PRAJ Industries Limited

Q1 & FY 2012 Results Conference Call

July 26, 2011

Moderator: Ladies and gentlemen good morning and welcome to PRAJ Industries Limited Q1 FY'12 Results Conference Call. As a reminder for the duration of this conference all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call you may signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Ms. Vinati Moghe from PRAJ Industries Limited. Thank you and over to you Madam.

Vinati Moghe: Thank you Farah. Good morning to everyone. We welcome you to this conference call organized to discuss PRAJ Industries operating performance and financial results for Q1 FY'12, which were announced earlier. I have with me is Mr. Pramod Chaudhari Chairman of the company, Mr. Gajanan Nabar, CEO and Managing Director and Mr. Surendra Khairnar Assistant Vice President, Accounts. Before we begin I would like to mention that some of the statements made in today's discussions maybe forward-looking and nature and may involve risk and uncertainties. Documents relating to our financial performance were e-mailed to all of you earlier. These documents have also been posted and also on our corporate website. I now invite Mr. Chaudhari to provide an overview and highlight of the business environment for the quarter. Thank you.

Pramod Chaudhari: A very good morning everyone and thank you for joining us on this call. I will now take you through the numbers and operational highlights of quarter one of FY'12, following which we shall take your questions. Income from operations stood at Rs.164.7 Crore as against Rs. 93.67 Crore the same period last year. It is almost more than 70% growth over corresponding quarter of Q1 FY'11. This has been the highest Q1 numbers so far.

The EBIDTA was at Rs.15.71 Crore in this quarter when compared to Rs.8.68 Crore in Q1FY'11. The EBIDTA margin excluding the other income has been at Rs. 9.53 Crore. Profit before tax was at Rs. 17.3 Crore as against Rs.12 Crore for the period at a margin of about 10.5% and according a growth of 42% over corresponding quarter, which was Rs.12 Crore.

Profit after tax for Q1 FY'12 was at Rs.13.67 Crore and PAT margin stood at Rs. 8.29 Crore showing a growth from Rs.10.36 Crore in the first quarter of last year. Domestic sales were 65% and exports were at 25% in this quarter. Sales from ethanol business are at 79% and non-ethanol sales are at 21%, out of which brewery equipment sales are at 14%. This quarter has experienced a margin pressure. This margin pressure is broadly due to the composition of orders with lower sales from international regions and lower revenue on account of engineering services. Non-ethanol sales in a absolute terms were on the higher side, which includes water and waste water systems, and here we are using penetration business entry strategy, which definitely gives us some lower margins in the early stages. Many of our contracts has been of fixed price; however, I am happy to say that overall for the first time, growth is visible, albeit the profit margin still to catch up along with other growth numbers.

We will now like towards scaling up of this performance. With the pending order book as on July 1, at Rs. 850 Crore on hand we are confident of scaling up this performance in quarters to come.

- If I walk through the brief overview, there have been significant events which have had a bearing on global business sentiment apart from winding down of QE2 (Quantitative Easing) in the US there has also been reemergence of debt related concerns in Europe. Situation in Middle East is far from resolved and crude oil continues to remain volatile because of happenings there. In India as seen from the RBI policy the inflation rate and monitory tightening is going to put considerable pressure on the growth prospects. In spite of the volatility of the international markets some markets have demonstrated resilience. Indian story still continues to look good especially on account of consumption. South and Central America, Africa and South East Asia are holding up well. As regards our business of ethanol and alcohol plant. In Europe the global bioenergy partnership, a government level organization of 23 countries have established a set of 24 sustainability guidelines that will be introduced at the upcoming G8 meeting. In addition, the partnership has approved to launch a capacity building initiative that seeks to promote optimum use of bi-energy for sustainable development.

India is providing sustained business especially for beverage alcohol plants. The ethanol-blending program continues with some queries on the price line. Emerging markets of South, Central America, Africa and South East Asia are moving ahead with blending program. Currently Brazil is facing shortage of ethanol. This has led to far lower export volume from Brazil. However, USA has been a gainer with reverse export directions setting in from US to Brazil. Ethanol prices in the export market will continue to remain strong thereby encouraging higher production levels.

While on one side the threat of expiry of volumetric excise credit on ethanol in USA is a matter of concern, we see great promise in second-generation ethanol technology. The interest levels have gone up considerably for this and so is the activity level in this sector. In European Union, Hungary, the Netherlands, Spain, Poland and many other countries have given firm target for biofuel blending; however, lack of funding and credit is a major impediment. Meanwhile they would look at imports to serve the renewable energy targets till capacities are realized through fresh investment. The prosepects of bio-ethanol plant thus is mixed with some regions adopting new mandates or increasing mandate while others are awaiting changes in the investment climate.

Coming to PRAJ's new order intake in this quarter, we have received orders worth of Rs.265 Crore. The rate of order booking over corresponding quarter in the previous fiscal is 40% higher. Of the new orders booked 53% come from the international market. So you can see a specific trend that the mix is now reversing in favor of international orders for the past two quarters. Orders from non-ethanol business stand at 22% with brewery equipment at 11% of the total orders booked. It shows that our diversification program has started getting new orders. On the order book that accounting for our revenue of Rs. 164 Crore.During the quarter as I said earlier, the order backlog on July 1 stands at Rs. 850 Crore, which is about Rs. 100 Crore higher than the last quarter. Out of Rs. 850 Crore on hand, 15% is from non-ethanol group including brewery, water, waste water and customized engineering, while on ethanol front we have bagged a prestigious order for Spanish EPC Company, for a project in Colombia for a reputed petroleum local company calls Ecopetrol. This one order alone is worth Rs. 93 Crore which was filed in this quarter.. We have also contracted the first international order for water treatment plant. We expect steady growth in the non-ethanol business, as they are a function of consumption of the domestic market, which continue to remain robust despite the many upheavels we have just mentioned.

Moving ahead, we will also focus on up scaling businesses such as water wastewater, customized equipment and manufacturing as well as bio-consumables, as we are confident that progress in the verticals will enhance Praj's capability over long-term. On CapEx plans, PRAJ has taken a CapEx for this fiscal amounting to Rs. 60 Crore. Amount expended during the first quarter is around Rs.11 Crore. Our second manufacturing unit at Kandla SEZ making total of three units in Pune and Kandla together will be in operational by end of the second quarter. This is expected to contribute to export business of customized engineering segment. The bio-consumable manufacturing unit will be also in operation by end of second quarter at a place called Jejury in the state of Maharashtra. This business is an annuity business, which supplies the biotech products like fermentation, additives and ingredients to ethanol plants. The second-generation lingo cellulosic ethanol plant program is in full swing. As briefed previously our joint development program combined with our independent program gives us the confidence that we are working in the right direction. We have kept a timeframe of two years for the first demo plant. Interest levels are going up amongst projects sponsors to explore this technology at a plant scale. We are studying these opportunities and the possibilities for an early start.

We have received safety and environmental certification called OHSAS Occupational Health and Safety Standard and ISO 14000, which certifies the company's operation is safe and environmentally sound. To conclude, we have made a good start to this financial year. Although world markets continue to pose challenges. Our businesses across different segments have demonstrated growth and we are confident that we will make progress in both ethanol as well as non-ethanol business during the rest of the fiscal. As I mentioned during my speech on the day of our annual general meeting three days back that PRAJ is looking forward to being back on the growth trajectory and maintain the sustainability and consistency in our growth initiatives.

With this briefing, I will be very happy to take your questions. Thank you very much.

Moderator: The first question is from the line of Manish Goyal from Enam Holdings. Please go ahead.

Manish Goyal: Can you give us outstanding order book of Rs. 850 Crore; how much is the international and how much is domestic?

Pramod Chaudhari: The outstanding order book is 50:50 roughly 50% international and 50% domestic.

Manish Goyal: International will this will be largely ethanol based projects or you have any orders from brewery or water and wastewater?

Pramod Chaudhari: We have a small beginning of the water and wastewater, but most of the international orders are for ethanol.

Manish Goyal: Anything in customized engineering in international?

Pramod Chaudhari: Very small numbers. We have got a beginning, and that is why we are getting ready at Kandla, but we are having something in the pipeline also.

Manish Goyal: How do you see the enquiry levels currently. Going forward you expect the momentum to be strong?

Pramod Chaudhari: I think despite the volatility in the markets abroad certain pockets are giving us a steady pipeline of inquiries.

Manish Goyal: So are these largely from South America?

Pramod Chaudhari: As I mentioned that South America, which has played a role in the recent quarter and will continue to play a major role. I had mentioned last time also that we had a breakthrough in Argentina; we have some additional business we are looking at the nearby countries in that range in that area, Africa is also developing.

Manish Goyal: The big order wins from Colombia Rs. 93 Crore, this is pertaining to customized engineering?

Pramod Chaudhari: It is ethanol. It is for Ecopetrol.

Manish Goyal: Yes so what I am asking is this is for equipment and engineering part or this involves any EPC job also?

Pramod Chaudhari: The EPC is done by the Spanish contractors, we are doing mainly the technology bringing and critical equipment and few other items.

Manish Goyal: Sir this Rs. 850 Crore, how much would be pure engineering part of the business. In fact last year of the total revenue also that number is not disclosed in the annual report, basically the top part of the engineering business?

Pramod Chaudhari: Manish, this breakup we have stopped giving now basically and it is getting blended, because of many countries they do not recognize this separately.

Manish Goyal: In quarter one particularly you did mention that domestic contribution was higher and that is the reason why margins were a little lower. So in other expenses, are there particularly what we saw there was a substantial jump, so anything one off or any provision or anything which is not likely to be repeatable?

Pramod Chaudhari: I hope god willing there is no such requirements.

Manish Goyal: No, but was there any provision or any one time.

Pramod Chaudhari: No

Manish Goyal: Broadly what we have been seeing in US that lot of IPOs have been coming up for biochemicals and funding Cellulosic Projects, so basically what is the trend. Do you expect that some to happen in the near future?

Pramod Chaudhari: Yes because the thing is that if you see these IPOs in USA basically for biochemicals and this concept, which we have also been promoting is a concept called biorefinery. That also I reported in my speech the other day and PRAJ Iis one of early promoters of that concept where we have possibility of making bioethanol and biochemicals from the same ligno cellulosic feedstock and I think that is the way to go forward and we also work in the similar direction. This company we are going for biochemicals alone, some of them are going for only for biofuels.

Manish Goyal: The new plant which we are setting up at Jejury for bioconsumables, what kind of opportunity do we see in the near future?

Pramod Chaudhari: See that is a plant basically producing the bionutrients required in the fermentation industry. It is required as an additive for the fermentation industry, so the volumes or the revenue toplines contribution will be moderate from this plant. We are already doing that business. I do not expect very major jump there, but it definitely gives us a good grip on the marketplace.

Manish Goyal: Going forward say from near-term do we expect that contribution in revenues from international would improve and thus help margins to look better?

Pramod Chaudhari: The percentage pending orders increasing on the international side thats been the normal tradition or the trend so, I hope this year also it will be helping us in that direction, so I would not make a speculative statement, but going by the order mix it looks like that.

Moderator: The next question is Jeremy Higgs from Green Dragon Fund. Please go ahead.

Jeremy Higgs: I did not quite catch that on the cellulosic ethanol front, would it be correct to understand the demo plants and the execution of such could have early start?

Pramod Chaudhari: Our original timetable is for a two years horizon and what I say that we are trying to explore the possibilities if we can prepone that.

Jeremy Higgs: Secondly on water you mentioned that you had one small order overseas on water, I just wondered from where it was and if you could give some color on that?

Pramod Chaudhari: It is from Africa and the customer is common, the customer for ethanol plants liked the proposal given for the water and that is how it is being confirmed on us.

Jeremy Higgs: As far as the potential acquisition of a water company in India, has there been any development as far as identifying a suitable candidate?

Pramod Chaudhari: Yes, we have got two candidates identified but they are being evaluated and we find that some of the valuations are unrealistic and it is taking little longer than what we had expected.

Jeremy Higgs: I am quite sure you would not pay too much for these also. **Pramod Chaudhari:** We are conservative on payment.

Moderator: Thank you. The next question is from the line of Jigar Shah from Kim eng Securities. Please go ahead.

Jigar Shah: I would still want to understand more on both the beverage alcohol side and on the ethanol side. On ethanol you have explained some of the regulations getting stringent and more work will happen as the credit situation eases, but on beverage alcohol I do not think much has been talked about, also what is happening on that front and what kind of visibility we see and as we are talking at this hour, what kind of biddings you would have done, what kind of order flow that we can expect going forward because it seems that this Rs. 800-900 Crore kind of order book is the one with which we are stuck for long time, so when do you think to move out of this trajectory and get into the larger size?

Pramod Chaudhari: Thank you for your comment, but I will deter on getting stuck on the things, in fact our order book has gone in 2007-2008 in that area up to Rs. 800-900 Crore, which we then had to bring it down because many of the orders were cancelled or they went on the whole basis, so it has gone as low as Rs. 650 crore and now it is climbing up quarter-over-quarter, so with this kind of order booking is from the new orders, which we will feel confident that there are becoming more and more executable, so according to us, but we are concerned we feel that there is a very interesting movement on the order book, so this in one clarification, which I would like to give. Coming to your earlier question on the beverage alcohol in India as I said that it is a consumption led growth and beverage alcohol is growing at a steady rate of 15% to 20% in the Indian context and if you see the price of the alcohol in that segment they are fetching higher price compared to the prices what they are fetching in the biofuel use, so we are feeling very confident and the response which we are getting and we got a very pole position for PRAJ in the domestic market when it comes to the beverage alcohol that more than 70% market share is controlled by us. We are feeling confident of the future of the beverage alcohol requirement and machinery, which we will be supplying. I hope that clarifies your questions.

Jigar Shah: Earlier I thought that the growth was getting limited because of the lack of the alcohol or feedstock availability and I believe one of the reason for the blending program also not getting successful and has also been one of the factors because the alcohol was not available, Has that situation eased, and is there anything happening on that mandatory blending program as well?

Pramod Chaudhari: Mandatory blending program government ultimately confirmed only 5%. They are not able to increase into 10% because of the reason what we have said and whatever growth is happening into the alcohol production it is mainly going for beverage purpose.

Jigar Shah: Where do you see this business of water treatment plants moving in the next two three years; how will it shape up?

Pramod Chaudhari: We have got a very ambitious program drawn for water and wastewater business. Waste water is mainly coming out of the environmental stringent norm for the industry and we are quite confident of contributing in that area and as far as water is concerned it is partly concerned with the consumption pattern, the quality of life, people like to go for a better quality water that is one thing, industrial water is good, recycle, reuse water, water scarcity, so all these things are going to bring or already bringing lot of opportunities and we have a made beginning and we are confident that we will be able to grow in this area.

Jigar Shah: Last couple of points, what kind of execution timeframe is there for this orderbook that you have of rs. 850 crore ?

Pramod Chaudhari: It is a typical ordered book, which goes from nine months to eighteen months kind of application.

Jigar Shah: What will be your tax rate in the current year?

Pramod Chaudhari: We will be operating very close to 20%.

Moderator: Thank you. The next question is from the line of Parthiv Patel from Premji Invest. Please go ahead.

Parthiv Patel: I missed that export business revenue contribution. Can you please give out the number?

Pramod Chaudhari: For this quarter?

Parthiv Patel: For Q1FY12.

Pramod Chaudhari: For this quarter the international business forms 35% and domestic was 65.

Parthiv Patel: 35% and 65%.

Parthiv Patel: Based on order book are we expecting that FY'12 would reach around 50-50?

Pramod Chaudhari: Order book wise this quarter the order book was 53% from export and 47% from domestic and carry forward orders are 50-50 .

Parthiv Patel: What are we expecting let us say in terms of revenue? This 35% will move up to which extent?

Pramod Chaudhari: At thes end of the year it should go to 45-55 or nearly 50-50 may be same position depending on the pending order. International orders intake and execution is gradually increasing that is the point, which I have made.

Parthiv Patel: Can you give some data between let us say international order margin and domestic order margin?

Pramod Chaudhari: We do not give the exact number, but we say that international order margins are marginally or better than the domestic market.

Parthiv Patel: I just wanted to check will you mentioned about the increasing competition, so is it really possible to go up to let us say 22%-23% margin that we commanded in the FY'09?

Pramod Chaudhari: Well I wish it will happen, I hope so, it should happen, It is going to be tough because the of other pressures are there on the bottomline, it will be a more challenging time.

Parthiv Patel: We had some joint development program with Qteros, if I remember?

Pramod Chaudhari: Qteros, I said that both the program, independent program and joint developmental program with Qteros both are going on and we are planning for a demo plant in next two years' time and we will try to see if we can prepone that.

Parthiv Patel: What is the CapEx we are going to do in that program this year?

Pramod Chaudhari: There is no CapEx happening on that program order that we have already accounted for and this is part and parcel of Rs. 50 Crore.

Parthiv Patel: Can you also give out ethanol business revenue contribution and other business revenue contribution?

Pramod Chaudhari: Sales from ethanol business was almost 79%and also non-ethanol business was 21% for the first quarter.

Parthiv Patel: What is the expectation for let us say FY'12 in terms of other business contribution?

Pramod Chaudhari: On the pending order non-ethanol business is around 15% and ethanol business is about 85% all put together. Ultimately we will land somewhere around that range only, about 17%-18% will be non-ethanol and a little bit here and there depends on the new intakes also.

Moderator: The next question is from the line of Kirti Dalvi from Enam AMC. Please go ahead.

Kirti Dalvi: On our water and wastewater treatment, if you could elaborate in this area, who are all the basic competitors?

Pramod Chaudhari: Competitors?

Kirti Dalvi: Yes, I mean, what you will be doing probably is the designing part of the wastewater treatment plant, right?

Pramod Chaudhari: Designing and also the execution part of it.

Kirti Dalvi: So, we will be constructing the plant and everything?

Pramod Chaudhari: Yes.

Kirti Dalvi: So, equipment part also included?

Pramod Chaudhari: Yes.

Kirti Dalvi: There is some part of civil construction also coming into the project?

Pramod Chaudhari: It will be there, yes.

Kirti Dalvi: So, entire year EPC kind of business?

Pramod Chaudhari: Yes, we are getting prepared for the entire EPC kind of a thing. It depends, sometimes it will be systems, sometimes it will be equipment, and sometimes it will be full EPC.

Kirti Dalvi: Okay, I am just giving you an example, just wanted to get exactly the idea of our operations. Something like a Va Tech Wabag, which is into purely on the designing front of water related activities, are we similar to them?

Pramod Chaudhari: There will be combination of Va Tech Wabag or Ion Exchange or many players who are there; it will be a combination of that.

Kirti Dalvi: I think the earlier participants also have asked about this. In terms of the margins which used to be, in terms of our Ethanol business which used to be upwards of 15% plus, because of the corel designing part coming into the picture. Given the diversification now in various businesses we will be able to get into that zone again?

Pramod Chaudhari: Very difficult to answer this question but our efforts would be go back into that zone because today our orders on non-ethanol side are on a introductory basis. As the time passes with our competency, we hope we will be able to step up our margin in those areas.

Kirti Dalvi: But even Rs. 850 Crore order book, 85% is based on our Ethanol as well as the Alcohol business. Where do we see these kinds of higher-level margins?

Pramod Chaudhari: In international market, yes, we are aiming for that.

Kirti Dalvi: Okay, so probably by year-end we will see those margins are coming back in the current year because last year was one of the years where we did not reach that kind of margin.

Pramod Chaudhari: Last year the margins were not so bad in the first two to three quarters. Later on it got bad because our order book got ramped up more with the domestic businesses. In the domestic businesses the margins are moderate. So we are in the mix of changing period of international business, international businesses the margins are better so the mix will change in favor of higher margins that is way I will put it.

Kirti Dalvi: Correct Sir, but we will see this impact completely in probably in FY'13?

Pramod Chaudhari: May be yes.

Kirti Dalvi: Within this Ethanol order book, how much belongs to the brewery part of the business?

Pramod Chaudhari: Brewery, I said 11% only.

Kirti Dalvi: Of this 85%?

Pramod Chaudhari: Brewery is non-ethanol. It is non-ethanol based. Brewery is beer, we are considering 15% is non-alcohol group, within that 11% is formed by beer business.

Kirti Dalvi: Okay, again Sir the taxes would be 20% for even the next couple of years, 2012-2013?

Pramod Chaudhari: I do not depend on the government policy, but government changed the policy from April 1 that SEZ a profit turnover not over MAT fully has gone up others will be lower, so with that now we have come to 20%. I hope that the government does not change the policy it will be around 20%.

Kirti Dalvi: Obviously we will not know this regulation but DTC will definitely impact us because this tax rate can move up?

Pramod Chaudhari: Direct Tax Code should not really impact.

Kirti Dalvi: So what I am looking, from this 20% there should not be a significant jump to 30 odd percent?

Pramod Chaudhari: That is what I hope so because of the current combination mix and all that. Direct Tax code will not really make any major impact on this thing.

Kirti Dalvi: Thank you very much sir and wish you good luck.

Moderator: Thank you. The next question is from the line of Ankush Mahajan from KR Choksey. Please go ahead.

Ankush Mahajan: My question is regarding the number of enquiries, the level of enquiries and number of projects in the pipelines. Would you give some sense number of the size of enquiries and pipelines?

Pramod Chaudhari: Ankush, unfortunately the numbers we do not disclose but as I said in one of the questions that yes the pipeline is quite robust and we are looking forward to increased activity in that area.

Ankush Mahajan: Thank you.

Sailesh: This is Sailesh from KR Choksey; few housekeeping questions. Sir, this Rs.2.23 Crore forex gain, is it realized gain or is it transition, I mean yet to be realized?

Surendra Khairnar: It is combination of both, realized as well as unrealized.

Sailesh: Could you just bifurcate between the two?

Surendra Khairnar: Right now I do not have those figures we can give you later.

Sailesh: Sir what is the cash as on June 30, 2011?

Pramod Chaudhari: About Rs. 428 Crore.

Sailesh: What amount of debtors and creditors? Last quarter it has gone haywire because of some of our clients?

Pramod Chaudhari: Debtors have come down, 90 days now. Creditors are 60 days I think. Debtors have improved over March 31 definitely.

Sailesh: Our manpower cost has gone up by around 12% QOQ basis, so how much is due to hike in salary and how much staff we have added during these three months?

Pramod Chaudhari: This quarter there is nothing much on hike in salary but definitely there is some provision for some kind of bonuses and all that, that is definitely coming as a new thing compared to last year and mainly the hike in numbers because we have ramped up R&D and new business also we are ramping up for manpower.

Sailesh: So, if I may ask what was the employee count on June 30 2011 versus March 30 2011?

Pramod Chaudhari: I think it would be at least, percentage wise it would be about 5%-10% up.

Sailesh: In absolute numbers, how many people do we have today?

Pramod Chaudhari: There are 50 people.

Sailesh: 50 people on PRAJ?

Pramod Chaudhari: No, 50 people up.

Sailesh: Okay, in absolute number how many people do we have?

Pramod Chaudhari: 900 people.

Sailesh: We are feeling optimistic about South and Central America, Africa and South East Asia. So if you could help me with the business potential in these markets, say, for next couple of years it will be a great help?

Pramod Chaudhari: I think you can contact our investor relations group; they will try to help you with that.

Sailesh: Okay fine, thank you.i.

Moderator: Thank you. The next question is from the line of Shefali Doshi from KJMC Capital Market. Please go ahead.

Shefali Doshi: Coming to the annual report for FY'11, regarding your bad debts written off, and provision for doubtful debts and the amount has, though it is small, but it has gone up significantly up; just wanted to know whether it is just a provision or actual bad debts written off and if it is actually bad debts from which clients and which area?

Pramod Chaudhari: These are the provisions madam.

Shefali Doshi: Because it is written as bad debts written off, so it was not very clear?

Surendra Khairnar: It is grouped as provisions for bad debts, but no bad debts are there.

Shefali Doshi: Also, sales commission also has gone down substantially, is there anything, which was included in the last year and which is not there this year or what is the reason for such a thing?

Pramod Chaudhari: See, sales commission varies from case to case. It is not a feature, which is a part and parcel. So it is dependent on certain orders where commission has to be provided. So one cannot be specific or certain that it will be always this percentage.

Shefali Doshi: Yes, that is a variable cost, just wanted to know any specific reason for such a decline?

Pramod Chaudhari: May be our sales guys are doing a good job in the field.

Shefali Doshi: Coming to our creditors days if you can share the number as of today?

Pramod Chaudhari: It is 60 days.

Shefali Doshi: Okay, I think sir for March 2011 it was above 100 days, right?

Pramod Chaudhari: 91 days.

Shefali Doshi: Fine thanks.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. At this time I would like to hand the floor over to the management for closing comments.

Vinati Moghe: Thank you very much all of you for joining us today. We hope that all your queries have been answered, if not please send it in, we will try and respond to you at the earliest. Thank you very much. Have a good day. Good-bye.

Moderator: Thank you. On behalf of PRAJ Industries Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.