



“EID Parry (India) Limited Q2 FY 2016 Results Conference Call”

November 17, 2015



ANALYST: **MISS SNIGDHA SHARMA -AVP – MIDCAPS- AXIS
CAPITAL LIMITED**

MANAGEMENT: **1. MR. V. SURI – SENIOR VICE PRESIDENT AND CHIEF
FINANCIAL OFFICER - EID PARRY (INDIA) LIMITED**
**2. MR. S. SRIKANTHAN - VICE PRESIDENT & HEAD –
NUTRACEUTICALS – EID PARRY (INDIA) LIMITED**
**3. MR. SURESH - EXECUTIVE VICE PRESIDENT AND HEAD –
PARRY SUGARS REFINERY INDIA PRIVATE LIMITED**



*EID Parry (India) Limited
November 17, 2015*

Moderator: Ladies and gentlemen, good day and welcome to the EID Parry Q2 FY 2016 Conference Call hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Sharma. Thank you and over to you Madam.

Snigdha Sharma: Thanks, good afternoon everyone and thank you all for joining the call. It is a great pleasure to have with us the management of EID Parry. From the management side, we have Mr. Suri who is the CFO and Mr. Srikanthan, the Head of the Nutra business, Mr. Suresh, the Head of Parrys Sugar Refinery. The Managing Director Mr. Ramesh unfortunately had a personal emergency and could not be on the call. Without taking too much time I now hand over the call to Mr. Suri for his opening comments. Over to you Sir!

V. Suri: Good afternoon and thank you very much. I am extremely delighted to be part of this analyst call after the Q2 results. You all know that we had a very challenging Q1 which was one of the worst in the history of EID Parry but fortunately things have improved subsequently. First good news is that the sugar prices have gone up by about 20% from August till date and the global sugar prices also have gone up by about 30% in the last two to three months. The important factors which have improved the price; the first one is the announcement of the export obligation by the Government of India to that extent of 4 million metric tonnes of sugar and second thing is that recently there is information saying that the government is actively considering a cane production linked subsidy to the farmers to bridge the gap between the FRP and what the mills can pay, that is also in the offing and Government of India is yet to announce but it is seriously considering that and the discussion is on. The third area is actually the ethanol blending program and the waiver of excise duty on ethanol and molasses from October 1, 2015. The fourth factor is that there is an information that the cane production for the sugar year 2015-2016 will be lower than 2014-2015 due to the weather conditions especially in Maharashtra, Karnataka and Tamil Nadu, so it is expected to be down by about 1 to 1.5 million tonnes in the next current year, maybe against 28.3 million tonnes of current year, it is likely to be around 26 to 27 million tonnes in the sugar year 2015-2016, so these are the primary reasons why the prices have got pushed up and then it has now increased by about 20% from the time we spoke last in August. Because of the factor that price has also went up and then we had a better standalone loss after tax has come down to 37 Crores in Q2 from 134 Crores in Q1, so cumulatively there is a loss of about 171 Crores for the H1 on a standalone basis.

I will share with you some operational numbers as far as sugar is concerned so that it gives you a perspective of what has happened in terms of the operations. In terms of the crushing, we had similar crushing like first quarter, about 8.6 lakh metric tonnes we crushed in Q2; it is about 12% lower than the last year due to the weather conditions in Tamil Nadu. Availability of cane already in Tamil Nadu has come down dramatically, so the overall cane crushing has been about 8.6 lakh metric tonnes corresponding and cumulatively we have crushed about 17 lakh metric tonnes for the first half. The recovery also has been lower by about 0.3% compared to the corresponding quarter because of the stress on the cane due to weather conditions in Tamil Nadu. Only the Tamil Nadu operations factories ran during the special season between July and September. There were no operations in Karnataka and Andhra Pradesh as far as Sugar factories is concerned. We sold about nearly 2 lakh metric tonnes during the quarter which is about 50% more than the corresponding quarter last year. Since the prices moved up, we moved in fast and we have actually been able to liquidate about 50% more close to about 2 lakh metric tonnes. The realization also has improved from August onwards. Last year first half of the year, we had a good run in terms of the sugar price and sugar price was hovering around Rs. 30 by end of September 2014 but correspondingly now still average price has been at around 23 for the quarter, down by about 24% but the prices have moved up subsequently in September, October, even in November, so the prices are now ruling stable and are at a much higher rate what we saw in August. We also carry about nearly 2 lakh tonnes of sugar, about 1.7 Lakh MT in EID Parry and about 30,000 MT in Parrys Sugar Industries Limited. The sugar stock will get liquidated during Q3 itself and the fresh stocks will only start arriving from November onwards from Karnataka and Andhra Pradesh and in December in Tamil Nadu. no cane arrears for the sugar year 2014-2015, so EID Parry has fulfilled its commitments and all the farmers' accounts have been paid in full. That is the story on the sugar side. As far as power generation is concerned it has been very good. We have moved out of PPA in Tamil Nadu and so the entire period of July to September we actually operated our co-generated plants both with Bagasse when the season was on and also with coal during off-season, so we actually generated about 1000 lakh units during the quarter against about 730 lakh units, about 37% increase over the corresponding quarter. We exported about 600 lakh units with a corresponding number of 400 lakh units in similar quarter, half by about 50%. The rate also has improved because of the arrangement we have within Tamil Nadu, so the average rate we were able to get about 5.4 rupees against corresponding number of 3.3 only in Q2 of 2014-2015, so the entire cogeneration has been a good story both in terms of power generation and in terms of the rates. The contract is still on, till the end of November we have this contract on PPA and are expected to be renewed from end of November onwards. As far as alcohol is concerned the sale of alcohol has been at a flat level, about 130 lakh liters, the price has come down by about 10% primarily because of the imports in Tamil Nadu from Karnataka and Andhra Pradesh. As you are all aware the Tamil Nadu



EID Parry (India) Limited
November 17, 2015

Government now has actually levied VAT of 14.5% on alcohol which is putting a lot of pressure on the price, hence we had to scale down the price. On an average the price has come down by about 10%. Now this is on the total sugar SBU.

As far as Bioproducts are concerned at the consolidated level we had sale of about 74 Crores down from 81 Crores in Q2 of last year down by about 9%. This is primarily due to lower sale of the neem based pesticides because of the drought conditions which are prevailing in Andhra Pradesh, Maharashtra and Karnataka in the domestic market and there is no concern on export market. As far as nutraceuticals division is concerned the sale has been lower because we had a lower Astaxanthin in our Oonaiyur Plant because of the weather conditions. The situation is now under control and we are actually back to normalcy and working towards making up during the rest of the year, so on a consolidated level the bio, nutra products, the PBIT has been better by 9.5 Crores with the corresponding number of 9 Crores last year, so overall it has been a better PBIT because we are able to manage to sell right products and also Valensa is now doing well in USA.

As far as capex is concerned, since the situation is still not very good for the sugar industry we continue to reduce capex spending and we spend only on the safety, environment and other essential purpose. As I already told we are expanding our capacity in Oonaiyur, for additional Spirulina production and the project is now on schedule.

We continue to now focus on the fixed cost reduction, so if you really look at our numbers in the first half we were able to reduce 16 Crores between the two periods, corresponding to last half purely because of management drive on cost reduction and we will continue to be focusing on the cost reduction program. The interest cost also has come down further, if you compare the first quarter it was 44 Crores and now it has come to 38 Crores in the second quarter and we have received a soft loan at 0% interest to that extent of about 138 Crores including PSIL. So, overall there has been a rate reduction, so the interest we are able to work well within our limits and also our budgets, so it has been a good story on the interest cost. We also received 44 Crores of dividend from our subsidiary Coromandel International during this quarter, so this has been the final dividend of 250% which we declared for the last year and we received in August. The overall story is that the losses have been much lower because of the price increase which has happened in the sugar side and also we were able to sell much better about 50% more than the corresponding quarter of last year, so this has been the story. Sugar industry is looking up and we are happy that the situation is much better than the Q1. With that opening remarks I now leave it open for any questions.

- Moderator:** Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Nitesh Doshi, an individual investor, please go ahead.
- Nitesh Doshi:** Sir, what is your feel on long-term ethanol blending program of the government, do you think we are headed for more than 10% blending; do you get that kind of feeling from the government?
- V. Suri:** At present we have been given a three-year program, currently at the country level blending is happening at around 3% and they have said that over a period of next three sugar years that is starting from 2015-2016 to 2017-2018, they are going to increase from 3 to 5 to 7 to 10, so this is what the program we have said which means in three years from now, there will be blending of ethanol to that extent of about 10%, so if that comes then it is a good sign, that is actually a pressure on the OMC to lift ethanol from the sugar producers currently, so for the sugar year 2015-2016 we are working on a ethanol blending program of 5%. 10% is three-year scenario which the government is working on.
- Nitesh Doshi:** What is India's consumption growth rate and how sensitive it is to retail prices?
- V. Suri:** India is actually currently consuming about 24.5 million tonnes of sugar and on an average it grows by about 3% every year there is a consumption increase of sugar of about 3%.
- Nitesh Doshi:** How sensitive is it to the prices of sugar?
- V. Suri:** Actually there is no sensitivity , at the retail price, if you really look at in the retail level the sugar price has not changed, so what has changed is only at the bulk level which is primarily in the terms of trader level and also institutional level. There is no sensitivity. Sugar prices at market level are selling at around 40 at retail level.
- Nitesh Doshi:** In an ideal situation where all companies are making reasonable profit, how much sugar can India produce, I am talking about the upper cap on physical constraint because of water availability?
- V. Suri:** Last year India produced 28 million tonnes, depending upon the program by which the farmers are interested to stay in sugarcane and also the weather conditions, on an average India can always produce about 26 million tonnes.
- Nitesh Doshi:** You mean to say India cannot produce more than 28-29?

- V. Suri:** It depends upon the cane price. If the cane price improves substantially later linked to the sugar price then the farmers will come back, otherwise today's conditions there is a program to produce about 26 to 27 million tonnes.
- Nitesh Doshi:** I meant to ask in an ideal situation for all the players when all people are making reasonable money, can India make more than 28 million tonnes?
- V. Suri:** Possible because the capacity to crush sugarcane is available.
- Nitesh Doshi:** We can grow that much sugarcane as a country?
- V. Suri:** Yes, actually sugarcane is very profitable and safe crop for many farmers because it gives them that stability and also it gives them the cash flow which is certain but unfortunately in the last two years the cash flow has got affected because the mills were not able to pay, so once that becomes regularized then the farmers will be happy to continue with sugarcane, hence there is a possibility.
- Nitesh Doshi:** Sir we have talked about deleveraging the company at previous AGMs, whereas some other group companies like Carborundum and Tube with much lower gearing have monetized assets to reduce debt in the last 12 months, any thinking from EID Parry on same lines like monetizing assets to reduce the debt?
- V. Suri:** Absolutely, we have started this program last year itself when the sugar industry turned difficult one. We are having a program to actually deleverage and then eliminate assets which are not producing any income, so over a period of next three years, the plan is to reduce the debt by deleveraging the assets.
- Nitesh Doshi:** So you mean to say we can monetize some real estate also for next three years.
- V. Suri:** Yes. See, between this year and next year itself there will be a substantial improvement which will happen in terms of deleveraging the assets.
- Moderator:** The next question is from the line of Akshay Ajmera an individual investor.
- Akshay Ajmera:** Sir, a quick question, on last conference call you had quantified the amount of inventory write down due to decrease in prices, this quarter would it be possible to quantify the amount?
- V. Suri:** Actually, there is no need for inventory write down this quarter because last quarter was a very peculiar quarter where the prices actually came down through the quarter that is from

April to June and then subsequently also it was coming down but fortunately the tide has changed, from August onwards the price has come back and there is no need for any inventory write down, actually in contrary what has happened is the prices in October and November has gone up further from September levels.

- Akshay Ajmera:** So you don't foresee any further?
- V. Suri:** No, actually there is no need at all; the current market prices are more than the inventory value which we carry.
- Moderator:** The next question is from the line of Hardik Doshi from Birla Sun Life Insurance, please go ahead.
- Hardik Doshi:** Sir, my question is on the inventories, the inventories have come down by almost 40-50%, so that is because you have sold more this quarter?
- V. Suri:** Yes actually we sold this one of the highest in terms of close to about 2 lakh tonnes we sold. Since the prices went up from August we went on a selling spree which we were holding earlier We actually brought down the inventory from about 3.3 lakh tonnes to about now currently on an average we have about 2 lakh tonnes.
- Hardik Doshi:** Sir for the year end at what level are you expected to close in terms of inventories?
- V. Suri:** It all depends upon the price, subsequently if the price holds in Q3-Q4, the opening stock which we have today will be liquidated by December itself. We will be carrying new stock which is going to be produced during the sugar season 2015-2016 and if the Government policy makes the export obligation happen and the prices will become stable then there is no need for us to carry inventory.
- Hardik Doshi:** Sir second question is what is the average cost of purchase of raw material right now for the current sugar year 2015-2016?
- V. Suri:** 2015-2016 sugar year has just commenced in Karnataka and Andhra Pradesh, Tamil Nadu is yet to start. It will start only in December. As far as Karnataka is concerned the price which is going to be paid will be FRP and Andhra Pradesh also it will be FRP. In Tamil Nadu it is not frozen but what is likely to happen is everywhere it will be hovering around FRP as the price. It is the landed cost at the factory. In Karnataka and Andhra Pradesh there will be an adjustment to the recovery.
- Hardik Doshi:** Roughly how much would it be for Karnataka and Andhra Pradesh?

- V. Suri:** The FRP is Rs. 2300 in Karnataka and it is Rs. 2900 if adjusted to recovery and in AP it will be flat because the recovery is not in line with FRP recommendation is 9.5%. The only area where we have excess recovery is actually in Karnataka, so to that extent the adjustment will be another 600 rupees, so it will be 2900 rupees.
- Moderator:** The next question is from the line of Rohan Dalal from Dalal & Broacha, please go ahead.
- Rohan Dalal:** I would like to ask that if you could maybe explain that if blending reaches 10% how much could ethanol realization benefit EBITDA?
- V. Suri:** See, what is happening is it all depends upon allocation, the ethanol is getting allocated today to the respective factories, now we don't have a clear picture of what is going to be, we only have a picture of 2015-2016, so in 2015-2016 we will have an allocation between Andhra Pradesh and Karnataka about 125 lakh liters.
- Rohan Dalal:** 125 lakh liters between AP and Karnataka.
- V. Suri:** But in Tamil Nadu they are giving it piecemeal. What is happening is we are now not given the allocation to ethanol, the molasses allocation to ethanol because they want to control the molasses requirement for alcohol, they are now releasing in bits and pieces, currently we have a program only of 7 lakhs for Tamil Nadu.
- Rohan Dalal:** Sir do you think the mandated price of 40 rupees per liter will stabilize the overall business for sugar company for ethanol?
- V. Suri:** Ethanol today, the average landed price for the OMC is about 49 rupees which includes the landed cost, which includes freight and all those things. The net sale price to the company will come to about 43, 44 for the time being.
- Rohan Dalal:** Is 49 rupees substantial for oil companies?
- V. Suri:** They will be making a loss at 49 rupees, for them it may be cheaper to import crude.
- Rohan Dalal:** Sir do you think this will effect ethanol demand over and above the?
- V. Suri:** See, this is mandated by the Government of India, we have to fall in line with the program otherwise ethanol is not a good proposition for the oil manufacturing companies. This is to actually balance the sugar production and also the stocks.

Moderator: The next question is from the line of Alok Badkar from India First Life Insurance, please go ahead.

Alok Badkar: Sir, what is your assessment of the global demand and supply situation for sugar especially like Brazil is facing a severe drought and also what would be the relative position of sugar and the ethanol economics for Brazilian millers, I believe they have flexibility in production with respect to producing sugar and ethanol based on the relative pricing economics, so what would be your assessment of this global situation?

V. Suri: Now, what I will do is I will give a very quick brief on the overall scene and then hand over to Mr. Suresh who is handling the Parry Sugar Refinery because he is tracking the international market on a daily basis. On an overall basis, recent information is, Sugar production is expected to be lower world over and then there is going to be higher demand than the supply during this year that is sugar year 2015-2016 because of that the prices have also moved up as I told in the beginning of the meeting, the prices have moved by about 30% in the last two, two-and-a-half months, so overall there is a better scenario in terms of the sugar balance. For further insight in to it I request Suresh to answer this question.

Suresh: Six months back there was a surplus scenario on the overall global production to consumption, now they are expecting a 3 million deficit for the next year like the overall sugar production is going to be around 183, the consumption is expected to be around 186, of this there is going to be a 3 million deficit, that is what is the expected shortage in the production as such because of the recent phenomenon that is happening in Brazil but the other thing which is happening the recent rains whatever is going to benefit Brazil for the next year indirectly, so this year's harvesting is going to get affected but next year it is going to be good level of plantation but current level of thing is there is a deficit which is being projected, with India coming in to the global picture in terms of exports then that might also turn the tables indirectly in terms of the global prices. As of now, the prices, global raws have been going up, if you look at the last one month scenario from a 11 cents per pound the raw sugar prices have now gone up to almost 15 cents, 30-35% increase, and if India comes in to the picture definitely there is going to be a fall in the prices because these are only the technical which are picking up the prices because 3 million on a base of around 180 million is hardly anything to take up the prices, it is more of a technical thing which is happening but there is expected to be a shift from a deficit to a surplus, a marginal surplus scenario which might happen further next year.

Alok Badkar: Sir in terms of diversion of sugarcane to ethanol and how do you foresee that?

- Suresh:** If you look at it, currently sugar is paying them more compared to ethanol, so they can switch between sugar and ethanol in a very good way, in fact Brazilian millers have started pricing even at the level of around 11 cents for the future periods, that means at a level of 15 cents sugar is actually more profitable for them, so currently they are swinging more towards sugar, the moment the prices fall, they may switch back to ethanol.
- V. Suri:** The depreciation of Brazilian Real also is helping them and so as he says the current mood in Brazil is actually towards sugar rather than ethanol.
- Moderator:** The next question is from the line of Kunal Bhatia from Dalal & Broacha, please go ahead.
- Kunal Bhatia:** Sir, just wanted to know you were mentioning in regards to the ethanol prices that at 49 rupees it will not be viable for the oil marketing companies, can you just elaborate a bit more at what rate would it be viable for them and if you could give the details on the same?
- V. Suri:** It all depends upon the crude price and it is a program mandated by the Government of India, there is no choice for them but to now actually fall in line for them, this is a program which has been taken by the government to balance the sugar stocks in India, so I am not able to answer this question in terms of at what level this will make profits to them but anyway currently in 2015-2016, it is very clear that they have a mandate to purchase and they will have to do it and what happens is that eventually whatever ethanol price, ethanol they are buying I think there will be a step to pass on to the end consumers.
- Kunal Bhatia:** So whatever extra would be they will be able to buy?
- V. Suri:** Yes correct because anyway they have the final say in terms of the final retail price, so that can also be a system by which they will pass on to the consumers, it is not going to make much difference to them in terms of overall pricing, currently we are only at around 3% blending, but in overall scheme of pricing in terms of they will not make much difference.
- Moderator:** The next question is from the line of Hardik Doshi from Birla Sun Life Insurance, please go ahead.
- Hardik Doshi:** Sir could you give us some details on the performance of Silkroad Sugar?
- V. Suri:** Silkroad has been a very good story subsequently. Mr. Suresh who is head of Silkroad now will be directly answering this question.
- Suresh:** We have renamed our company as Parry Sugars Refinery India Private Limited. The production operations as we had shared last time stabilized around 1500 tonnes and have

started improving from thereon. The good news is that Q2 also we have improved the performance, better than the estimates what we have given and if you look at the overall year, we have secured sale contracts. Our business model is in terms of locking our spreads basically on the New York as well as the London Exchange, so given the fact that our sale contracts for the current financial year has been secured, that is a good news for the company, what it means to the business and that is business is secure, what is needed for the business now is to go ahead and execute, produce and deliver the goods at the targeted cost levels, so we are confident, we hope to end the year at the targeted levels.

- Hardik Doshi:** For the half year how much have you done so far, the volumes?
- Suresh:** Volumes is around 30%. Production wise it will be more, in terms of sales volume we have done around 30%, 1,20,000 tonnes we have done.
- V. Suri:** We have produced 1,20,000 tonnes for the first half, you remember that we actually started the factory in May, in last four months that is from June, July, August, September we have produced 1.2 lakh tonnes of refined sugar.
- Hardik Doshi:** What would be the spreads right now?
- Suresh:** What we call as white premium currently is around 78.
- V. Suri:** Actually the currency it is looking up because of the last one month condition but on an average we are working on, net of freight will be around \$60 to \$65 is what we are working on, but current situation is very favorable.
- Hardik Doshi:** Debt you have already refinanced through NCD right?
- V. Suri:** Yes, correct absolutely. It has happened in 2014-2015 itself.
- Hardik Doshi:** What is the average cost of borrowings in Parry Sugars?
- V. Suri:** On an average we are at 5% including the long-term.
- Moderator:** The next question is from the line of Akshay Ajmera an individual investor, please go ahead.
- Akshay Ajmera:** Sir, this is a more general question, while our farmers in this sector are blessed I believe in this sector, but the profitable ratios are not good at all, what are we doing to make EID Parry Sugar Division as profitable and one of the best company in the sector?

- V. Suri:** We are already rated and given the award also. Most important is the sugar price, which is the key to the profitability of the industry and the cane price. Now the cane price is getting settled because the states like Karnataka, Maharashtra and also Gujarat they have also agreed to the Rangarajan Committee formula, so they are in principle working at the best at FRP, only in UP and Tamil Nadu we have a cane price issue but by and large the farmers are now in principle have started working on the cane price linked to the sugar price, so if the sugar price goes up to around 30 to 31 rupees then the sugar industry becomes profitable, so currently average price is around 26-27, so it needs to push up by another 4 rupees for it to become profitable and it has to sustain, last year the problem was that the price came down as low as 20 rupees on average, that is the issue and it has got pushed up, currently we are at around 26, so if things are looking up and we hope because of the cane availability which is coming down for the current sugar year and also the export obligation which the government is imposing the sugar prices will keep going up during the next two, three months, that is what we are expecting. When the sugar price comes at an average of around 30 then it becomes sustainable and profitable.
- Moderator:** The next question is from the line of Nitesh Doshi, an individual investor, please go ahead.
- Nitesh Doshi:** Sir by when you expect this Rangarajan formula to be implemented in Tamil Nadu or in country where you can link the sugarcane price with final price you get for the sugar?
- V. Suri:** That will take some time because today what is getting governed is the FRP. Now FRP at the current sugar price is not viable actually, on the current sugar price with FRP then the sugarcane price has to go down by another 400 rupees but what is happening is that government is trying to help in terms of the various programs and sops but Karnataka and Maharashtra in principle they have already agreed on this methodology, in Brazil I believe it took seven years for the entire formula to settle down, India is now in the third year.
- Nitesh Doshi:** You mean in Maharashtra and Karnataka right now the industry is working on this policy?
- V. Suri:** No, it is not working, it is still on FRP only but we have to pay FRP pledged to recovery which is still not linked to the sugar price but eventually I think over a period of next two, three years it will fall in to place completely.
- Nitesh Doshi:** You think Tamil Nadu is also going to follow the same model?
- V. Suri:** We will have to follow, otherwise what will happen is the Tamil Nadu Government and the farmers have finally realized that the industry is not going to be in a position to actually



EID Parry (India) Limited
November 17, 2015

sustain with this kind of sugarcane price; discussion is on now to bring them to the line of FRP at least in the initial stages.

Nitesh Doshi: To all this formula what is the response of the Government and the farmers?

V. Suri: The state Government depending upon the political pressure they take some calls which are not very favorable to the industry but what is happening in Tamil Nadu there is a litigation which is going on in the Supreme Court where the SAP which is announced by the Government of Tamil Nadu is not tenable under law, that is going also and we are now currently discussing them only to pay at the FRP level. That is the first step.

Nitesh Doshi: What about the road from FRP to the Rangarajan formula?

V. Suri: It will take another maybe two, three years to settle down till the sugar prices go up.

Moderator: As there are no further questions I would now like to hand the conference over to the management for closing comments.

V. Suri: Thank you very much and I am very delighted to have been part of this analysts call. On behalf of EID Parry Mr. Suresh and Mr. Srikanthan and myself we thank all the patient hearing and also the questions. Thank you very much. It was a pleasure to be with all of you.

Moderator: Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.