and we had applied for many potential distilleries, and we will continue to explore it. But until the Board makes a decision for any enhancement of distillery capacity, we cannot really come back to and talk about that, it is not that we will not be exploring it from time to time.

Today as far as juice is concerned, for an existing distillery that has been set up, it makes sense to have some capacity for juice, but to set up standalone distilleries for juice still requires an enhancement of your price, of your ethanol price from juice. And therefore, as a result, it is our view that having the sugar especially the quantum of refined sugar and sugar that we have at Triveni makes more sense from profitability's perspective.

Sanjay Manyal: Okay, just one more thing on the -- I will ask these two questions at the same time. Given the fact that your inventory levels are somewhere around 5.2 lakh tonnes, which means by when we will be exhaust the current season inventory?

And secondly, on the Triveni Turbines divestment is concerned, where specifically if you can mention, where you will be utilizing the money, because what I understand your cost of debt is still far below almost 5% or below. Then, can it be assumed that the entire amount of the maximum amount will be utilized for the dividend payment?

Tarun Sawhney: Let me answer the first part of your question. I anticipate that the sugar that we have with us, you got the absolute sugars on your fingertips, it will be exhausted by us by November end potentially first week of December, which would be very outside, very much in line with the amount of stocks that exist in the country. So that is my estimation as far as the sales of the sugar by November end hopefully would be our target. And I anticipate that we will start sugar factories earlier this year compared to last year.

For the second part of your question, I will hand over to our Company Secretary, Ms. Geeta Bhalla.

Geeta Bhalla: So, balance part of the receipt will be used for rewarding the shareholders of the Company in compliance with various applicable laws and subject to the receipt of approvals. So, this is what we propose to do.

Moderator: The next question is from line of Pratik Tholiya from Systematix Group.

Pratik Tholiya: Yes. Thanks for the opportunity. Just a couple of questions. Firstly, this ₹ 130 crore capex that you are doing on modernization of clusters, that also increases your crushing capacities at these times, or the crushing capacity remains the same?

Tarun Sawhney: So excellent question. The permissible crushing capacity remains the same of course, however, our daily crushing capacity will certainly enhance at these three factories. So, we would expect to crush much more on a daily basis well within our authorized permissible limits.

Pratik Tholiya: Okay, so it means that the surplus, or the additional gain that you're expecting, because of higher harvesting and better yield, that we'll be able to finish that crushing well before the actual season ends and there should not be any dropping in our recovery rates at our end?

Tarun Sawhney: So, we will be crushing at a higher rate. But our permissible at what we are crushing at today is slightly below the permissible, the declared crushing capacity. And with this modernization, we will certainly be touching on crushable rates. So, within the same period, we will crush more cane at better efficiencies and lower losses.

Pratik Tholiya: Got that. And then secondly, if I see your earnings in Q4 distillery numbers, the realization that you have reported for the distilleries segment in this quarter is actually slightly below last quarter -- sorry, Q4 of last year. That means that you have done more of C Heavy in this quarter or what has been the mix that has led to the lower realization?

Sameer Sinha : So, let me put it this way, the number over there would be on par with it. It probably is not the right number; it would be about ₹56.60 that is number one. Second is because of the start of the IMIL segment, which is the country liquor segment, we are manufacturing more of ENA. Now as you understand we are utilizing more of our levy molasses and transferring ENA to our country liquor business at controlled prices, that is impacted the realization in this quarter versus last quarter.

Pratik Tholiya: Okay, so if this IMIL would have not been there, the realization would have been better?

Sameer Sinha: Would have been almost higher. Yes.

Moderator: The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas.

Kaustubh Pawaskar: My question is on your distillery business, where your capacity will be around 22 crore liters. So, my question is that in FY 23, what will be your utilization rate and whether it will further improve in FY 24?

Sameer Sinha: That's right. You would notice that we started our Milak Narayanpur distillery in early April, and our Muzaffarnagar distillery is expected to come in a few weeks well within this quarter. So therefore, and they will take a little bit of time to stabilize. So therefore, as per the last Board Meeting, where we had mentioned that possibly in FY 23, we might be ending at somewhere around 18 crore liters give or take a little more and, but we will go to 22 crore liters definitely in FY 24 with these capacities.

Kaustubh Pawaskar: The second question is on the capital expenditures. So, as I understand that you will be doing around ₹ 250 crore kind of a capex this year and one is for the modernization and other is, one for the engineering business. So, going ahead, for the distillery business how much was the capital expenditure done in FY 22. And whether there is any add-on capex, which need to be done in the current fiscal FY 22?

Tarun Sawhney: Right. The approved capex, the largest portion of it was under process in the last year, in terms of recognition, the bulk of it is going to happen in this fiscal year. So, if we are looking at revenue, if you are talking about recognition, the recognition will happen in this year as the distilleries have been commissioned. The first one on the 4th of April, next one will also be in this quarter, and therefore all of it is happening in this fiscal year. However, in terms of expense, the broadest portion, the budgets remain the same, there is no enhancement of the distillery budget, if that is what you are alluding to.

As far as the sugar and engineering capex, it is not ₹ 250 crore, it is ₹ 210 crore, ₹ 130 crore plus ₹ 80 crore which is ₹ 210 crores and that is going to be spent in this fiscal year itself.

Moderator: The next question is from the line of Pratiksha Daftari from Aequitas Investment Consultancy Pvt. Ltd.

Pratiksha Daftari: My first question was grain-based addition that we are anticipating in this quarter given that the input prices have gone up for grain-based distillery. How do we look at profitability for this capacity? And how do we look at mix of B heavy, C heavy grain base and juice for the year?

Sameer Sinha: So, there are two parts of the question. So, regarding the first portion of the increase in grain prices. Now, one of the distilleries at Muzaffarnagar is primarily for potable which is ENA. And therefore, there is a pass through of the grain pricing, the pricing of ENA has already moved up significantly, and we expect a further increase in that price.

Second, there are two options within the grain ethanol. The first option is that you buy damaged grain from the market whose prices have gone up and, but you get a much lower ethanol price from that. And the second one is to go to FCI godowns and get a rate, which is about ₹ 3.95 - 4 higher than the other damaged grain prices. And therefore, we are looking at that option. And we would be in this month itself, we would be getting our orders for Milak Narayanpur distillery on grain and procuring grain from FCI.

In the meanwhile, there have been lot of representations from the industry bodies, which represent the grain distilleries to the Government for an enhancement of rates of grain ethanol. Your second question was about how we view the current ethanol pricing in terms of the feedstock which is available. Like the last time we continue to hold that B heavy molasses remains the most viable and despite the grain taking a knock with an increased feedstock pricing, it would still be number two followed by grain pricing.

This is for setting up of new distilleries primarily on cane juice, if anybody has a surplus capacity, obviously he will continue to cane juice.

Pratiksha Daftari: Okay, and what is the transfer price for molasses in this quarter?

Sameer Sinha: See the transfer prices are based on market dynamics. And let me say in this quarter the price to the distillery was about ₹ 1,050 in excess of that, the price at which distillery consumed the molasses was ₹ 1,050 plus.

Pratiksha Daftari: Okay, and this quarter we have seen employee costs go up significantly. Is there anything material to note here?

Tarun Sawhney: No, there is not anything material to note.

Sameer Sinha: This would be with a wage arrear.

Tarun Sawhney: There is of course, so there is nothing untoward to note. Of course, there is a wage ward negotiation that happens and gets reflected from time to time a few years on. And this increase reflects past views for the wage negotiations because that carries with it a few years of back dues and that is the number that you have noticed.

Pratiksha Daftari: Okay, and what is the cost of production for sugar in this quarter vis-à-vis last year same quarter?

Tarun Sawhney: It was effectively the increase in cane price, the ₹ 250. Broadly speaking that is for Triveni.

Moderator: The next question is from the line of Rajesh Majumdar from B&K Securities.

Rajesh Majumdar: I had a question on the blending rate specific to UP, while it is well known that the India, pan-India blending rate is very close to 10%. What would be the blending rate in UP? And the second question is an added question that a large part of the ethanol expansion is happening with the UP mills this year. So, if you look at the diversion of 3.4 to 6 million tonnes probably, a bulk of it will be happening in UP itself this year. And that too a large, some part of it is UP. So, given these dynamics, will it be a challenge to sell the entire amount of ethanol this year itself? Or it goes to like into a two-to-three-year kind of thing? I hope you got my question what I am trying to ask.

Tarun Sawhney: No, I have understood your question perfectly. So, I have some difference of opinion in terms of your numbers. And let me start with that. I believe that 3.4 million tonnes is the number that we are anticipating for this year's diversion of sugar towards ethanol. For next year…

Rajesh Majumdar: Yes, sugar year, I am talking about the financial year.

Tarun Sawhney: For next year, it is anticipated to be 4.5 million metric tonnes of diversion. Broadly speaking, since the factories shut down, even the bulk of Uttar Pradesh started shutting down, most of our diversion happens in the fiscal year in any case, not all of it. Some of it does continue, of course into the month of April. But by and large, the expectation is that that number is the same.

So, I anticipated to only increase up to 4.5 million on track for 6 million and potentially 6 million plus by 2025.

By 2025, there is an exceptionally good chance that we will be doing more than 6 million tonnes. But next year, I think a reasonable number given the distilleries that have been announced and that will be commissioned next year or rather this year in this fiscal year, I anticipate only a diversion of 4.5 million tonnes. Now with respect to Uttar Pradesh, Uttar Pradesh is buying alcohol at a higher percentage, but certainly blending at 10%.

The excess of course is going to be supplied to outside the states et cetera. The purpose of the Government's discussions over the last few months has been acutely on this subject, that you have certain pockets of larger ethanol production. And as far as ethanol that is produced from sugarcane or its by-products, it is going to be Uttar Pradesh, it is going to be Maharashtra, it is going to be Karnataka. This alcohol has to be exported, and it is for consumption within a 12-month time span.

The demand is there. The demand is a pan country demand. The question that you are really asking is, is there a problem in terms of transportation of ethanol to other depots and other states across the country. And my answer to that is that is the only way that we are going to achieve higher blending target. And that is a distinct, that is something that will happen. And we will see it happen in the next alcohol year.

Rajesh Majumdar: Okay, so you do not perceive any challenges within these numbers. Given the fact that you see the alcohol would be transported to other states. So actually, there's a related question here, I mean as in the case, you talked about the grain dynamics, I mean, does the freight of the alcohol to be transported from UP to a state like say Assam, coming to play in the calculation of the grain-based alcohol, which we're talking about. And if that comes into play, and if the grain dynamics are looking better. In that case, will the grain equation be more viable for some of the players, may be?

Sameer Sinha: I did not understand your question. But the point is that the grain-based distilleries setting up in Bihar and West Bengal would be far better positioned to supply to Assam. That is point number one. And there are definitely deficit states. Also what the Government is doing or the OMCs are doing is that they're trying to put up aggregate depots, where you aggregate within a state, let's say within UP and similar stations in other states wherein you aggregate this ethanol and then transport it by railroads, which are crates and containerized crates to the deficit states, that makes it much easier, and also reduces the turnaround time as well as the number of vehicles required for transporting this ethanol too far off states.

Tarun Sawhney: But the answer to your question is within the State of Uttar Pradesh, ethanol made from grain or made from sugarcane, we would have the same amount of transportation allowance by the OMCs.

Rajesh Majumdar: Okay. Got it.

Sameer Sinha: And just to add to that, so we must remember that for our Milak Narayanpur distillery, we have signed up bipartite agreements with the OMCs, which allows a preferential offtake from our distillery of 50% of our capacity. So preferential means it does not mean in terms of rates, but in terms of the offtake, prioritizing the offtake.

Rajesh Majumdar: Which OMCs, this can that be shared?

Sameer Sinha: It is all the three OMCs, the Government OMCs they are factored.

Rajesh Majumdar: So, and just one question, if I can squeeze in on the sugar side. We are hearing from ISMA that there is a panel which has been mooted to talk about sugarcane farmers to choose buyers. So, this is against the normal catchment area, concept that you are familiar with the UP. Is that possibility in the future because at some stage the sugar production will fall for the few larger players in UP. That it may be a bit of a lopsided equation between Maharashtra and UP in terms of sugar and alcohol?

Tarun Sawhney: No, no, I think you are jumping ahead of the gun. And this was an article that came out a few days ago. And the agency in question was CACP, not ISMA, number one, which is the Commission of Agricultural Costs & Prices, ISMA being the Agency for the association for private sector Association for Indian Sugar Mills. And again, this is something that came about as a potential recommendation from that body, this is certainly nothing that ISMA is talking about.

I am happy to share my personal views with you offline, rather than take up time on this call on the impact of that but let me say it is nowhere near as dire, it is nowhere near as dire as what you are contemplating. I do not think it will happen. Number one, I do not think it will happen. But even if it were to, it is not certainly not that dire.

Rajesh Majumdar: Can I ask one more question. So basically, if you look at the numbers, I mean, if you look at it with a scenario whereby substantial number of companies are expanding in alcohol so much, so these companies will be selling much less sugar from actually what they were selling earlier in terms of the quotas. So where will that sugar come from the UP, basic question.

Tarun Sawhney: There's plenty of production, UP produces much more sugar than it certainly consumes. And the quantity of sugar being produced by the nation, despite diversion to alcohol, despite exports is substantial. And therefore, there is no, the scenario that you are talking about of a shortage is certainly not foreseen, not in UP, and not in any other part of the country.

Rajesh Majumdar: Okay, I was talking only about UP actually, is there going to be a lopsided scenario by which Maharashtra and Karnataka will be surplus in sugar and UP will be deficit in sugar, that kind of a scenario?

Tarun Sawhney: Absolutely not, no.

Moderator: The next question is from the line of Yash Agarwal from JM Financial Services.

Yash Agarwal: Congrats on a good set of numbers. So, I had a question with respect to the sugar industry. So, this sugar season obviously, we have had 9, 9.5 million tonnes of possible exports and that is why we have been able to reduce the sugar inventories. The question is on next sugar season with only an additional million tonne that you spoke about being diverted to ethanol, export sugar of about 7 million to 8 million tonnes would be needed for the industry to we are targeting in terms of inventory. Now, is not that a little concerning or are we thinking maybe too ahead in terms of the outlook for sugar prices come the next calendar year?

Tarun Sawhney: Okay, excellent question. I do not think it is cause of concern and here and here is why. Okay, firstly, your mathematics is spot on. We are seeing -- post-COVID, we are seeing a further increase in terms of consumption, you must factor that in as well. There has been a big jump in consumption ever since

COVID has abated and I think that that will continue, perhaps not with the energy that the jump that has happened this year, but it will certainly improve and go above 28 million tonnes in the next sugar year. That is point one to consider. The second, of course, is that there will be 1 million tonne extra that will be diverted towards ethanol.

However, we will still have, we have had record planting, the question that comes to what the yield is, and here the rainfall and weather patterns will play a very, very big role. Now, last year, the weather patterns, especially across Central India and portions of South India were ideal, in fact, never have been seen before in the last two decades. And therefore, the yields were extraordinary, weather based, really.

And you have had as a consequence, a lot of sugarcane that has been produced in Maharashtra and say North Karnataka, that has contributed to this rise. Now next year, it can happen, it cannot happen, IMD is currently forecasting a normal monsoon. So even if you assume that you will have excellent output in terms of sugarcane, you will need to have a robust export program.

The message as far as Krishi Bhavan, the Ministry of Food is concerned is that they are happy with the industry going ahead and exporting as much as they like. In fact, if you remember, there was an article that came out somewhere towards the end of March, which questioned, there was some commentator that questioned whether the Government will either pass any negative commentary or any type of comment on the total quantum of sugar that will be exported from India. And there were some concerns at least for two or three days, until the Ministry of Food came out with a statement and clarified that they had no such targets. And they were happy with the export program continuing, while they did not announce the target, they implied that the total quantum of exports that needed to take place was not an issue to the Government.

Now moving into next year, especially as we are now into the second half of this sugar year, we are seeing that export contracts will continue. We have already surpassed 8.4 million tonnes of contracted value. And I suspect that we will certainly touch and achieve total exports of 9.5 million tonnes, it could even be a little bit higher. But from a conservative perspective, we have forecast 9.5 million tonnes of export.

I do believe that during this period, we will enter into aggressive contracts for the next sugar year. The news that is coming out from other parts of the world, especially Brazil, which is the real, which is the largest exporter of sugar into global markets is a massive diversion, a most significant increase in diversion of sugar towards the ethanol program, India will certainly benefit.

The other thing is that India has been in export markets for the last, the question is India has to export sugar you are right. The second part of the question that I am asking or answering is that, where will all that sugar go, if India is to export 6 million, 7 million tonnes next year. A, I think it is achievable. And the reason why it is achievable is because we have found homes. India has been exporting consistently sugar for the last few years to Sri Lanka, to Bangladesh, to Afghanistan, even Iran, we have been exporting to the West, in terms of the Middle East and through the Middle East across East Africa.

We have also been exporting large quantities of sugar to Indonesia, and to Myanmar. So, we have found homes for export of our sugar. The movement in freight, the hikes and shortages in freight have really helped us in our export campaign. And I think a lot of these buyers in these countries are spot buyers. So, the challenge, of course in terms of entering long-term contracts with nations far away is something that is a bit more frightening than entering a contract with India where the supply can be at least 30 to 40 days shorter in terms of physical delivery. And that is why I believe that not only will India export, but India will export to the same old markets where Indian sugar is found home.

Yash Agarwal: Got it, got it. Sure. Thanks for the elaborate reply. And secondly, someone spoke about the increase in raw material cost for grains. Now, I believe there is some bit of hike announcing the grain-based ethanol prices as well. What is the other derivative benefit that the sugar ethanol industry could get? So, can there be a price increase in ethanol for us also? And if there is no price increase in ethanol, would it make sense for us to convert to ENA and gain benefit of the higher realization? So, is that something in the right direction that we are thinking?

Tarun Sawhney: So, you have asked an extremely complicated question, the fact of the matter is, we at Triveni are now manufacturers of ethanol, both from sugar and its by-products, molasses, as well as grain. So, we are on both sides. Right now, no price has gone up.

There has only been declared price for everything. The grain prices have enhanced and there was somebody else who asked a question, and my colleague answered it about what our strategy is. Grain procured from the Food Corporation of India is always sold at a standard price, that price has not gone up.

Yash Agarwal: Okay.

Tarun Sawhney: And neither has the price of ethanol that is made from FCI grain. So yes, basically, the lower price is of split grain that is bought from other markets and mandis and that price of course has certainly gone up, but our focus is on grain that is purchased from the FCI. Now, that is answering part of your question.

The other part of your question is, should you -- how does it impact, how does the movement in grains and any possible enhancement in ethanol manufactured from grain impact, ethanol manufactured from sugar? Yes, of course, if one goes up, it negatively impacts the other, that is certainly there.

We will ensure that we will move towards a scenario where we can, we are ambivalent to the raw material. So, our distillery in Milak Narayanpur for example is a dual feed distillery. It can use molasses and juice on one side, it can also use grain on the other side, and that type of movement, and we really pretty much lead the way as far as that is concerned on such a large scale, and that type of movement is what gives you optionality and flexibility whereas you only then look at your bottom line in making these decisions.

Moderator: The next question is from the line of Resham Jain from DSP Investment Managers.

Resham Jain: I think unlocking shareholders' value has been a demand since quite a lot, quite some time, I think this has been a good decision overall. So, congrats on that. Very few companies have been able to unlock value like this. So that is first one.

Second is on various capex which are doing now, the ₹ 130 crore sugar capex and an ₹80 crore in the engineering business. And I think after this divestment, you may further invest in various businesses. How do you see the kind of payback or the return ratios in all these businesses? If you can just give a sense on let us say this ₹ 130 crore and ₹ 80 crore how are you looking at the return ratios from these investments? Thanks. That is the only question from my side.

Tarun Sawhney: I hand this question over to our Company Secretary to answer.

Geeta Bhalla: Yes, so as far as compensating the rewarding the shareholders. We will definitely consider at the appropriate time, subject to the relevant approval, the procedures for rewarding the shareholders of the Company in compliance with the applicable laws. So, at this point of time, it is difficult to say how much, but it is -- it as the Board will approve, we will be able to do.

Resham Jain: Sorry, my question was not that. My question was the capex which you are doing like ₹ 130 crore capex in the sugar business, ₹ 80 crore in the engineering business. What kind of return expectations one should have from these investments?

Tarun Sawhney: Right. Excellent. Yes, that was -- I am sorry, I misunderstood your question. I think at Triveni, we certainly look at double-digit returns and a payback within four to four and a half years. So, we are looking at, and in fact, for these investments, we are looking at less than three years payback with values higher with around about 20% to 21%.

Moderator: The next question is from the line of Nagendra Kumar Maurya from GrowthX Capital.

Nagendra Kumar So just wanted to understand this Government quota thing you are mentioning the lower allocation to the Company was the primary reason for our lower volume. So, in case Government keep allotting a lower quota, it will be a challenge for the Company to maintain the super revenue going forward? Or is there any other mechanism Company must deal with this allocation problem?

Tarun Sawhney: Let me answer that, before we come to your next question. It is a function of total amount of sugar being produced in the country. And its year-on-year because it is always comparable. So, when that went and you, yourself are comparing two data points of this year versus the year before. In the year before, Uttar Pradesh produced a lot of sugar. The country produced relatively lower quantum's and therefore Uttar Pradesh's share and Triveni's share within Uttar Pradesh was there by higher and we received a certain allocation of quota to meet consumption.

This year, while consumption has gone up, production has gone up much, much more, and the production has gone up much more in two states, Maharashtra, and Karnataka primarily. And therefore, they have received a proportionately higher share of allocation. Consequently, Uttar Pradesh and Triveni have received a slightly lower, although our production has been exceptionally good this year, as well.

Going forward, I think this scenario will not change, I mean, I find it highly unlikely that there is going to be another scenario where Uttar Pradesh suddenly feels under greater pressure in future years. So, I think the possibility is much greater than our quota, especially with our enhanced crushing, et cetera, that we are forecasting, our quotas will improve as we go forward into the next fiscal intermediate, not the other way around.

Nagendra Kumar: Okay. Understood. So, one more question on the policy regarding in case like, is there any cap by the Government? So, a Company can divert only a limited amount of sugar to distillery? Or is it a free decision by the Company we can take whatever amount it want to divert for this distillery production?

Tarun Sawhney: Well, the Company must set up a distillery that can absorb the capacity, but once established, you can divert as much of your rated capacity to ethanol.

Nagendra Kumar: So, there is no bound from the Government side?

Tarun Sawhney: No, there isn't.

Nagendra Kumar: Yes, just a small question on the margins of the distillery side. So, it was a primary reason the transport drivers have primary reason for the lower margins in current quarter or is some other reason also?

Tarun Sawhney: So, well, it is not comparable. As I mentioned in my opening remarks, the profitability of this quarter and year is not directly comparable to the previous year for two reasons. The first one, of course is a higher transfer price from sugar to the molasses to the distillery segment. And the second one, of course, is the inclusion of Indian made Indian liquor (IMIL) within our distillery segment, which is of course at a much more reduced price, the price of alcohol is a far lower price and therefore that equates it. If you take out the IMIL, you will see a healthy increase in terms of the sales realization of spirits year-on-year.

Nagendra Kumar: So, what was the revenue contribution in this quarter from IMIL?

Sameer Sinha: It was about ₹ 12.5 crore of sales.

Moderator: The next question is from the line of Shailesh Kanani from Centrum Broking Ltd.

Shailesh Kanani: I had a question on the debt level. As I see, there has been sharp move, up move on the short-term borrowing. And there is some -- there has been increase in inventories as you rightly mentioned. There has been some reduction in the trade payables as well. So, can you throw some light on this, and going ahead how this should pan out?

Tarun Sawhney: Yes, the increase in overall debt levels, especially working capital is only on account of the higher inventories that we have this year, at the end of this fiscal year versus the last quarter, or the better comparable would be 31st of March 2021. And that is what is accounted for the increase. The debt levels and the interest rates are very much under control as we sell off the sugar. Of course, the working capital levels will substantially decline.

And I think if we can evacuate our sugar in a timely manner, you will see these net debt levels and capital levels decline rather substantially.

And the other, there is also one small issue that I would like you to also consider that this year, Triveni has paid its farmers 100% absolutely on time. And that has been a very important factor. The previous year, there was a lot of uncertainty and there were a few delays with respect to cane price payment. And therefore, the debt levels were slightly lower in the previous year versus this year. This year of course, it is primarily because we have cleared 100% of our cane price payment on time.

Shailesh Kanani: Sir. Is this referred to being lower cane availability in the State of UP and we have taken the step to shorten the period of payment to farmers.

Tarun Sawhney: No, not at all, it has been the ability for the Company to pay. I think our farmers are very happy giving to us even in years past where there has been a little bit of competition here or there. We found that our farmers are much more than happy, because of our track record. And the work that we have done with our farmers to always supply cane to us. So that is not a concern of us really at an operating level. But this year, the Company received fantastic quantum of cane and could pay. And therefore, completely cleared all its cane price payments well within the prescribed list.

Shailesh Kanani: Okay. I just wanted to understand. So basically, out interest outgo for the next year that might be slightly on the higher side because of this, because particularly it says that it is a sugar realization and a volume, it depends upon the quota. So, it will be as you rightly said, it will be in a staggered way. So, let us say, our interest outgo will be slightly higher than FY22, is that a reasonable estimate?

Atul Aggarwal: So, it will remain at the same level as last year, because this year includes some interest on tax is also they are of ₹ 5.5 crore or something like that, which will not be there in FY 23.

Shailesh Kanani: Okay, fair enough. And sir my second part of my question was like what participant has asked about overall sugar production in India. So whole structural change in the industry has come with respect to declining inventory levels. Now I get you on the front that consumption is going from 26 to 27 this year and expected to go to 28, which is in line with the long-term average of the volume growth. But as we know that Indian cost of production is as far as higher than our competitors, Brazil or Thailand. So, in a scenario where there are no external factors, which helped the Indian sugar be it shortage issue or be it in external geographical problems of what brought opportunity for the Indian sugar. So, in that case this year, it has made a dip in…

Shailesh Kanani: Yes. So basically, what I am trying to say is that in case we do not have any external factors that aids Indian sugar export. How do we see the scenario? Do we expect the Government to intervene, we know that they cannot provide export subsidiary -- subsidy, but do we have any other tools at their disposal to help the sugar industry? I just wanted to know that from your view.

Tarun Sawhney: Well, I think the Government has all the tools, but beside subsidy, things are limited. We do as you know have a quota system in place, which has worked very, very effectively. We also have an MSP in place by the Federal Government. So, if your concern is, will domestically prices tank, if India is unable to export, and if there are any exigencies in the global markets. Well, you have two very important thresholds, which will not be crossed. The first one being the quota system. And the second one being the MSP that is established by the Government of India, two particularly important things. And that gives a tremendous amount of confidence as far as domestic sugar pricing is concerned. And we have tested them, and they have remained un-breached, frankly speaking over the last few years since it has been implemented.

So, it has been tried and tested. Now, as far as Indian exports are concerned, I think, from time to time, these questions do come about. Yes, there was a great deal of argument about WTO compliances, et cetera, et cetera. And that subject is still ongoing. However, there can certainly be ways for the Government to assist in the future if required. As of now, the Government felt that India could export sugar competitively into global markets, which is why you are asking the question, what will happen if India cannot export competitively?

I think there are multiple things that can happen in terms of assistance in evacuating Indian sugar. And that we will have to see from time-to-time. I do not want to present any hypothetical scenarios at this point in time, but I certainly do not think all the arrows have been shot with the bow.

Moderator: The next question is from the line of Vignesh Iyer, an Individual Investor.

Vignesh Iyer: Congratulations on a good set of numbers despite the challenging circumstance. I just wanted to ask the two questions, first is related to the bottle business case. So, if I can recollect in quarter three, we had posted somewhat margin of around 15% of EBIT in Q3 FY22 which has now come down to 8-8.5%. So, I just wanted to know overall what is the kind of EBIT margin can we expect in water products?

Tarun Sawhney: So, we do not give you -- we do not give future numbers as far as future guidance as far as numbers is concerned. However, I would encourage you to look year-on-year performance on the margin levels and profitability levels rather quarter-on-quarter, because in each and every quarter, the revenue recognition is such that it could have slightly higher margins and slightly lower margins. What is more reflective is the growth in terms of the annual performance of the business, which as you have seen has been quite robust.

Vignesh Iyer: Okay, fine. Another question I had is so, when I went to the presentation, sugar. We have 51 lakh quintal inventory at average of ₹ 32.7 per kg. Can you give me what is the spot rate of sugar as of now?

Tarun Sawhney: ₹ 35 per kilo, for bold grain sugar (150s).

Vignesh Iyer: Okay, okay. And you are expecting to rise slightly over a period of next two quarters, right.

Tarun Sawhney: That is our internal estimation. Yes.

Moderator: The next question is from the line of Harsh Maheshwari from Systematix Group.

Harsh Maheshwari: My question is related to this Triveni Turbine shares two, three questions. You also told that you will sell the stock next six months or 2023 at ₹ 171, on the stock exchange at minimum price of $171. So, if price is not there of ₹ 171, how you will be able to execute the block trade?

Geeta Bhalla: Floor price which has been fixed by the Board for the promoter is ₹ 171. And the time limit has been given up to 31st March 2023. So, we will see at the appropriate time, but this is a binding contract. And we will continue with this at ₹ 171.

Harsh Maheshwari: Yes, my query is extremely specific. You have mentioned that you will not sell, your floor price will be ₹171. And you will execute at the stock exchange. So, the issue is that, obviously, you have mentioned that it could be after six months of the approval from the EOGM, and 31 March 2023 whichever is later. So, if ₹ 171 price is higher than ₹ 171, there is no issue, you can always execute the exchange. But if price is lower than ₹ 171, how you were able to comply with that, then in that case, you would have to go off market while you are seeking for approval to do it at the exchange number one.

Number two, you also mentioned in your EOGM notice Page 7, that the promoter who is buying inter se, they would do it from their personal finances, as well as they may do a monetization of some of the shares that are held by them in the Company. Company meaning Triveni Engineering, so is the promoter is also going to sell some Triveni Engineering shares to acquire Triveni Turbines. These are my two specific queries.

Geeta Bhalla: Yes, so as we mentioned in the explanatory statement, that promoter may sell its shares in Triveni Engineering to buy the stake in the Triveni Turbine Limited by way of inter se transfer. Regarding your second question, this floor price is ₹ 171 minimum price. And promoters will acquire the share that minimum price has been given by the Board is ₹ 171, which is based on the fair valuation. And this is the minimum price and outer time limit is 31 March 2023. So, we will see at the appropriate time, if we are able to do and the Board will reconsider it, if required.

Harsh Maheshwari: Is there any timeframe that you set up for stake sale, besides the promoter buying. Maybe other stake sale of around 10% to 11%. Is there any timeframe or both the transaction will happen simultaneously?

Geeta Bhalla: So, at present, there is no timeframe, but we are expecting that it will happen at the similar time. This is what we are expecting.

Harsh Maheshwari: Thank you, madam. I think we will come back to in the offline, because still how it will happen if it is less than ₹ 171 up to six months. We do not have a proper answer for that. So perhaps we will talk to you separately.

Geeta Bhalla: Yes, offline, we can take up these questions. Yes, thank you.

Moderator: Thank you. I now hand the conference over to the management for closing comments.

Tarun Sawhney: Ladies and gentlemen, thank you very much for joining us. I suspect this is a record call for us well beyond the one-hour limit, discussing the performance of FY 22. Thank you very much for joining us this afternoon. Let me conclude by saying that, I think we are poised extremely well in both our business segments of sugar agriculture and engineering. All the various verticals are poised for significant growth. In sugar we are looking at enhancement of sugar price. Within distillery segment, we are looking at, capacity is coming on stream and giving us higher revenues and profitability.

Within the power transmission business, we are looking to grow from strength to strength to further record revenues and profitability with expanded role in other geographies and global markets. And within our water business, we are anticipating the execution or award of tenders that we have been waiting and anticipating through this COVID period. And our earnest hope, of course is that we will be successful in those tenders.

I hope to get back to you over the next few quarters. We are able to provide even better news on all these side. Thank you very much for taking the time this afternoon. Good bye.

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