

12.02.2025

To,
The Manager - Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051
Tel No. 022-2659 8237 /38
Symbol: DHAMPURSUG

The General Manager – DSC
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai: 400001
Tel No.022-22722039/37/3121
Security Code: 500119

Dear Sir,

Sub: Regulation 30 - Transcripts of Earnings Conference Call with respect to Unaudited Financial Results for quarter ended 31st December 2024

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith Transcript of the Company's Earnings Conference Call on Unaudited Financial Results for quarter ended 31st December 2024, which was held on Friday, 7th February, 2025.

The same is also available on the Company's website i.e. www.dhampursugar.com.

Kindly take the information on record.

Thanking you,

For Dhampur Sugar Mills Limited

Aparna Goel
Company Secretary
M. No. 22787



**“Dhampur Sugar Mills Limited
Q3 FY '25 Earnings Conference Call”**

February 07, 2025



MANAGEMENT:

MR. GAURAV GOEL – VICE CHAIRMAN & MANAGING DIRECTOR

MR. SUSHEEL MEHROTRA – CHIEF FINANCIAL OFFICER

MR. AKSHAT KAPOOR – CHIEF OPERATING OFFICER

MR. VINEET GUPTA – VICE PRESIDENT, FINANCE

MODERATOR:

MR. NAVIN AGRAWAL

HEAD – INSTITUTIONAL EQUITIES | SKP SECURITIES LTD

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Moderator: Good day, ladies and gentlemen, and welcome to Dhampur Sugar Mills Limited's Q3 FY '25 Results 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 management's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Agarwal, Head, Institutional Equities at SKP Securities Limited. Thank you. And over to you, Mr. Agarwal.

Navin Agarwal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you on behalf of Dhampur Sugar Mills Limited and SKP Securities to this financial results conference call. We have with us Mr. Gaurav Goel, Vice Chairman and Managing Director, and his colleagues: Mr. Susheel Mehrotra, CFO; Mr. Akshat Kapoor, COO; and Mr. Vineet Gupta, VP, Finance.

We'll have the opening remarks from Mr. Mehrotra, followed by a Q&A session. Thank you. And over to you, Susheelji.

Susheel Mehrotra: Thank you. Good afternoon, and a very warm welcome to all at Dhampur Sugar Mills Limited Q3 FY '25 Earnings Conference Call. First of all, it may be seen from our results that we are back in black after losses in first 2 quarters of this fiscal year.

The losses were mainly on account of early closure of season '23-'24 and lower availability of feedstock for distillery due to restriction on use of syrup and B-heavy molasses for production of ethanol, which has since been lifted.

Another reason for loss in H1 FY '25 was lower cane availability caused by multiple factors. The industry in UP, in general, and the company, in particular, continue to face the headwinds in terms of cane availability on account of red rot.

As you are aware that both our plants started crushing with effect from November 7, 2024, and during the quarter, we have crushed 11.33 lakh tons of cane. This is lower than last year same quarter, since last year both the plants started on October 30, 2023. Hence, this gap in crushing numbers.

Moreover, since the industry in UP is facing the challenge of red rot in cane, we have chalked out a detailed plan for varietal shift. We are intensively working on cane development to mitigate the negative impact on cane. Since seed availability is the key for varietal shift, therefore, we are ensuring sufficient availability of seed to proceed with our plan. We hope to achieve positive outcome from our plan and action taken so far and plan for the coming months.

Now coming to exports. Government has allowed exports of 1 million tons of sugar. The company has been allocated export quota of 10,256 tons with the flexibility to either directly export sugar or exchange it with another sugar mill for domestic quota.

On ethanol front, the government has increased price of ethanol derived from C-heavy molasses by INR1.69 per liter. There's no increase in price for syrup and B-heavy molasses-based ethanol.

Let's now come to the operating performance for quarter ended December '24. The company diverted 1.06 lakh tons of cane for production of ethanol through syrup as against 0.96 lakh tons in the corresponding quarter last year. This is higher by 10.42% as the ban on use of syrup has been lifted on August 29, 2024. The gross recovery in this quarter is lower at 10.17% versus 11.01% in the corresponding quarter last year. This is mainly due to red rot as also various agro-climatic factors.

Sugar production is 0.97 lakh tons in quarter ending December '24 versus 1.29 lakh tons in the corresponding quarter. Production is lower due to late start of season by 9 days and lower pol in sugarcane as compared to corresponding quarter of last year.

In December, the company has commissioned one more tetra pack machine for potable spirits. As we all know, during the quarter, U.S. dollar has moved significantly. However, as per the company's forex policy, all the exposure is fully hedged. Therefore, we do not run any risk on this account.

Now coming to financial performance. Revenue from operations for the quarter ended December '24 stands at INR587 crores versus INR482.3 crores in the corresponding quarter last year. Revenue is higher mainly on account of higher sugar sales volume by 0.33 lakh tons in the current quarter and higher potable spirits sale by 2.26 lakh cases, which is also offsetting lower ethanol sales volume of 135.58 lakh liters.

Sugar sales in this quarter was 0.58 lakh tons as against 0.25 lakh tons in the comparable quarter last year. In this quarter, ethanol sale was 133.11 lakh liters as against 268.69 lakh liters in the comparable quarter, nearly 50% lower. This, as mentioned earlier, was caused by multiple factors highlighted in the last call.

Just to list out some of these factors: first, lower availability of cane in the previous season due to flooding and extended monsoons; second, restricted availability of molasses for ethanol production due to lower cane crush; third, lower inventory of molasses brought forward from season '23-'24 due to restriction on use of sugarcane juice, syrup, and B-heavy molasses due to

Consequence mainly to lower ethanol sales, EBITDA in this quarter is at INR48.1 crores versus INR69.5 crores. PBT is INR21.5 crores versus INR47.5 crores. Profit after tax is INR15 crores versus INR31.6 crores. And cash profit is INR38.1 crores versus INR55.3 crores in the corresponding quarter of last year.

Sugar inventory at the end of quarter is 1.01 lakh tons as against 1.07 lakh tons as on December 31, 2023. Total production of ethanol during the quarter from all feedstocks was 153.11 lakh liters, as against production of 294.97 lakh liters in comparable quarter last year. Total sale of ethanol during the quarter is 133.11 lakh liters. Sale last year in the comparable quarter was 268.69 lakh liters.

Production and sale of ethyl acetate was 69.2 lakh kg and 68.18 lakh kg versus 52.9 lakh and 52.44 lakh kg, respectively, in the corresponding quarter last year. Production of potable spirits during the quarter has increased to 7.8 lakh cases from 5.56 lakh cases in the comparable quarter, and sale has increased to 7.9 lakh cases from 5.65 lakh cases in the corresponding quarter last

year. This increase is largely due to additional production from new tetra machine, which was commissioned in April 2024, and the full impact of new tetra pack machine, which was installed in December '24, will be seen in the next quarter.

Our revenue from sugar business in this quarter is INR305.9 crores as against INR233.4 crores, higher by about 31.1%. Revenue from power business is at INR62.2 crores as against INR73.5 crores. Revenue from ethanol business has seen a sharp decline to INR97.6 crores versus INR176.3 crores, drop of nearly 44.7% for the reasons already detailed. Revenue from chemicals business is INR47.5 crores versus INR46 crores, and revenue from potable spirits is INR199.6 crores versus INR135.4 crores in the comparable quarter.

During the quarter, profit from sugar business is INR1.2 crores versus loss in the comparable quarter of INR6.6 crores. In the power business, INR24.8 crores profit as against a profit of INR29.1 crores, and ethanol is INR5.7 crores versus INR22.8 crores in the corresponding quarter.

Again, this is lower due to ban on use of syrup and B-heavy molasses as also lower availability of cane during the season '23-'24, resulting in significantly lower volumes. Profit in chemical business is INR0.9 crores versus INR 0.9 crores almost same in the previous year and potable spirits INR3.6 crores versus INR1.8 crores in the comparable quarter.

Coming to business-wise performance. During the 9 months period ended December '24, the average sugar realization in this period has been INR38,436 per ton as against INR36,893 per ton in the corresponding period last year. The total production of ethanol during the period from all feedstocks is 367.23 lakh liters as against 932.31 lakh liters of ethanol produced during the same period last year.

Total sale of ethanol during the period from all the feedstock is 371.4 lakh liters versus 967.65 lakh liters in the corresponding period last year.

Production and sales of ethyl acetate has been 245.03 lakh kg and 244.4 lakh kg, which is very close to numbers of the corresponding period last year when the production and sale were 244 lakh and 244.43 lakh kg, respectively.

Now production of potable spirits during the period has increased to 23.03 lakh cases from 17.47 lakh cases in the comparable period, and the sale has increased to 22.73 lakh cases from 17.24 lakh cases in the corresponding period of last year. This is again mainly on account of commissioning of new tetra pack machine in April 2024.

Revenue from operations for the period ended December '24 stands at INR1,845.4 crores versus INR1,977.2 crores. EBITDA is at INR84.2 crores versus INR191.2 crores. Profit before tax is INR3.3 crores versus INR121.9 crores. Profit after tax is INR2.8 crores versus INR81.2 crores. And the cash profit is INR45.8 crores versus INR142.9 crores in the corresponding period last year. This decline in profit is attributable to the reasons that we have discussed earlier.

Our revenue from sugar business is INR912.9 crores as against INR1,040.3 crores. From power business, it is INR92.2 crores as against INR135.8 crores. From ethanol business, revenue is

INR286.9 crores versus INR637 crores. Revenue from chemical business is INR172.5 crores versus INR198.9 crores. And potable spirits, it is INR564.2 crores versus INR415.9 crores in the comparable period.

Our profit from sugar business is INR11.9 crores as against negative INR0.2 crores. From power business, it is INR20.9 crores as against INR45.2 crores. Ethanol business is INR10 crores versus INR100.2 crores, a sharp decline. And chemical business is INR1.4 crores versus INR11.7 crores. From potable spirits, it is INR9.7 crores versus INR4.7 crores in the comparable period.

Now coming to consolidated numbers. The revenue from operations during the quarter stood at INR587.1 crores versus INR482.4 crores. EBITDA is at INR48.3 crores versus INR69.7 crores. Profit before tax is INR21.7 crores versus INR47.8 crores. The profit after tax is INR15.2 crores versus INR31.8 crores. And cash profit is INR38.3 crores, which was INR55.5 crores in the corresponding quarter last year.

During the period ended December '24, consolidated revenue from operations stands at INR1,846.1 crores. It was INR1,979 crores in the previous year in the comparable period. EBITDA is INR84.8 crores, which was INR192.7 crores. Profit before tax is INR3.9 crores as against INR123.3 crores. And profit after tax is INR3.4 crores, which was INR82.7 crores. And cash profit is INR46.4 crores versus INR144.3 crores in the corresponding period last year.

So these are the significant operating and financial numbers for the quarter and the period ended December '24. Thank you once again for joining us on this conference call. We will be delighted to answer any questions that you may have. Thank you.

Moderator: The first question is from Rohit Singh from Nvest Analytics.

Rohit Singh: Sir, my first question is, could you share the expected sugar production for this year, and how you see the outlook for the next year?

Gaurav Goel: So, Rohit, to answer your first thing that the sugar production that we are seeing for the year '24-'25, it will be in the range of 26.5 million to 27 million ton, is what we are seeing India to do for this year. That is after we have to predict so that will be the net sugar that we will make.

For the year '25-'26, early days, but for surely, it should be higher because both in Maharashtra and in south, we have seen that the swing of cane has been higher. But still, as I said, it's very early for us to predict as to what will be the cane that will happen in the year '25-'26. But for this year, 27 million tons seems to be the fair answer as of now.

Moderator: Next question is from Chirag Pachisia form SKP Securities.

Chirag Pachisia: Firstly, could you share insights on how January has been in terms of cane availability and recovery? Have you seen any improvement compared to earlier trends?

Gaurav Goel: So on your first thing, yes, in January now, we started to get a bit more of plant cane, and the pol in cane is higher. It is almost now equal to what it was last year. So what we spoke about earlier that in ratoon, the poll in cane was lower, but now the plant cane, which has now started to come, the pol in cane is almost same as what it was last year.

- Chirag Pachisia:** And may I request you to share the current transfer prices for molasses, both B-heavy and C-heavy?
- Susheel Mehrotra:** The C-heavy, we are doing at INR850 and B-heavy is INR1,200.
- Chirag Pachisia:** Sir, with the recent ethanol price revision, what is the targeted production mix across different ethanol routes?
- Gaurav Goel:** So right now, in the last 10 days, earlier we were on syrup, but now we have moved to B-heavy for the last 10 days because we saw no rise in the price of syrup. So we have moved to B-heavy from January 28.
- Chirag Pachisia:** And sir, have we observed an improvement in sugar realization in January and early February? How do you see the pricing trend evolving?
- Gaurav Goel:** So Chirag, that you know. I mean, like you've asked me that question, but I think that, yes, we have seen a slight, the prices of sugar have for surely gone up, but they are still at the same range. So earlier, we were selling at about INR37.5, INR38. Right now, the price is around INR41 ex-mill.
- Chirag Pachisia:** Sir, lastly, could you share our allocated quota and expected time line for exports?
- Gaurav Goel:** So we actually, vis-a-vis Dhampur, we are not planning to export our own sugar, but we will sell quota to the plants which are closer to the ports.
- Moderator:** Next question is from Uday Shanbhag, who is an individual investor.
- Uday Shanbhag:** A couple of questions here. So broadly, if I look at the mix of ethanol in the previous year due to restrictions, we used a lot of maize and C-heavy syrup, which is lower in margin for us. So in this year, can we assume that primarily all the production will come from B-heavy and syrup? Or are we still planning to use maize for this current calendar year maybe?
- Gaurav Goel:** So on that, Uday, my first thing is that we were earlier on syrup, as what I said earlier to Chirag. But now, we are moving to B heavy because there was no rise in price of syrup. And what is going to be sugar that we will make in India, so we are going to move to B-heavy as of now. But yes, we will still do maize. So maize will still be a product that we will use through the whole year.
- Uday Shanbhag:** Any idea on what might be the percentage mix for the entire year? Broadly, what percent would be B-heavy and what percent would be maize or something? Or is it too premature for that?
- Gaurav Goel:** I think I would say that as of now, because till January 28, we ran on syrup. So till January 28, almost a third went to syrup. The next would be about, I would say so if I was to do the mix, I would say 30% is syrup, 40% will be B-heavy, 30% would be grain.
- Uday Shanbhag:** And one more thing, there has been a decline in the global prices of sugar. So typically, I understand they are broadly at equal or below market prices in India now, right? So obviously,

you have a long time to export. But how does -- if you are selling your quota to the Maharashtra mills or Karnataka mills or whatever, how does this differential price realization work?

So assuming like domestic price is INR38 and the export price is INR45. How does the profit-sharing work between you and Maharashtra or the purchaser of the export, right?

Gaurav Goel:

So it's basically when you sell, the prices fluctuate a lot. So when you sell your quota, it is vis-a-vis the price that the factory which is buying from you, as to what is that they expect to realize overseas vis-a-vis if they sell, and also the holding cost, so basically, if they were to hold that sugar for 6 months. So these are the 3 factors which sort of vary.

And because of that, the price at which any sugar mill is able to sell or buy quota varies on these 3 or 4 things. But as of now, also, if we see, New York has been pretty stable. I mean, 20 bps here or there, it's like happening, but because everyone is expecting a lower crop in India for the year '25. So I think the prices will stay stable even globally.

Uday Shanbhag:

But current prices, I think exports are not remunerative. Would that understanding be correct?

Gaurav Goel:

No, no. Even at present prices at about \$19.6, I think it shut last night, I think it's I mean, even on that, the exports can -- and out here, we have to realize that India is going to export a lot more of whites than of raw.

Uday Shanbhag:

Just also one medium-term question, if I may. So typically, if you historically looked at sugar industry, there used to be a very high cyclicity depending on MSP and sugar production and so on. Now that you have multiple sources of multiple products, and we are not only looking at sugar sales, we have ethanol and power and so on.

Over the medium term, how should we look at cyclicity? What would be the impact of say, like this year, you are expecting maybe like 15%, 20% lower production. How should we see the impact of that changing on your financials vis-a-vis what it would have been in the past?

Gaurav Goel:

Now 30 years back, so I'll start the story from then when we all joined, cyclicity was a reality in sugar, because we didn't have any other products which we could use for sugarcane. But now with this syrup, B-heavy and C, that has changed a lot. So we have the flexibility to bring down sugar or bring up sugar as to what happened also last year. So I think that the cyclicity in sugar is for surely far, far lower than what was there 10 years back.

Uday Shanbhag:

How would it impact the smoothening of profits, in your opinion, as compared to okay, I guess, it's difficult to put a number because there are too many moving parts in it.

Just one final one, if I may. So management had done a buyback about a couple of years ago at the price of around INR300. The current price is, obviously, like very close to book value, and given that, even with the lower production, the financials are only looking at upside from here. Is management looking at allocating capital to buyback or something of that sort?

Gaurav Goel:

See, as far as that goes, I mean, we all are pretty healthy. Our balance sheet is very, very healthy as of now. There is enough sufficient gap, but we will have to examine it after March. Once

March is out exactly as to how much we would like to do vis-a-vis dividend or buyback. So both options are open as of now.

Moderator: Next question is from Sneha Jain from SKS Capital.

Sneha Jain: I just missed your outlook on the coming year. And sir, what do we think of the government's policy on ethanol as per you? I mean, are we going to see any much more price increase because, obviously, the government has been telling it and we need it. And if not, what I mean, what is the outlook for the industry would also -- like enlighten maybe.

Gaurav Goel: So the outlook for the year '25-'26 as of now, as I also said earlier, early days, but yes, the gain should be higher, especially in the western and the southern parts. North India will be almost, I would say, stable, but western will be higher as of now vis-à-vis the planting that we have seen, which has happened.

On the other thing, on the price or the government, I think that they are pretty clear that they want E20 to happen. E20, we are very close to -- now we are starting again a dialogue with them to now take the E20 higher. So I think that this will be -- I think that both these things will be a key part for the future. And your last part was on?

Sneha Jain: Ethanol.

Gaurav Goel: On the ethanol part, see, again, government for the year '24-'25 was a bit apprehensive about how much cane that we had. So that's why they have not raised the price for syrup and for B-heavy. For seed, they all did.

I think that government is also playing a very key role and a very smart role in this that they are trying to balance out, that whenever the seed and sugar prices are starting to drop, they will make the price higher or the other way around. So I think that government is very, very clear that they want sugar prices to be stable so that the cane price can be paid. And on that, they will play with the price of syrup and B-heavy.

Sneha Jain: But that is like killing the sugar industry, that is my concern. Because whatever we saw with the red rot and everything, I mean, yes, the things that we used to see or the progression that was promised to us, that's not happening.

Gaurav Goel: Sneha, out here one thing I can assure you, the one thing that the government has always done is helped sugar out, and I'm talking about early days. Because of the fact that we also -- they also realize that sugar factories, if you see the 520-odd plants, which are there in India, there are 5 crore farmers who plant cane.

Government is very sort of aware of that fact that the cane price payment is more important than the cane price itself. So I think that we are in a very sweet spot. Yes, we've had some hard times as of now in North India because of red rot. But again, as we spoke, cane development for the farmers and for ourselves is the crucial part that we have to do for the next 2 years.

Sneha Jain: But ethanol price hike is kind of inevitable given the current state to even maintain profits in like?

- Gaurav Goel:** Ethanol price for this year '25 has already been set. So there is no more -- so if we're expecting that syrup or B-heavy price will now go up, no, it won't. So the price for '25 is done. What the price will be for '25-'26, that we'll have to see.
- Sneha Jain:** Sir, any expansion plan, like --
- Gaurav Goel:** No plans at all. All our plants are all set. We are fully set on all our sites. So there is no expansion plan for the year 2025.
- Moderator:** Next question is from Udit Gupta, who is an individual investor.
- Udit Gupta:** Sir, what is our recovery looking like for the plant cane, and sir, how much can we recover from the lost ground?
- Gaurav Goel:** So yes, excellent question. So plant cane, as I said, as of now is seeming to be almost same as what it was last year. The most important part now for us will be as to how long can we run the plant for. So we are hoping, in Dhampur, we will have a lower by about 0.7., Rajpura to be lower by about 0.3 to 0.4.
- Udit Gupta:** And sir, the crushing for the year, for the season, you're expecting it to be lower by how much?
- Gaurav Goel:** As of now, we are hoping that we are the same as to what we were last year.
- Udit Gupta:** And sir, regarding the varietal change in the seeds, by when can we expect it to be done?
- Gaurav Goel:** No. So this plan started 2 years back. So the plan didn't start only now. But the only issue was that 238 has been an awesome seed for us all. So the farmers weren't very keen to change the seed at that point of time. Only those fields in which there is a red rot, those fields are being changed. So the plan is for 2 years.
- We have the seeds now in place. Exactly the plants -- the fields which have now got red rot, those are the ones which will be changed. So it's a long process. So this process isn't like overnight. But that process started 2 years back.
- Udit Gupta:** So by next season, by how much percentage can we expect something of the sort?
- Gaurav Goel:** So if I talk about both the plants individually, in Dhampur, we are hoping that 75 will still stay in 238, 25 will go to others, 118 and everything else. Rajpura, it will be about 65 will go to 238 and 35 will be for other seeds.
- Udit Gupta:** So by next season, we can expect this kind of change?
- Gaurav Goel:** Yes.
- Udit Gupta:** And sir, regarding the grain distillery, the FCI rice, we have bid for that. So that is remunerative for us?
- Gaurav Goel:** No, we like haven't. We haven't bid for the FCI rice.

- Udit Gupta:** Sir, we are running the plant on maize there?
- Gaurav Goel:** Yes. Yes, we are.
- Udit Gupta:** Sir, maize is still remunerative?
- Gaurav Goel:** For us, yes. Because earlier, if you recall, 4 weeks back when they all came out with this whole thing of FCI rice, as far as what we all thought, was 22.5 at my plant. But when the tender was out, it was 22.5 ex-FCI. And the FCI also, they had not specified that from where you can buy it from. It can come from anywhere and you have to bear for transport. So that's why we didn't take that risk of bidding for that.
- Udit Gupta:** Sir, regarding the debt reduction plan, sir, like anything in place for us?
- Gaurav Goel:** Yes. So we all are not -- there is no issue of debt as of now. Our long-term debt is extremely balanced. So there is no other plans as such. We may just sort of try and do lower cost vis-a-vis the higher debt. But even if I see that, our total cost of debt as of now for long-term is about --
- Susheel Mehrotra:** Total is about -- our weighted average cost for the long-term will be around 5%, 5.25%.
- Udit Gupta:** And the short term, sir?
- Susheel Mehrotra:** Short-term, of course, is the working capital. So I mean that depends on the MCLR of the banks. It's around 7.6% to 7.8%.
- Moderator:** Next question is from Uday Shanbhag, who is an individual investor.
- Uday Shanbhag:** Just a clarification to what you had replied on one of the previous questions. Are we expecting sugar production to be lower by 1.1 lakh tons in this year? You said 0.7 from one plant and 0.4 from another. Were you referring to the production or some other number there?
- Susheel Mehrotra:** Those were the recovery numbers. Actually, 0.7 will be down in Dhampur recovery weighted - - I mean, the total average of this season.
- Uday Shanbhag:** So production will be down by a lower number than that? Or would it be --
- Gaurav Goel:** That will happen on as to how much of cane we will crush. But yes, it will be slightly lower -- sugar will be lower for the year vis-a-vis what it was last year.
- Moderator:** That was the last question in queue. I would now like to hand the conference back to Mr. Mehrotra for closing comments.
- Susheel Mehrotra:** Thank you so much. On behalf of Dhampur Sugar Mills Limited, we would like to once again thank all of you for taking your time out for this conference call.
- If you have any further questions, please feel free to contact us either by phone or by e-mail. You may also visit our website, www.dhampursugar.com and post any queries that you may have, and we'll get back to you as soon as possible. Thank you.

Moderator:

Thank you very much. On behalf of SKP Securities, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.