# “EID Parry Results Conference Call”

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**Moderator:** Ladies and gentlemen good day and welcome to EID Parry results 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 the questions after the presentation concludes. Should you need assistance during the conference call please signal for an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kashyap Pujara from Axis Capital. Thank you and over to you Sir!

**Kashyap Pujara:** Good afternoon friends and thanks for standing by. It is a great pleasure, pleasure to have with us the management of EID Parry for the Q4 and FY2016 earnings call. From the management side we have being represented by Mr. Ramesh who is the Managing Director and Mr. Suri who is the CFO. Without taking too much time I now hand over the floor to Mr. Ramesh. Over to you Sir!

**Ramesh:** Thank you Kashyap and good afternoon to all of you. Thank sincerely all of you for taking the time to part of this conference call. I will be quite brief with some general comments and then I will hand over to Mr. Suri to give specific financials.

But broadly I think as far as the year 2015-2016 is concerned we ended the year on a slightly better note than what we anticipated about three months back. As you are all aware that the sugar prices were extremely depressed during the first seven to eight months of the financial year and therefore EID Parry had reported the substantial losses. We were able to pull back fairly substantial losses but we could not recoup the entire losses we have reported for the first nine months and the overall perspective was the increase in sugar prices.

The increase in sugar prices have happened on account of two reasons, the first reason is the compulsory exports which were mandated by the Government in September 2015 and each mill had to actually export approximately 12% of what they produced in the previous three years.

As far as EID Parry is concerned as of today we have completed whatever we had to export out of the eight mills we have completed export across six of our mills as of now. Finally the Government's original expectation of 3.2 billion tonnes, has not happened but probably ends up with in the range of 1.4 to 1.5 million tonnes of export.

The second factor that had an impact in terms of sugar prices was the fall in sugar production consequent to drought in Maharashtra and in parts of north Karnataka. Therefore with these two regions accounting for a substantial portion of the total sugar production across the country the total production came down from the sugar year 2014-2015 of about 28.4 million tonnes it is actually expected to come down to about 25.5 million tonnes in this sugar year and because of the drought the planting also was less and therefore we expect that going forward the sugar year 2016-2017 the overall sugar production would be are about 24 million tonnes. There may not be any exports going forward the sugar year 2016-2017, the overall stock we started off are about 9 million tonnes at the beginning of sugar year 2015-2016 would come to around 6 million tonnes by end of September 2017 and this therefore has an impact in terms of the sugar price. So the sugar prices actually that we realized during Q4 on an average across that we produce sugar in three states Tamil Nadu, Andhra Pradesh and Karnataka was about approximately Rs.29 per kg.

Some of the other developments are that, the Central Government had imposed their cess from first of February, an additional cess of about approximately Re.1 per kg. It did not have any impact as far as the bigger mills are concerned because it is actually being passed on to the customers through the invoice. Going forward, I believe that that financial year 2016-2017 we will have a much better year for the sugar business of EID Parry as compared to the previous financial year. Now I just want to take you through some of the important things that we had worked on in terms of improving the sugar business during the financial year 2015-2016.

We have been focusing on increasing our institutional and retail share of the business. We have three of our factories one in Tamil Nadu, one in Karnataka and one in Andhra Pradesh focusing on Institution. As far as the retail business is concerned basically two of our factories one in Tamil Nadu, one in Karnataka actually focused on Retail. We are also looking at newer value added retail product being rolled-out. We started off on a small way with product called Amrit which is 100% original cane sugar which we test launched last year and we hope to take it to the other market particularly in South India this year.

As far as manufacturing is concerned, we are working on to zero liquid discharge across all our distilleries. We have worked very hard to ensure that we are able to recycle water as far as the sugar mills are concerned. We are focused on 'Bon Sucro certification in three of our mills at Pugalur, Nellikuppam and Hariyal. We have also focused on quality. We have done lot of things as far as quality is concerned. We are getting a lot of certifications on quality.. In addition to that we ensure that we satisfy the Food Safety and Hygiene standard requirement 100% across all the sugar that you manufacture across the country.

In terms of Co-generation three of our mills in Tamil Nadu we have got out of the PPA over the last 15 months in Tamil Nadu. As far as Karnataka is concerned both the mills in

Karnataka are under open access, however as far as Andhra Pradesh is concerned we have a PPA arrangement with the state. As far as the distilleries is concerned we are amongst the few companies to have obtained clearances for running distilleries throughout the year, I think thanks to the fact that we have zero liquid discharge across our distilleries.

As far as Ethanol is concerned we have taken on the quota of Ethanol both in Andhra Pradesh and Haliyal, but as far as Tamil Nadu is concerned we have not been able to do it because of lack of approval of the State Government to actually convert Molasses into Ethanol as of now.

So broadly I wanted to share some of the points as far as the sugar business is concerned. We can talk about the bio and the nutra business in the part off the Q&A. I will now request my colleague, Suri to take you through some of the financials. Thank you and over to Suri!

**V. Suri:** Good afternoon to all of you. Thank you Ramesh. This quarter we had a PBT, which you have seen in the results that we had PBT of 134 Crores against last year 146 for the 4th quarter and as we pointed out in the beginning actually we had much better quarters than what we expected. And for the full year we had PBT of a loss actually of 96 Crores against last year 136 Crores on a Standalone basis.

As far as the operating parameters are concerned we had a crushing during the season similar to last year about 24 Lakh metric tonnes and in terms for the year we crushed about 49 Lakh metric tonnes, which is similar to the same number last year. As far as the recovery is concerned again we were flat for the quarter at around 7.8% and for the year average of about 10.1%, which is similar to last year, and there is no much difference in recovery.

As far as the sugar production is concerned because of the cane crush and the recovery being the same we produced something like 2.5 Lakh metric tonnes of sugar in the quarter and for the year we had 5 lakh metric tonnes of production. We had a good sales during the fourth quarter for the quarter we sold something like 1.4 lakh metric tonnes against last year 70,000 tonnes which is doubled and for the year we had a sale of about 6.4 lakh metric tonnes against last year just less than about 5 Lakh metric tonnes.

We exported about 72,000 metric tonnes of sugar and for export obligation we have completed about 75% of what we are supposed to do for the export obligations. And the selling price during Q4 was an average price about 28500 which was much better than what we had the situation in Q3. So as Mr. Ramesh has pointed out the sugar priced improved during Q4, which actually substantially helped us in producing better results. We carried about 1.9 Lakh Tons of stocks at the end of the year which is substantial lower than last year about 3.1 Lakh Metric Tons. The total revenue for the year the sugar actually we have touched the figure of about 1650 Crores for the year against last year 1500, which is about 10%, increase on the sugar total overall topline.

As far as Cogen is concerned we actually produced similar to last year in terms of quarter 22 Crores units for the full year actually we had a good run in the Cogen and produced about 60 Crores unit against last year of 45 Crores. So the Cogen production and export for the year have been much better than the last year because we used coal also to produce the power during the year. The Cogen rate also increased during the year from an average of 4 last year to about 4.8 this year so which is also a good story in all the three states.

As far as distilleries are concerned we actually sold about 200 lakh liters during the quarter against 140 lakh liters last time which is about 40% increase and sold about 45 lakh liters ethanol during the quarter and 130 lakh liters during the year. This is on the sugar numbers.

As far as Bio-products are concerned which includes both Bio-pesticides as well as Nutra, I have been sharing in the last two three quarters about the lower performance in Nutra but that has got recouped during this quarter. If you really look at it the both Bio-pesticides and Nutra did well during the quarter and our overseas subsidiary Valensa also has done very well both during the quarter as far as the year is concerned. The consolidated PBIT till the last quarter was much lower than the previous year but now we have caught up. We are actually on par with the last year in terms of the overall PBIT as far as bioproducts concerned and all the issues which we shared last time in terms of production and sales and also overseas subsidiaries all have now resolved and it is all doing well in terms of Nutra.

As I have been sharing the past since we had a very bad year as far as the sugar is concerned we have frozen the capex. We are only incurring capex which are necessary to run the current capacity except in one expansion in Nutra for about Rs. 30 Crore, to increase the capacity to produce both Spirulina and the new product which is introduced called Chlorella.

As far as the fixed cost is concerned we had the program to bring down the cost substantially throughout the year and we were able to get overall lower number of the fixed cost except for the increase in the valuation of the stock, otherwise there has been an overall reduction of the fixed cost throughout the year.

The other program which we have been working throughout the year is to reduce the loan. The loans came down on a total basis from 1850 Crores to about 1250 Crores in standalone. It has been quite a substantial reduction of 600 Crores in the overall debt, which brought down the interest cost as you have seen that interest cost for the year has come down by about 8 Crores based on the last year. The soft loan, which we received during September, also helped us in terms of the overall reduction in the interest cost.

So this is the overall summary in terms of the operating parameter and the financials. So now you can ask the questions please.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Good afternoon Sir, thank you for the opportunity. Sir just wanted to check in terms of what is the inventory valuation and I think did the cane crushing and the recovery rate part Sir if you could talk about that for FY2016?

**Ramesh:** I already shared with you that the overall for the year we crushed 49-lakh metric tonnes of cane and the overall recovery is about 10.1% on an average for the entire year. The stock valuation has been done at an average of over Rs.28000 per tonnes.

**Achal Lohade:** Got it. What is the cane cost we have accounted for the full year FY2016?

**Ramesh:** See as far as the cane cost is concerned the MRP is Rs.2300 per tonnes for 9.5% recovery so if you want to get the cane cost it is 2300 divided by 9.5% that is the cane cost in the sugar per tonne. See the fair and remunerative price as prescribed by the central government is Rs.2300 per tonne landed at the factory gate for 9.5% recovery. In Andhra Pradesh and Karnataka we are paying Rs.2300 per tonne for 9.5% recovery. In Tamil Nadu we are paying Rs.2450 per tonne of cane and this both offer 9.5% so if you want to know the cost of cane in the final valuation whatever numbers I give you divided by 9.5 would represent the cane cost in the sugar.

**Achal Lohade:** Yes I was not asking from an inventory valuation point of view it is just because I remember reading that the SAP was increased?

**Ramesh:** As far as Karnataka and Andhra Pradesh are concerned there is no SAP we are following the FRP. As far as Tamil Nadu is concerned the SAP is increased but at the moment the matter is subjudiced and the mills believe that there is no obligation to pay the SAP. We are paying Rs.2450 per tonne, which is same as last year.

**Achal Lohade:** So ideally whatever improvement in the sugar price would ideally lower to the bottomline apart from the cost saving what we are been working on?

**Ramesh:** That is for current sugar year, that is for the sugar year 2015-2016, for the year 2016-2017 basically as far as central government is concerned there is a two step process that the Government follows before announcement of the FRP. There is a committee on agricultural cost and prices called CACP which recommends the price to the Government. The Government thereafter announced formally the fair and remunerative price at their level. As of today the CACP has recommended to the central Government to retain the FRP at 2300 for sugar year 2016-2017. However the formal notification from the Government of India is awaited. Technically this cane price would be applicable effective October 1, 2016.

**Achal Lohade:** But usually it is announced one year in advance?

**Ramesh:** But as of now for 2016-2017 the government is yet to issue the official notification.

**Achal Lohade:** Got it. And Sir if you could talk about what is the cane crushing one can?

**Ramesh:** See as of now we are in the month of May. You must be aware that as far as both Andhra Pradesh and the Karnataka are concerned there has been virtually no rain for the last six or seven months and as far as the monsoon 2016 is concerned the general estimates are positive. They are talking of better than normal monsoon and also an early onset to the monsoon commencing from the last week of May in Kerala. So as of now for the purpose of year estimate we can assume to get around the same quantity of cane, but I am cautious since it is becoming difficult to estimate is the fact the yield could be impacted by the kind of irrigation available and in north Karnataka. For example there is no water available for irrigation from most of the dams. I think for monsoon 2016 to actually atleast start and then we have a better estimates may be when we have a concall next quarter we will be able to give you a better estimates but as of now you can take it that we expect to crush around the same volumes that we did last year.

**Achal Lohade:** Got it. Can you talk about what is the target or volume we would look at in distilleries and Cogen?

**Ramesh:** See as far as the Cogen is concerned, it is slightly difficult to estimate. As far as the Andhra and Karnataka I think it is likely to be almost same as the last year there is no change; however, as far as Tamil Nadu is concerned is that the overall activity level has come down and therefore demand has come down a bit in Tamil Nadu. As now are not on PPA, we will need to enter into a specific tenders and the current tender is closing on May 31. We expect that the new Government, post the elections, will float the new tender for the next few months so we will had to actually wait till June to get an estimate. But I feel that all things go well it should be around the same or marginally less as compared with last year I do not think we can expect any increase over last year in Cogen. As far as distilleries is concerned I think probably at very marginally more but it actually depends on the cane because we are dependent on the molasses as far as the distilleries is concerned but therefore I am saying since we are now talking off only about one and half months or 40 days into the financial year I think you can take it almost the same number as last year.

**Achal Lohade:** What is the realization for the full year for distilleries and Cogen, for Cogen I understand Rs.4.8 a unit?

**Ramesh:** On an average we got Rs.41 for the year that is in terms of liter per tonne of alcohol.

**Achal Lohade:** Sure per liter of alcohol right, for the 4th quarter?

**Ramesh:** For the 4th quarter around 42 per liter.

**Achal Lohade:** Just last question on the refinery part, what is the run rate and what is the utilization currently, what is the spread?

**Ramesh:** See as far as the refinery is concerned I think there is been a reasonably good turnaround although I must say we are yet to see it in a full financial although Q4 would probably give you an idea of the kind of turnaround, is that we did something like 4.5 lakh tonnes last year, 4.5 lakh tonnes of sugar export this year and we should do more than 5 lakh tonnes for the current financial year.

**Achal Lohade:** If you could talk about the EBITDA what we need refineries for FY2016?

**Ramesh:** The EBITDA is 26 Crores before any MTM.

**Achal Lohade:** Is there any mark to market loss?

**Suri:** I think see the year end since the dollar prices increased towards from the beginning of the year to end of the year we had to do some mark to market at the end of the year anyway will get offset in the next year. It is a MTM amount, which has been provided.

**Achal Lohade:** Because of the hedging you are saying?

**Suri:** Correct.

**Achal Lohade:** Got it. I will come back in the queue Sir. Thank you so much.

**Moderator:** The next question is from the line of HR Gala from Pranav Advisors. Please go ahead.

**HR Gala:** Congratulations for good set of numbers in Q4.

**Ramesh:** Q4, I do not think we are not very happy about what happened in the first three quarters but Q4 is okay.

**HR Gala:** Going by your initial commentary do you think that the pace of improvement will continue in the next year also?

**Ramesh:** As of now the Government has concerns about the increase in price of sugar. We think the first step taken is of limiting the stock with traders but essentially as I was telling you in the opening comments since the sugar production is expected to be around 24 million tonnes next year and what is likely to happen is that after many years, you are actually going to see consumption pretty close to production numbers. If I take 2015-2016 we are talking off 25.5 or 25.5 MMT being production and 25.6 MMT being consumption. After many, many years we are going to see demand falling short of consumption, I think the sugar price should be stable at the decent levels as far as the sugar mills are concerned for the next five six quarters.

**HR Gala:** Now Ramesh just one clarification, you said that the FRP which has been fixed at Rs.2300 per ton with 9.5% recovery and since we have got 10.1% recovery does it imply that are paying higher than 2300?

**Ramesh:** It works into mill wise, so for example if you take our Haliyal factory which is in Uttar Karnataka we get a recovery of 12%, so what happens is the price is 2300 divided by 9.5 multiplied with 12, now another mill could be at 11 a, mill could be at 10 and of course if it is less than 9.5 then you have to pay 9.5.

**HR Gala:** So I think just for our understanding we can consider that the ratio 2300 divided by 9.5 x 10.1 to arrive at your average cost?

**Ramesh:** Slightly more because some of the Tamil Nadu sugar mills we are not getting 9.5, two of our mills in Tamil Nadu we are still at about 9% . There is no such issue in AP or in Karnataka.

**HR Gala:** As far as next year is concerned I think last time when we met we discussed that in the FRP we have to give credit of Rs.45?

**Ramesh:** Essentially the way we have gone, different mills have gone up it differently so there are some mills, which say that I will pay 2300 and I will collect the Rs.45 from the Government. There are some mills which say I will pay 2555 and the Central Government will directly credit Rs.45 to the farmer but if you ask me effective cost last year was 2255 but next year going forward I feel the exports will come down and the effective cost will be 2300.

**HR Gala:** Then that Rs.45, but then if you fulfill your ethanol quota you still will get Rs.45?

**Ramesh:** It is a good question see, as far as we will be fulfilling our Ethanol quota both in Andhra Pradesh and Karnataka but we are not going to fulfill our ethanol quota in Tamil Nadu therefore we will have to necessarily go back to the Government and say that while you have prescribed the condition, another Government has denied the permission so still please give us the Rs.45 per tonne as of now it is not very clear what the Central Government will do we will have to wait, we should know it over the next few months.

**HR Gala:** Okay and next year we should assume 9.5% yield?

**Ramesh:** For what? Sorry.

**HR Gala:** No I mean just to work out how the FY2017?

**Ramesh:** I am saying if you assume the current year the recovery will not be far off.

**HR Gala:** Okay we can assume around 10.

**Ramesh:** Average.

**HR Gala:** You are saying for the full year?

**Ramesh:** Yes.

**HR Gala:** Just processing cost per kg of sugar works out to about Rs.4 or is it more than that?

**Suri:** Approximately Rs.4 per kg.

**HR Gala:** As you said that you have frozen capex so there will not be any major capital expenditure?

**Ramesh:** See as far as the sugar mills, we would continue to be tight on capex for 2016-2017 also let us wait for the numbers of 2016-2017 to get delivered and then maybe we can loosen our first strings on capex but as of now I think we would continue to follow the same prudent policy of restricting the capex to the absolute minimum so typically last year but if you take the company as a whole may be we spend about 50% to 60%.

**HR Gala:** But in terms of amount how much capex we should?

**Suri:** We spent 60 Crores last year but out of that one major capex which I shared is on the expansion of our Nutra business which is half of it came from there.

**HR Gala:** So 30 Crores on sugar and 30 Crores on?

**Ramesh:** You can assume straightly since you assume similar numbers I mean marginally more nothing much. It is different for next year also.

**HR Gala:** For FY2017 around 60 Crores we can assume.

**Ramesh:** A few Crores this way or that way but broadly are there.

**HR Gala:** Just last question from my side, in this FY2016 our sugar subsidiaries put together seem to have incurred a loss of 137 Crores, in that we incurred how much loss?

**Suri:** Yes, the Parry Sugar Refinery has incurred 78 Crores loss, that has come down from the previous year about 145 Crores but as Ramesh was saying that Q4 was a positive PBT we had, so which means now we are on the positive swing as far as the refinery is concerned. Another subsidiary, Parry Sugar Industries Limited, which has one factory at Ramdurg in Karnataka, which also now had the similar kind of results like EID Parry's Sugar as first three quarters were disaster and the fourth quarter is very good.

**HR Gala:** So how much was Parry Sugar loss in FY2016?

**Suri:** Parry Sugar Industries loss was 26 Crores.

**HR Gala:** I think one thing looks very certain that 240 Crores swing, I think looks very certain based on whatever rough numbers I could work out?

**Ramesh:** I cannot comment all about it.

**HR Gala:** Wish you all the best.

**Moderator:** Thank you. Next question is from the line of Sudharshan Padmanabhan from Sundaram Mutual Fund. Please go ahead.

**Sudharshan P:** Good evening. Thank you for taking my question. Sir on the results specifically on the sugar profitability I just wanted to understand is there any kind of inventory gains that has been booked or reversal of previous quarters cost because if I back work the number the spread seems to be a bit higher than what it is there in the market at this point of time for the 4th quarter?

**Ramesh:** So what is the spread you are getting?

**Sudharshan P:** No I think currently they are working at something around Rs.5 right?

**Ramesh:** Q4 it will work like that only. For example Karnataka and Andhra Pradesh, operates between five to six months in a financial year, which means they typically start in November and close by March or early April. As far as Tamil Nadu is concerned they have something called a special season in July, August, and September and typically they will operate for 60 to 70 days more than a plant in Karnataka or Andhra Pradesh. Now what happens unfortunately in this quarterly system of accounting your fixed cost are getting divided by the production of that quarter and therefore you will see all sugar mills declaring very good numbers in Q4 because bulk of the almost a very large production percentage the production is in Q4 goes into stock so if you ask me I think if you want to do the right thing for analysis and future estimates I think kindly look at the full year fixed cost kindly look at the full year production and I think that will give you a better estimate of what is a kind of spread that we are making. Ultimately my only suggestion to you, taking Q4 can unnecessarily confuse you not only for EID Parry I think for whichever mill you take the sugar industry in India if you want to do analysis based on Q4 number.

**Sudharshan P:** I was just back working because I think that was the kind of spread that was looking at for the full year it looks like the Q4 saw a distortion so I just thought I would clarify, but any ways thanks.

**Ramesh:** Q4 will always have a distortion.

**Sudharshan P:** But this kind of spread one can expect over the full year right?

**Ramesh:** See I told you the cane cost is around 2300 for 9.5% so you take your cane cost to 2300 divided by 9.5% that gives you about 24.2 okay, you add Rs.4 and from there you estimate the selling price and then you will know the spread. Broadly this is the thumb rule.

**Suri:** Actually you have to make it Rs.25 is the cost of cane and whatever market price is spread so that is what it is.

**Ramesh:** No, plus we have to add the fixed cost so essentially I think you work, when you are talking of spread. Any way I think broadly I have told you how to work out the numbers, Rs.5 in this Q4 when the cost of production is the lowest that is how it happens.

**Sudharshan P:** Sir on the SAP of Tamil Nadu I mean currently how I think we are currently paying lesser than what is being revised so how much basically is the due and I mean if probably the Government was to win the case and how much would be have to cover up to the Government?

**Ramesh:** As far as legality is concerned, if you take the state of Uttar Pradesh, which also declares a SAP and SAP is mandated by legislation. So far that does not have the backing in Tamil Nadu I mean the Tamil Nadu SAP is not mandated by any legislations of Tamil Nadu. So that is the reason I am telling legally there is an issue. So if you want to know the difference, let us say crush about 22 lakh tonnes of cane and the difference let us say this year is Rs.400 per tonne.

**Sudharshan P:** We would be also having a previous year arrears right?

**Ramesh:** Yes, so basically you can extrapolate that.

**Sudharshan P:** Sir on the global cane scenario I think one typically what we have seen is Brazil overall even the sugar price globally is kind of moved up with Brazil seeing a downward projection in terms of production but one thing is also the fact that ethanol prices in Brazil is kind of corrected quite sharply and quite a bit of reports talking about now shift happening from ethanol back to the sugar now I mean if we are looking at it more from a global scenario do you think that the sugar production from Brazil globally can actually improve in the coming season as compared to what it was?

**Ramesh:** The Indian domestic sugar business is largely insulated from what happening outside India because of the cane prices being fixed by the Central Government of the country. There is a 40% import duty if you want to actually bring in any sugar from outside India into the country. Now only if the sugar prices are going to go beyond a particular limit the Government could look at reduction of import duty in which case definitely you could have some sugar but as of now given the fact that the cane cost has been fixed by the Central Government they are actually also not to ensure that the farmers in India do not suffer they are actually kept the import duty at 40%.

**Sudharshan P:** Sir one last question from my side. I mean as you earlier pointed out that the government seems to be very vary on the sugar prices moving in very short span of time and also considering the fact that the elections across various states should be around the corner two things No.1, do we see further restrictions happening from the government side in the inventory and other means which can keep the prices primarily around these levels, the second is given the fact that again various elections are there in Tamil Nadu as well as in UP over the next couple of years, do we see a jump that could happen in the SAP right now?

**Ramesh:** First is as far as obviously the Government will step in if the price of sugar goes beyond certain acceptable level that is point No.1. Now what this acceptable level is actually I would not be able to comment about it. As far as the price of sugarcane, we are paying 2450 in Tamil Nadu for 9.5%, if our average recovery is even at 9.5% the cost of cane itself is about Rs.26 per kg, so you know the sugar price ex-mill. So paying higher cane price is beyond capability and the economic viability of sugar industry in Tamil Nadu.

**Moderator:** Thank you. The next question is from the line of Bhavin Chedda from Enam Holdings. Please go ahead.

**Bhavin Chedda:** Sir what was your FY2016 full year average of the sugar realization?

**Ramesh:** I think it is 25000 on an average.

**Bhavin Chedda:** This quarter you mentioned 28500?

**Ramesh:** Correct.

**Bhavin Chedda:** Current price should be around 32000?

**Ramesh:** Yes, it varies actually somewhere between 31 and 32 to ex-mill.

**Bhavin Chedda:** Sir next year 2017 you have more or less guided for a similar numbers at distilleries, cogen as well as crushing and cane cost is also is assumed to remain at the FRP level so if the sugar prices are sustained we should see close to 300 Crores swing on the sugar PBIT plus the refinery loss Sir you mentioned was at 78 Crores in FY2016 and I am assuming there would be some recovery in Parry Sugar also would have ignoring that so if I look at your number if the sugar prices sustained there should be a PBIT swing of 400 Crores right over FY2016 numbers?

**Ramesh:** If you ask me, there are two three things that you have to keep in mind. Point No.1 is what is average price that the company actually gets see unfortunately what happens is most of the analysts make an error by saying today's price is 32.

**Bhavin Chedda:** Sir I am assuming that we take 31 if we are making mathematics on 31 then we can change it according to the assumptions.

**Ramesh:** If you look at the MCDEX price at Kholapur today it is Rs.30. There are some states, which are sugar surplus, there are states, which are sugar deficit. So states where sugar surplus is there, the prices will be slightly on the lower side, states, which are sugar deficit, would be slightly on the higher side.

**Bhavin Chedda:** Sir to make the questions simpler should I say that over Rs.25 realization of FY2017 every Re.1 would add 50 Crores to PBIT or PBT and refinery which had a 78 Crores loss would not be there in FY2017 that would be much simpler?

**Ramesh:** Okay you are mathematically correct, assuming we sell 5 lakh tonnes obviously Re.1 per kg is 50 Crores point No.1. Point No.2 is obviously we expect a turn around as far as the Parry Refinery is concerned and therefore we should not see similar kind of loss number next year. I think both statements are correct.

**Bhavin Chedda:** Okay and refinery you are guiding for volumes of what Sir next year volumes are guiding higher right?

**Ramesh:** I said Rs.5 lakh tonnes.

**Bhavin Chedda:** Sir my last question on the Bio-products division I think we had a very high target two to three years back I think we were looking close to 100 Crores PBIT on that and even Valensa we are slightly behind schedule, but I see you have done 30 Crores capex also to increase capacity where since you are seeing a traction now so how should I foresee Bio-products business in next two three years?

**Ramesh:** See the Bio products that is the Bio pesticides business will actually continue to do similar kind of numbers so there is a steady state of at least about 27-28 Crores of PBIT will come from there. So the domestic market again will depend upon the weather, which comes up because weather also affected the domestic market in Bio pesticides because of the drought for the current year, so if the monsoon improves then the business should improve as you go along. The second is on the Nutra business we had earlier concerns about Astaxanthin which affected the business in terms of the overall turnover and other one is US Nutra, US Nutra has turned around and it has become positive this year and so hence we are sure that the Nutra business would grow faster than the Bio business on an overall basis and both subsidiaries both in Chile as well as in America will work well. So the Nutra business is poised through, have a faster growth Bio pesticides will do at steady business.

**Bhavin Chedda:** This 30 Crores capex can give you what kind of incremental turnover and return Sir?

**Ramesh:** Totally it increases about by about 40 Crores to 50 Crores per annum.

**Bhavin Chedda:** And you can get it in FY2017 or it will take time to scale up?

**Ramesh:** Yes it will get in FY2016-2017 partly but most of them will come in 2016-2017.

**Bhavin Chedda:** Sir my last question I think we have not filed standalone balance sheet right if I see your press release?

**Ramesh:** We have.

**Bhavin Chedda:** Okay now it is there on the exchange filing because yesterday when the results were filed I was not able to figure out the standalone balance sheet?

**Ramesh:** In website, I am very sure we have uploaded. If you have any questions, you can ask me.

**Moderator:** Thank you. We have the next question from the line of Hardik Shah from Brila Sun Life Insurance. Please go ahead.

**Hardik Shah:** My question is on the debt number so going forward what would be the Long Term repayments due in FY2017?

**Suri:** FY2017 is 400 Crores 2016-2017 and 2017-2018 another 200 Crores.

**Hardik Shah:** You expect that the debt level would be on a downward trajectory only?

**Suri:** Absolutely.

**Hardik Shah:** Capex there is no much capex.

**Suri:** Correct and also now since 2016-2017 is expected to be much better then we will work on reducing the debts.

**Hardik Shah:** Secondly as I look at the results the DSA for the full year is about .49 so was there any covenant breach on the LCD side?

**Suri:** Actually because of the lot of repayments, which have happened, the DSA has been lower so long-term debts we are now actually repaid.

**Hardik Shah:** Should the DSA shall be higher know the debts have been repaid?

**Suri:** No we received the soft loan during the current year so that actually pushed up liability.

**Hardik Shah:** But then there is no covenant triggers?

**Suri:** No not at all, it never has happened, never will happen.

**Hardik Shah:** Thank you.

**Moderator:** Thank you. Our next question from the line of Akshay Ajmera from Nizar Securities. Please go ahead.

**Akshay Ajmera:** Thank you so much taking this opportunity Sir. Most of the questions have already been answered just two questions for you. Just wanted to know the average sugar realization of Q4 FY2016 and Q4 FY2015?

**Ramesh:** Q4 – Rs. 28500 FY2016 and about Rs. 26300 FY2015.

**Akshay Ajmera:** That was for Q4.

**Ramesh:** Yes actually if you really look at the sugar price started falling down from the Q1 of this year that is 2014-2016, it was holding good till Q4 last year so similar numbers were there in both quarters Q4 to Q4 but through the year in Q1 to Q3 there is a dramatic fall which happen throughout the year.

**Akshay Ajmera:** Next question is regarding the capex you have already answered that there is no capex plan as of now, are we really looking for monetizing some of our assets to reduce the debt?

**Ramesh:** It has been shared also in the previous quarters we will continue to work on reducing the debts by liquidating assets which are not required for the business so that program is still on so we will do that this year 2016-2017 definitely.

**Akshay Ajmera:** How much possibly could be the level?

**Ramesh:** We are now actually as you know the selling the assets is always quite a cumbersome process so it we expect at least about another 30-40 Crores to go this year.

**Akshay Ajmera:** Could you give us some color if there can be EBITDA level profit margins coming from refinery business?

**Ramesh:** Next year as I told you that actually the loss has come down from 145 to about 78, next year we hope to make a break-even situation. We are now actually working on a positive PBT but definitely minimum will get break-even situation.

**Moderator:** Thank you. Ladies and gentlemen we will take a last question from the line of Kashyap Pujara from Axis Capital. Please go ahead.

**Kashyap Pujara:** While most of the questions have been answered just one or two questions, one is that in the balance sheet I think this year I saw the noncurrent investments go up, so could you just attribute I mean what is the increase there pertaining to?

**Suri:** During the year we invested in Parry Sugars Refinery to the extent of about 78 Crores and also in the Parry Sugar Industries which we have another 35 Crores. These two investments were made because of the losses made by those subsidiaries during the year.

**Kashyap Pujara:** One question just to while lot has been said on sugar but considering the kind of demand environment where we are hopefully the production should be coming off and the stock to use ratio will keep coming down giving a further fillip to the sugar prices, would it be fair to assume that any sugar price move over say Rs.32 the industry will have to share 70-75% with the farmer?

**Ramesh:** Correct anything more than 32 we have to share on an average for the year.

**Kashyap Pujara:** The rest will be for the industry everyone.

**Ramesh:** Absolutely correct.

**Kashyap Pujara:** All the best and that is all from my side. Thank you so much to all the participants and the management of EID Parry for taking time out for this call.

**Ramesh:** Thank you very much and it is a pleasure to be with you. Thank you very much.

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