



**“EID Parry Q4FY13 Earnings Conference Call”  
April 30, 2013**



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*EID Parry  
April 30, 2013*

**Moderator** Ladies and Gentlemen. Good day and welcome to the Q4FY13 Earnings conference Call of EID Parry hosted by Axis Capital. I would now like to handover the conference Mr. Kashyap Pujara.

**Kashyap Pujara** Good Evening everybody. Thank you for standing by and it is pleasure to have with us the management of EID Parry today. From the management side we are represented by Mr. Gopalakrishnan, Vice President Finance and Mr. Sajiv Menon, Head, Bio-Products & Nutraceuticals.

**P. Gopalakrishnan** Good evening everyone and thanks for joining us today. I would like to quickly take you through some of the key highlights for the fourth quarter and the year. There have been poor rains earlier in Tamil Nadu and that has had an impact on our business particularly on the overall availability of cane and therefore recovery. The company crushed about 14 lakh tons of cane in Q4 compared to 15.36 lakh tons of Q4 last year. The recovery dropped by about 0.3%. Both are largely due to deficient monsoons during the latter part of last year, viz., October-November 2012. Our sales for the fourth quarter are about 30% lower than same period last year. However we have been holding some stocks due to lower selling prices that was prevailing during the fourth quarter. The PBIT is also correspondingly lower by about 22% compared to last year same quarter. These are figures for Tamil Nadu and Pondicherry units. For the year 2012-13 despite the unfavorable climatic conditions the company has done better compared to '11-12. The quantum of cane crushed for the entire year went up by 11% from 48 lakh tons to about 53.25 lakh tons. We have managed this with a recovery almost being same at 9.02% compared to 9.04% in '11-12. Top line grew by 7% and the PBIT grew healthily by 78% from Rs. 68 crores to Rs. 121 crores for the sugar units in Tamil Nadu and Pondy. The process of merger with Haliyal and Sankili is complete. The fourth quarter results published in clause 41 reflects the three months performance of erstwhile EID units and the full-year figures of Haliyal and Sankili which are taken over. The Bio-Products and Nutraceuticals businesses have done well and there is reasonable growth during the quarter and the year. I will now request the participants for questions.

**Moderator** Thank you very much. We will now begin the question and answer session. Our first question is from the line of Achal Lohade from JM Financials.

**Achal Lohade** Can you help us with the volume numbers and the realization numbers for EID's Tamil Nadu unit except the two units which are merged now?

**P. Gopalakrishnan** **For the quarter** as we said earlier we crushed 14.05 lakh tons against last year of 15.36 lakh tons and for the year we crushed 53.24 lakh tons against 48.03 lakh tons in the last year. The recovery for the year stood at 9.02% versus 9.04%. The sales realization including levy for the year was at about Rs. 28,900 per ton this year compared to Rs. 27,300 per ton last year.

**Achal Lohade** And for the quarter?

- P. Gopalakrishnan** For the quarter it was about Rs. 30,200 per ton this year, compared to Rs. 28,000 per ton last year.
- Achal Lohade** How about of the distillery and the Co-gen sales volume and realization?
- P. Gopalakrishnan** Distillery - during the quarter we sold 111 lakh liters compared to 91 lakh liters and for the year we sold for 468 lakh liters compared to 398 lakh liters.
- Achal Lohade** And that is only for the Tamilnadu units?
- P. Gopalakrishnan** Yes.
- Achal Lohade** About the PSIL units that are merged.
- P. Gopalakrishnan** PSIL, the two units that have got merged here are the details. The cane crushed during the quarter was 5.58 lakh tons against 5.8 lakhs tons last year same quarter however the entire year was 11.93 lakh tons compared to 11.07 lakh tons. The recovery for the quarter was 11.13% compared to 10.96% and for the year it was 10.15% compared to 11.05%. The average sugar selling price including levy for the year was Rs. 28700 per ton compared to Rs. 26200 per ton last year. For the quarter it was around Rs. 30000 per ton compared to Rs. 26600 per ton last year.
- Achal Lohade** Henceforth we will have to consider these two units also while estimating the stand-alone numbers, would it be possible to help us whether the merger is EPS accretive or EPS dilutive. I have read that we have raised some Rs. 200 crores through bonds at 9%. Would like to have a bit more clarity as to how the debt structure is currently and how are you looking at for the next year or so?
- P. Gopalakrishnan** One of the main objectives for merging these two units with EID Parry was to ensure that we do a financial restructuring. The operational performance was becoming better; financially we had to restructure the loans. The loans were at around 13%, and are being replaced with these bonds at about 9%.
- Achal Lohade** As such PSIL units are EPS accretive?
- P. Gopalakrishnan** It will be accretive.
- Achal Lohade** What is the total debt because I believe some debt will be also part of the current liabilities, the payable for the next one year, so what is the total debt at the moment?
- P. Gopalakrishnan** **Long term** debt will be in the region of Rs. 850 crores.
- Achal Lohade** And short-term?

- P. Gopalakrishnan** Short term loans will be to the extent of about Rs. 500 crores.
- Moderator** We're going to take the next question from the line of HR Gala from Qwest investments.
- HR Gala** Can you just help me with the realization number of Tamil Nadu and Pondicherry, I didn't get it properly?
- P. Gopalakrishnan** I was telling the average year realization was about Rs. 28900 per ton compared to Rs. 27300 per ton last year and for the quarter it was Rs. 30200 per ton compared to Rs. 28000 per ton.
- HR Gala** How do you see the current environment because of the delayed rains and things like that as far as the cane acreage and growing is concerned? How do you see different markets behaving now?
- P. Gopalakrishnan** The estimates on the average looks like there is going to be a drop of about 10% in cane crushing in the coming financial year. This is basically driven by lower monsoon last year. Depending on the outcome of the monsoon this year, the planting will be picking up. If the monsoon is normal, the next season could be normal for cane availability and crushing.
- HR Gala** What is your take on the realization, do you think the Rs. 30,000 level will continue?
- P. Gopalakrishnan** Presently there is some amount of price reduction post the announcement of decontrol; particularly some of the units in western and northern part of the country selling stocks to pay the cane farmers. We expect things to normalize and improve a bit in June because traditionally in June to September, the prices tend to go up. We believe that there could be similar tendency this year as well.
- HR Gala** With the sugar decontrol etc. coming in, I think the final decision I believe has not yet been taken?
- P. Gopalakrishnan** The distribution side of the sugar control decontrol has already happened.
- HR Gala** Yes, from the levy and non-levy?
- P. Gopalakrishnan** Levy is no longer there in '12-13, the release order mechanism is also no longer in vogue.
- HR Gala** Okay, that has already happened?
- P. Gopalakrishnan** Yes.
- HR Gala** Now, as a result of it, do you think that the states will ask sugar mills to pay a higher price to the cane growers, the SAP?

- P. Gopalakrishnan** The next season starts in October and the next sugar cane price will most probably get fixed in September or October. We will have to see what formula is going to be adopted for fixing the cane price, whether it is going to be based on the average realization or based on incremental pricing.
- HR Gala** Last question from my side, what has been the Capex in this year and how much are they planning next year?
- P. Gopalakrishnan** We have been restricting Capex to the extent of depreciation and including the merged units the Capex will be in the region of Rs. 100 crores. Last year also it was around this.
- Moderator** We are going to take our next question from the line of Bhavin Chedda from Enam Holdings.
- Bhavin Chedda** If you can help as for the Co-gen numbers and then I will come with other questions?
- P. Gopalakrishnan** Co-gen numbers are directly proportional to the cane crush. For Tamil Nadu & Pondy regions for the quarter, we generated 1350 lakh units, compared to 1550 lakh units last year, reflecting the drop in sugar cane crushing and for the year it was 5273 lakh units compared to 5243 lakh units.
- Bhavin Chedda** And for the PSIL demerged unit?
- P. Gopalakrishnan** Haliyal and Sankili units during the quarter generated 504 lakh units compared to 350 lakh units and for the full year, the generation is 1259 lakh units against 1160 lakh units.
- Bhavin Chedda** And there would be two more figures, one is the Sadashiva units and one is the Ramdurg, which would come in console, so if you can give me Co-gen of that also?
- P. Gopalakrishnan** Ramdurg generated about 339 lakh units and Bagalkot generated 600 lakh units for the year. For the quarter Ramdurg generated 160 lakh units and Bagalkot generated about 300 lakh units. The sales are roughly 2/3<sup>rd</sup>. Cogen realizations remains the same like what we discussed in the last quarter, the Tamil Nadu units' average realization will be about 3.4 to 3.5, the rest of the units will realize about 4.5.
- Bhavin Chedda** Distillery, the standalone and console numbers are same, because I understand Ramdurg and Bagalkot doesn't have a distillery, right. So the numbers which are there in the press release equals to consol numbers also?
- P. Gopalakrishnan** Yes.
- Bhavin Chedda** Now coming to cane crush, there will be two more numbers which are not there in the press release, for Bagalkot and Ramdurg separately to arrive at the consol numbers?

- P. Gopalakrishnan** Bagalkot the cane crushed for the quarter was 3.33 lakh tons against 2.77 lakh tons last year same quarter. And in the case of for the complete year 6 lakh tons compared to 4.6 lakh tons. Ramdurg for the quarter is at 2.5 lakh tons compared to 2 lakh tons and for the year it is roughly about 5.8 lakh tons compared to 5.4 lakh tons.
- Bhavin Chedda** Regarding sugar sales volume, if you can give me for EID, PSIL and as well as Bagalkot?
- P. Gopalakrishnan** The total sales for the year in Tamil Nadu and Pondicherry unit is 4.2 lakh and Haliyal & Sankili the taken over unit is about 80,000, Sadashiva is about 31,000 and Ramdurg is about 30,000 for the year.
- Bhavin Chedda** My last question would be regarding the Bio product, we have seen a significant improvement in the quarters so was it one-off or can we assume these margins to sustain going forward?
- P. Gopalakrishnan** Yes, to some extent it is one off, but pre-dominantly it is the growth in the volume.
- Bhavin Chedda** So in case of PBIT margin it was one-off. There was no cost apportion in this quarter something like that happened?
- Sajiv Menon** No, it is not like that there were some provisioning reversals which is small, but predominantly it is growth.
- Moderator** We are going to take the next question from the line of Rishabh Bothra from B&K Securities.
- Rishabh Bothra** Let me know the dispatch number for Sadashiva. You mentioned for the EID combined Tamil Nadu and Pondicherry is 4.2, PSIL 80,000 tons, Ramdurg 30,000 tons. Sadashiva sales volume numbers?
- P. Gopalakrishnan** For there, it is about Rs. 31,000 as I had mentioned.
- Rishabh Bothra** The other operating expenditure as well as the depreciation costs are high for the quarter because of the consolidation, I mean, merger, right?
- P. Gopalakrishnan** Correct because the full-year impact of Haliyal and Sankili.
- Rishabh Bothra** One more thing because of the impact of the decontrol, what kind of additional revenue will be flowing, I believe that will be directly flowing to the bottom line as of now, because six months from October 2012 till this March figure I believe the decontrol impact should be there. So have the incorporated that impact or we have yet to do that?
- P. Gopalakrishnan** The difference between the cost of production or valuation of stock to the levy price that impact will be there up to March and the difference between the selling price to the cost of production will be reflected whenever the sales happens.

- Rishabh Bothra** So at the current inventory level what is our cost of production?
- P. Gopalakrishnan** The inventory valuation is roughly Rs. 28,500 to Rs. 29,000 per ton across the units.
- Rishabh Bothra** And sir any specific patterns why we are holding such quantum of inventory? Are we withholding in anticipation that prices will move up gradually?
- P. Gopalakrishnan** The sugar selling prices were not good in the quarter and most of the cases it was lower than cost of production.
- Rishabh Bothra** So we may see a good revenue profile in coming quarters.
- P. Gopalakrishnan** Traditionally, as I told earlier the sugar prices tend to firm up later in the first quarter and second quarter.
- Rishabh Bothra** Sir, any specific reason why MD moved out?
- P. Gopalakrishnan** I think he wanted to relocate back to North.
- Rishabh Bothra** And in regards to our Silkroad facility, what is the status? It has been delayed almost by 3 – 4 years because of gas allocation and other stocks and our partners have also moved out. What is the status as of now?
- P. Gopalakrishnan** In the last con call meeting we said that we are putting up a coal fire boiler and we have placed the order. Now the work has commenced and we have started putting the civil construction. As we stated earlier the boiler erection should be completed last quarter of 2013-14 and then we should be ready to start the operations.
- Rishabh Bothra** What will be the additional Capex which we have incurred because of this conversion?
- P. Gopalakrishnan** About 45 to 50 crores.
- Rishabh Bothra** This is over and above the 100 crores which you mentioned.
- P. Gopalakrishnan** Yes this is over and above the normal Capex for EID.
- Rishabh Bothra** Because of the decontrol can we have a scenario where corporates and farmers tune in together and create a buffer stocks to be exported to the international market going forward? Can that be a scenario?
- P. Gopalakrishnan** Presently export is open. The criteria will be we wait for the right price or the right dollar to rupee value to make a call. As of today it is not viable to export considering the international prices.

- Rishabh Bothra** My question was can there be a possibility that India starts creating buffer stocks that whenever prices are in favorable scenario we could export, I mean corporate could export. Because see whenever the production number jumps above 26 – 27 prices in the domestic market tend to be lower. So that is not a favorable situation. What I am trying to say is even in case of surplus production will domestic prices stabilize at a certain point and not move below that and we will be open to export market?
- P. Gopalakrishnan** It will largely depend on the company's requirement of cash to make farmer's payment, etc., Therefore withholding of stocks by companies will be very selective on a case-to-case basis.
- Rishabh Bothra** What will be the regions where we will be importing raw sugar for refinery?
- P. Gopalakrishnan** Once the production starts somewhere in Q4 that's when we take call. We can also buy from Indian market if prices are attractive.
- Rishabh Bothra** Otherwise it would be Thailand or Australia? Because I believe Brazil would be expensive.
- P. Gopalakrishnan** Yes it could be anywhere from other countries also, Brazil also if it is much cheaper.
- Rishabh Bothra** Lastly, any clue in case of cooperatives, there the co-operatives which are still prevalent can there be a complete possibility it is opened up for corporates to be taken over?
- P. Gopalakrishnan** That we don't know. It's anyone's guess.
- Moderator** Thank you. We are going to take the next question from the line of Falguni Datta from Jet Age Securities. Please go ahead.
- Falguni Datta** What is the landed cost of cane in Andhra Pradesh, Karnataka and Tamil Nadu for FY13?
- P. Gopalakrishnan** For the Sugar year the cane prices went up by Rs. 250 per ton effective October '12 in Tamil Nadu and so is the case with most other states. The landed cost of cane in Tamil Nadu and AP is about Rs. 2500 per ton of cane. In the case of Karnataka it will be about 2,500 except that we have to add harvesting and transport charges.
- Falguni Datta** This will be for FY or it will be for sugar year?
- P. Gopalakrishnan** It will be for sugar year. These are the prices from October 2012.
- Falguni Datta** And sir what is the inventory on books consolidated on EID standalone?
- P. Gopalakrishnan** EID Tamil Nadu and Pondicherry we have about 1.3 lakh tons of stock. Haliyal and Sankili which has come into EID has about 80,000 tons of stock.
- Falguni Datta** And sir refinery of ours, how much loss did it incur in FY13?





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- P. Gopalakrishnan** Including interest and depreciation it will be about 40 crores.
- Moderator** Thank you. We are going to take our next question from the line of Chintan Seth from SKS Capital. Please go ahead.
- Chintan Seth** Sir just wanted to ask a few general questions very specific to the results since I am attending this for the first time. So EID Parry is essentially a holding company, bulk of its revenues on consolidated basis coming from the subsidiary Coromandel. I was just wondering whether you have any long-term plan to merge the two and make it one operating company because it seems Coromandel is also listed and EID Parry is also listed so it is a typical choice for EID Parry investors to capture the value of Coromandel because this is a holding company, discount, etc., which market gives in and in any case it is duplication of dividends, etc., double taxation all that. What is the logic to not merge the companies?
- P. Gopalakrishnan** It was a single company till November 2003 and then the fertilizer business got demerged and merged along with Coromandel. On the specific query on the distribution of dividend, there is no double taxation because being a holding company we take the credit of the dividend tax paid if the dividend payment occurs in the same financial year.
- Chintan Seth** This is probably not from just a strategic intent point of view. I am just trying to. You may not have plans to merge. It is board decision and I am sure I am not expecting you to give me a clear answer on that but what I am looking for is, what is the rationale for having a company, like say for example you would report numbers for Coromandel and EID Parry farm inputs is basically Coromandel, right?
- P. Gopalakrishnan** Correct.
- Chintan Seth** So why should I look at EID Parry, why should EID Parry should have a call when bulk of its business is coming from Coromandel on consol basis? Sugar is still not contributing anything to your profits and contributing very small amount to your overall consol turnover. So essentially EID Parry today whatever it is just 90% of that is Coromandel so I am just trying to understand the whole purpose of existence of EID Parry as a separate holding entity?
- P. Gopalakrishnan** If you look at EID Parry's structure, Sugar business earlier used to be one unit and we have been adding a number of units gradually in the last 15 years and now there are 10 units of sugar along with its byproducts and each of these factories has multiple sub-units like sugar, cogen and distillery. Therefore the size is growing at a reasonably fast pace and if we add the subsidiaries plus the Silkroad Sugar, the total probably will make EID Parry No. 3 or 4 in the country. To get the right focus, EID Parry will continue to look at sugar as the key growth business and similar is the case with Coromandel with its separate focus on growth and adding value to the business of fertilizers. Therefore Sugar needs to be identified separately though the value creation. Presently there is significant quantum of holding company discount. It is

something which we will have to work and see how to bridge that or narrow down that discount and enhance Sugar's value.

**Chintan Seth**

So as an EID Parry shareholder I am not deriving the value of your investments in Coromandel so I understand the logic for having the two either one has a company with two separate divisions and we cut demarcated operating division and then there is no holding company discount or one just distributes the holding in Coromandel to the shareholders of EID so EID Parry becomes a focused sugar company with sugar operations and we can grow that. And in Coromandel you can have the holding at the promoter level because this concept of India having a holding company being listed separately and operating company listed separately just not creating any shareholder value at all and your group is one which is proactive about creating shareholder value and have a strong record in history of and are committed to creating shareholder value. So take it as my humble views and comments and perhaps suggestions to the Management.

**P. Gopalakrishnan**

Point noted. We will surely see what can be done and surely we will take it forward on this.

**Moderator**

Thank you. We are going to take the next question from the line of Satish Mishra from HDFC Securities. Please go ahead.

**Satish Mishra**

Sir first question on ethanol realization. I think this quarter also it was in the range of around Rs. 35 per liter, am I correct with the calculation because mental number is for both Tamil Nadu as well as PSIL demerge entity, right?

**P. Gopalakrishnan**

We have not yet started selling ethanol because we are right now quoted for ethanol and in the negotiation phase with oil marketing companies. ENA price traditionally rule low in the fourth quarter, so we have a selling price in the region of Rs. 31 to Rs. 33 per liter. It could firm up during early of part of '13-14.

**Satish Mishra**

Okay and on the ethanol side still there is no clarity.

**P. Gopalakrishnan**

On the ethanol we have made a quote and will commence supplies once we get an order.

**Satish Mishra**

Okay by what time is the decision?

**P. Gopalakrishnan**

I think that should happen mostly in this quarter.

**Satish Mishra**

And sir second question is related to cane availability for next sugar season because as you mentioned definitely there is a pressure in other regions but Tamil Nadu will you stick with your earlier guidance of 10% kind of increase or how will be the situation in FY14.

**P. Gopalakrishnan**

The volume is expected to come down by about 10% based on the indications given by ISMA and also monsoon last year but otherwise the sugar price is largely dependent on the sentiment and overall international prices. That's something which we will not be able to guess. The

sugarcane price will be another variable which will become effective from October. So these are three large parameters, the cane availability probably we know where we are going but the other two will be a variable at this point of time.

**Moderator** Thank you. We are going to take the next question from the line of Kalven Ongmu from Genesis. Please go ahead.

**Kalven Ongmu** Sir I just wanted to ask you have already put in quite a bit of money for Silkroad Sugar Refinery. With the acquisition what is it on a cost to turn in money put in and along with conversion to coal what is the initial investment you are looking at?

**P. Gopalakrishnan** The coal boiler will cost us about Rs. 45 to 50 crores where the work is already on and ready to complete in the next nine months or so. EID Parry acquired shares from Cargill even in the third quarter the consideration was about 36 crores.

**Kalven Ongmu** What is the total amount that you have put in the refinery so far?

**P. Gopalakrishnan** The total cost of the project was only 400 crores.

**Kalven Ongmu** Do you end up sending more than you had initially planned and if yes by how much?

**P. Gopalakrishnan** This coal fire boiler is the excess which was not originally planned.

**Kalven Ongmu** How confident are you in starting the refinery by January 2014?

**P. Gopalakrishnan** The order has been placed and lead time for supply is nine months and then couple of months for erection so by Q4 of 2013-14 we should have the boiler in place for production.

**Kalven Ongmu** And would you also look at capacity expansion right now or that will happen later?

**P. Gopalakrishnan** Right now we have the capacity of 2,000 tons per day.

**Kalven Ongmu** Sir one more question. What is your outlook on sugar prices? Do you expect the prices to go up in the next year as outlook is looking lower?

**P. Gopalakrishnan** That is anyone's guess but as I was mentioning the last year trend indicates that the price marginally go up during the months of June, August & September.

**Kalven Ongmu** Would are you looking at opening another trade partner for the Silkroad Refinery?

**P. Gopalakrishnan** That is not under our consideration.

**Moderator** Thank you. We are going to take a follow-up question from the line of Achal Lohade from JM Financials. Please go ahead.

- Achal Lohade** You mentioned that the Capex would be about Rs. 100 crores. Just wanted to know what is it towards, is it towards sugar cane crushing capacity, cogen or distillery, where would you see the expansion because looking at the gross block of about 1200 crores so 100 crores seem fairly substantial number.
- P. Gopalakrishnan** Sugar industry has a normal Capex to the extent of depreciation. Our depreciation is about Rs. 100 crores and that is the reason why I said the normal Capex will be about Rs. 100 crores and this for about 9 factories put together, sugar 10 crores per factory which is the normal replacement of assets.
- Achal Lohade** Sir you mentioned that the cane volume could decline by 10% for the coming season. Is it for all the units put together or is it only for Tamil Nadu and Pondicherry units you said?
- P. Gopalakrishnan** Tamil Nadu, Pondicherry, Karnataka and Andhra.
- Achal Lohade** Another question is you mentioned the inventory numbers in the valuation. Would it be possible to give us the break-up in terms of how much is held in PSL units and standalone units?
- P. Gopalakrishnan** 1.3 lakh tons in Tamil Nadu and Pondy and about 80,000 for Haliyal & Sankili.
- Achal Lohade** And value is about Rs. 28, you said.
- P. Gopalakrishnan** It is about Rs. 29.
- Achal Lohade** Sir last question in terms of the debt, what is the average interest cost for us going forward?
- P. Gopalakrishnan** The long-term borrowing will be about 9 - 9.5% and short-term borrowings will also be around that range about 9%.
- Achal Lohade** And the last question on the tax rate. Do we have any tax benefits from these PSIL units getting merged? Do we have any carry forward losses and what will be the tax rate for the standalone company as such? Will it be MAT or it will be normal tax rates?
- P. Gopalakrishnan** Yes we are under MAT. We have carry forward losses and part of it has been adjusted.
- Achal Lohade** So we can assume a 20% tax rate for the standalone company going forward?
- P. Gopalakrishnan** About 20 is a possibility.
- Achal Lohade** Just one more question if I may sir. In November the government actually allowed companies to go for just 40% jute packages instead of 100% earlier. Have we already started doing that? Has that benefit already reflected in the numbers or you think the benefits will come in a full way in the current year?

- P. Gopalakrishnan** There will not be much of benefit because the market will discount the price if the packing is different from gunny.
- Achal Lohade** So you are saying that's already actually having any practical terms in realization to some extent.
- P. Gopalakrishnan** Yes.
- Moderator** Thank you. We will take the next follow-up question from the line of Rishabh Bothra from Batlivala & Karani Securities. Please go ahead.
- Rishabh Bothra** Just brief on our total capacity for each of the segment company wise? At least we have 21,000 for sugar, 135 KLPD for distillery, 85 for power and 0.6 million tonnes for refinery. That was the EID.
- P. Gopalakrishnan** Correct.
- Rishabh Bothra** For Parry Sugars, Sadashiva....
- P. Gopalakrishnan** Haliyal & Sankili we have another 9,000 tons of crushing. The distillery is 90 KLPD and power will be about 40MW. Sadashiva does not have any distillery; power will be about 15 MW. Ramdurg with no distillery and power will be about 6MW.
- Rishabh Bothra** And what's the crushing in these two locations?
- P. Gopalakrishnan** Sadashiva will be 4,000 and Ramdurg will be 4,000.
- Rishabh Bothra** Sir in Parry Sugar we have 0.6 million tonnes. We were earlier hearing that it would be expanded to 1 million tonne.
- P. Gopalakrishnan** That is Silkroad Sugar. We are having a capacity of 0.6 million tons.
- Rishabh Bothra** Sir one more thing. Except for Coromandel entities, I believe everything is now into EID Parry. No other separate entity?
- P. Gopalakrishnan** No we have other subsidiaries also Parry Sugars Industry, Sadashiva Sugar.
- Rishabh Bothra** So these are currently working as 100% subsidiaries.
- P. Gopalakrishnan** PSIL is one unit which is not 100%. It is 65% but Sadashiva, Parry Infra, US Nutraceuticals are all 100%.
- Rishabh Bothra** And sir in this Infrastructure since we are having a SEZ in Kakinada what kind of value creation can we have from the infrastructure company?

- P. Gopalakrishnan** Once we start adding units in the SEZ then that can see value.
- Rishabh Bothra** Any plans which could be discussed or elaborated on?
- P. Gopalakrishnan** Not yet.
- Moderator** Thank you. We are going to take the next follow-up question from the line of HR Gala from Quest Investments. Please go ahead.
- HR Gala** Just wanted clarification on this 40 crores loss you mentioned including interest and depreciation is for the refinery I believe.
- P. Gopalakrishnan** Correct.
- HR Gala** And how do you see its operations in FY14?
- P. Gopalakrishnan** We are planning to start the operations towards the end of FY14 so the benefit will start accruing in the following year.
- Moderator** Thank you. We are going to take the next follow-up question from the line of Falguni Datta from Jet Age Securities. Please go ahead.
- Falguni Datta** Sir what is the conversion cost of sugar on an average for us?
- P. Gopalakrishnan** It will be about 3,500 to 4,000.
- Falguni Datta** This is after considering all the credits and net cost.
- P. Gopalakrishnan** Yes.
- Falguni Datta** And sir what is the cost at the PBIT level for alcohol?
- P. Gopalakrishnan** No alcohol depends on the molasses price which keeps varying so it is better to take the conversion cost without the molasses cost.
- Falguni Datta** Sir this year what would have been the cost including molasses and the other cost? I mean to say at the PBIT level what would be the cost per liter?
- P. Gopalakrishnan** Rectified spirit cost will be about Rs. 20 to Rs. 22 per litre.
- Falguni Datta** And ENA.
- P. Gopalakrishnan** ENA you have to add another Rs. 7 per litre.

- Moderator** Thank you. Next question is from the line of Kashyap Bajaj from Axis Capital. Please go ahead.
- Kashyap Bajaj** I just missed one or two data points. You were mentioning regarding the sales realization on the distillery side. So what was it for the quarter and the year?
- P. Gopalakrishnan** For the quarter sales realization was about Rs. 33 per litre ENA and during the year average was about Rs. 31 per litre.
- Kashyap Bajaj** And second point was related to your sales tonnage you mentioned, 4.2 lakh was the sales for sugar during Q4.
- P. Gopalakrishnan** No. For the year.
- Kashyap Bajaj** For the year.
- P. Gopalakrishnan** Export was about 1.5 lakh tonnes. That is the EID Tamil Nadu unit.
- Kashyap Bajaj** And what is your view regarding the entire situation right now about the drought that was playing out in Maharashtra, Gujarat and the consequent production drop. What is the sense that you have in terms of overall industry output for the coming year?
- P. Gopalakrishnan** As I had earlier mentioned for a question we expect about 10% drop in the production.
- Kashyap Bajaj** And considering the kind of carry over stock that we have you don't see that sugar prices can firm up in the ensuing period, is it?
- P. Gopalakrishnan** The trend is last few years the sugar prices have firmed up during late first quarter and second quarter.
- Kashyap Bajaj** And after this merger of Haliyal and Sankili units going forward in FY14 despite you are giving the sense that the crushing would be lower broadly but what is the sense in terms of crushing that you can do now at a combined level?
- P. Gopalakrishnan** This year we have combined. We have crushed 53 lakh tons in Tamil Nadu & Pondy and 12 lakh tons in Haliyal & Sankili. So combined is about 65 lakhs tons.
- Moderator** Thank you. We are going to take the next question from the line of Manish Mawar from Edelweiss Securities. Please go ahead.
- Manish Mawar** Good evening sir. You have crushed around 65 lakhs consolidated this year. Could you admit the number for the next year what you have given crushing guidance.
- P. Gopalakrishnan** We expect the cane availability to drop by about 10%.

- Moderator** Thank you. We are going to take a follow-up question from the line of Bhavin Chheda from Enam Holdings. Please go ahead.
- Bhavin Chheda** Sir crushing during the year was 65 lakh tons in EID. There was also crushing at Bagalkot and Ramdurg.
- P. Gopalakrishnan** That will be about 6 lakhs plus 5 put together about another 11.5 lakhs.
- Bhavin Chheda** 6 lakhs plus 5.8 right sir? 11.8?
- P. Gopalakrishnan** Right.
- Bhavin Chheda** There also you expect a 10% to 12% drop.
- P. Gopalakrishnan** Correct.
- Bhavin Chheda** Or the drop in Karnataka would be more?
- P. Gopalakrishnan** No we expect it to be at similar levels.
- Bhavin Chheda** And another thing on the closing inventory side you gave TN 1.3 and Haliyal and Sankili. Can you Bagalkot and Ramdurg inventory?
- P. Gopalakrishnan** Those two put together will be about a lakh, 90,000 to a lakh.
- Moderator** Thank you. We are going to take the next question from the line of Pawan Kumar from Capital Market. Please go ahead.
- Pawan Kumar** Sir can you throw some color on international sugar prices? How the scenario will be? So once again one more year of sugar surplus I think.
- P. Gopalakrishnan** Present prices are less than 18 cents and with Brazil production I think it should be at this level.
- Moderator** Thank you. We are going to take the next follow-up question from the line of Rishabh Bothra from Batlivala and Karani Securities. Please go ahead.
- Rishabh Bothra** Sir in sugar segment the consolidated revenue number is lower than the standalone number? And similarly sugar probability is lower than the standalone number? What is the variation and what could be the reason?
- P. Gopalakrishnan** In the beginning of the call we had said that the fourth quarter of EID's Tamil Nadu unit but as four quarters of Haliyal and Sankili.



- Rishabh Bothra** Sir any contribution to be made in Coromandel for its expansion plans or acquisition plans by EID?
- P. Gopalakrishnan** Coromandel is a separate company.
- Rishabh Bothra** No as promoter or parent, do we need to infuse any capital or something of that sort, any plans?
- P. Gopalakrishnan** There are no such plans.
- Rishabh Bothra** What could be the replacement cost for each of the division as of now, sugar distillery, power and refinery? If one has to put up a sugar plant, distillery, or power?
- P. Gopalakrishnan** About Rs. 5 to 5.5 crores for MW of Cogen, about Rs. 1.5 crores for distillery per KLPD and about Rs. 4 to 5 lakhs for a TCD of sugar plant.
- Rishabh Bothra** And for refinery you mentioned we have infused about Rs. 400 crores. That would be the rough figure currently or it has increased?
- P. Gopalakrishnan** Could have increased. We have not got a recent assessment. Yes, it should have increased.
- Rishabh Bothra** Sugar you mentioned 4 to 5 crores.
- P. Gopalakrishnan** 4 to 5 lakhs per TCD.
- Moderator** Thank you. As there are no further questions I would now like to hand the floor back to Mr. Kashyap Pujara for closing comments. Over to you, sir.
- Kashyap Pujara** Thank you so much everybody for participating in the fourth quarter conference call of EID Parry. I thank the management for participating with us. That's all from my side.
- P. Gopalakrishnan** Thank you.
- Moderator** Thank you. On behalf of Axis Capital that concludes this conference call. Thank you for joining us.