



**“E.I.D.- Parry (India) Limited  
Q4 FY2022 Earnings Conference Call”**

**May 18, 2022**



**ANALYST: MR. ANMOL GARG – DAM CAPITAL ADVISORS**

**MANAGEMENT: MR. S. SURESH - MANAGING DIRECTOR – E.I.D.-  
PARRY (INDIA) LIMITED  
MR. MUTHIAH MURUGAPPAN – WHOLE TIME  
DIRECTOR AND CEO - E.I.D.- PARRY (INDIA) LIMITED  
MR. A SRIDHAR – CHIEF FINANCIAL OFFICER - E.I.D.-  
PARRY (INDIA) LIMITED  
MR. SURESH KANNAN – WHOLE TIME DIRECTOR –  
PARRY SUGARS REFINERY INDIA LIMITED  
MR. BISWA MOHAN RATH – COMPANY SECRETARY -  
E.I.D.- PARRY (INDIA) LIMITED**



*E.I.D.- Parry (India) Limited  
May 18, 2022*

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY2022 earnings Conference Call of E.I.D.- Parry (India) Limited hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anmol Garg from DAM Capital Advisors. Thank you and over to you Sir!

**Anmol Garg:** Thank you Margaret. Good afternoon, ladies and gentlemen. A warm welcome to the Q4 FY2022 conference call of E.I.D.- Parry (India) Limited. We have with us Mr. Suresh - Managing Director of the company, Mr. Muthiah Murugappan - Whole Time Director and CEO; Mr. A Sridhar – CFO; Mr. Suresh Kannan – Whole Time Director - Parry Sugars Refinery India Private Limited & Mr. Biswa Mohan Rath - Company Secretary. Without any further ado, I will hand over the call to Mr. Suresh. Thank you and over to you Sir!

**S. Suresh:** Thank you. Good afternoon, everyone. Thanks for taking your time out and joining me this call and also, I would like to just announce the happy news that Mr. Muthiah Murugappan has joined us in the board as a Whole time Director and he is also the CEO for the business. So, with that good news I would like to go ahead with the opening remarks.

On the global scenario, the record Indian production has overshadowed the lower output in other countries, so for the sugar year 2021-2022 we are expected to be surplus of almost 1.26 million tons in the global scenario. As per the Czarnikow report what we understand is global per capital sugar consumption has been hit during this pandemic, it gone down to the levels of 2009, however, it is poised to recover and grow more than 1.5% per annum. China’s output is not expected to reach the 10 million metric tonne in the current year, this may lead to import of raw sugar. The ongoing Ukraine issues I expected a negatively impact the sugar consumption in Ukraine and Russia. However, the refined sugar demand is expected to be reversed within the trade flow of balance. India is expected by export significant volumes in sugar year 2022-2023 of course this we have to keep in mind the record exports which already happened in sugar year 2021-2022. According to plan the higher global R&D prices are supportive for the as does ethanol price in Brazil, so Brazil may go for lower sugar estimates for the same result, so that means higher level of sugar diversion to ethanol happened and that is also going to happen in India as well.

Coming to the performance of the company, the consolidated revenue from operations for the year ended 31 March, 2022 was at Rs. 23,528 Crores registering an increase of 27% against the previous year of Rs. 18,556 Crores. Earnings before depreciation before



*E.I.D.- Parry (India) Limited  
May 18, 2022*

depreciation interest taxes and exceptional items record for the year ended 31 March, 2022 was at Rs. 2629 Crores registering an increase of 18% against previous year of Rs. 2219 Crores. The consolidated profit after tax was Rs. 1574 Crores against the previous year of Rs. 1000 Crores.

Coming to the standalone performance for the FY2021-2022, the standalone revenue from operations for the year ended 31 March, 2022 was at Rs. 2496 Crores against the previous year Rs. 2024 Crores and earning before depreciation interest tax and exceptional items for the year ended was Rs. 492 Crores against the previous year of 556 Crores. Standalone profit after tax was Rs. 284 Crores against Rs. 865 Crores in the previous year. The profit after tax for the year ended 31 March, 2022 includes exceptional loss of Rs. 14 Crores arising from sale of plant and machinery in Puducherry unit as compared to the exceptional gain of Rs. 715 Crores in the previous year arising from the sale of 4% stake in Coromandel International Limited net of impairment Pudukkottai Asset transfer expenses. As I say that the topline of the business the standalone business has grown by almost 23% for the previous year. The exceptional performance has been made possible by the increase in the Cane volume from 39.5 lakh tons to a level of almost 50 lakh tonnes for the year 2021-2022, also the business had been able to capitalize the opportunity in the market by exporting close to 1,72,000 tonnes for sugar. At distillery volumes also has grown tremendously from almost 5.9 Crores of previous year for the year FY2021-2022 we have done almost 8.5 Crores liters of distillery volumes. Also on the power side, we have been able to capitalize on the market opportunities in the power and that has also contributed well to the business. Supporting focus on setting the assets and expansion in core areas maintained optimum cost levels. I have to mention that the transfer of assets from Pudukkottai unit in Tamil Nadu to the Haliyal unit in Karnataka has been completed and during the year 1.45 lakh metric tons of canes crush during the FY2021-2022. Also, the distillery expansion of 50 KLPD a facility in Bagalkot has come online and it has a round full and the debt reduction program what we had undertaken has helped in the reduction of finance cost from Rs. 93 Crores in the year 2021 to 46 Crores in the year 2021-2022.

With these comments, I would now hand it over to Mr. Sridhar, our CFO to take you through further details. Thank you.

**A Shridhar:**

Thank you Suresh and good afternoon to all participants. I am extremely happy to be a part of this earnings call. I shall give information of the operating and financial performance of the company while Mr. Suresh presented about industry prospective and the standalone and consolidated financials of the company, I would like to share the key operating parameters of each of the segment in this we are operating.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

To start with on the sugar operations, all our plants operated during Q4, and the year-to-date crushing was about 50.21 lakh metric tonnes when compared to last year which was at 39.69 lakh metric tonnes. The recovery also has been better than the previous year, the year-to-date recovery was 10.63% compared to last year which was at 10.28%, the production volumes were at 4.87 lakh metric tonnes compared to last year which was at 3.92 lakh metric tonnes. The cost of cane was at Rs. 3255 per metric tonne compared to the previous year which was at Rs. 3071 per metric tonne. The sales for the year had been about 4.95 lakh metric tons in which the domestic was about 3.25 lakh metric tonnes and we had record export of almost 1.70 lakh metric tonnes. In the previous year, the sales were at 4 lakh metric tonnes of which domestic were about 2.85 lakh metric tonnes while exports about 1.15 lakh metric tonnes. The selling price was at Rs. 34.48 compared to previous year which was at Rs. 34 paise 4. As far as the exports are concerned, our realization was at Rs. 33 paise 46 as against Rs. 34 paise 3, this Rs. 33 paise 46 is without the subsidy element in the second half of the year. The closing stock was at 2.55 lakh metric tonnes. The revenue from sugar operations has been at 1839 Crores and in the previous year it was about 1500 Crores that is an increase of almost about 23% over the previous year. I would like to put on record that no cane over use as of today, all FRP paid on time. As far as the power is concerned, the power generation has been about 4,110 lakh units compared to previous year which was about 3763 units and of which the exported units were about 2141 lakh units as against the previous year which was at 2054 lakh units. The tariff was at Rs. 4 paise 35 per unit against the previous year which was at Rs. 4 paise 15 per unit, we had a gain of almost about 20 paise over the previous year. On the distillery sales, we sold about 847 lakh litres compared to the previous year which was at 594 lakh litres and the selling price was at 57.88 per liter as against the previous year which was at 55.44 per liter.

Getting into the Nutra segment, the year-to-date turnover was about 63.62 Crores as against the previous year which was about 71.74 Crores, this reduction is on account of reduced production due to the implemental weather conditions and on a consolidated level the Nutra business had revenue compared to previous year. The turnover was at 277 Crores compared to the previous year which was about 255 Crores. As far as the refinery operations are concerned, the operating revenue was at 2005 Crores compared to previous year which was about 2251 Crores and the PBT is a loss of about 13.27 Crores, last year the loss was about 138 Crores and the refined sugar production was at 6.11 lakh metric tonnes as against the previous year which was at 7.89 lakh metric tonnes and the sales volume of refinery was at 6.23 lakh metric tonnes as against the previous year which was at 8.21 lakh metric tonnes. As Mr. Suresh has stated in the beginning, we had worked on debt reduction program during the last few years and the long term borrowings which is about 100 Crores and this is also to do that the projects which we have been executed at Bagalkot and those which we are also initiated at Sankili, we were the long term borrowings which we have taken from



*E.I.D.- Parry (India) Limited*  
*May 18, 2022*

the bank and we have a subvention benefit on account of those. The short-term borrowings have almost been nil and as far as PSRIPL is concerned, the borrowings have been at 648 Crores and this is purely to do with the working capital that was required for the operations.

With this, I would like to I mean close and would like to hear from you all if there are questions, we would like to answer . Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Akshay Ajmera from Nizara Securities LLP. Please go ahead.

**Akshay Ajmera:** Thank you for the opportunity Sir and congratulations on a very good set of numbers. Regarding this Pettavaithalai plant, the original plan was to shift the plant from Pettavaithalai to Bagalkot and so, it has not happened, so what exactly was the issue because of which we are not able to shift the plant to Bagalkot, was there any scarcity of cane availability or it was not feasible to move the plant and what was the total realization that we have received by sending of that?

**S. Suresh:** The total realization part Mr. Sridhar will answer you. On the point of the original idea of shifting the assets to Bagalkot was envisaged from two years back we did assessment on cane availability and the potential competition for the available cane from the nearby mills. I am taking a parallel of Haliyal, Haliyal is a standalone unit almost in the nearby 120 km radius that is no other sugar mill available, so there is plenty of cane availability whereas in the case of Bagalkot for the large number of mills are available, our new capacities are also getting added, so in the light of that plus the certain areas of Bagalkot also have certain low sugar varieties are also available almost more of low sugar variety to the best, and other related challenges over there, so if you have to be choosy then we will have to ignore those low sugar varieties, if you are going to put investment there will be scrambling for cane with Karnataka though there is availability of command area concert, in practice it is not getting followed, so you need to get assured quantum of cane and I am going to put an investment over there which was there in Haliyal and then we transferred the Pudukkottai assets to Haliyal. In the case of Bagalkot where we did not have that level of assurance and certainty in the availability of cane, we better thought that whatever the assets available at Petta can be monetized and that can be put to productive use for a better return on the capital employee, hence the reason is sell the assets of and in terms of the realization what we got under the assets is almost 57.5 Crores for the equipments and for plant and machinery.

**Akshay Ajmera:** For the plant and machinery?

**S. Suresh:** Yes.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- Akshay Ajmera:** On the ethanol side although we have commendable volumes and we have grown significantly but if we talk about realizations per liter, it has gone down as compared to last year, so how would we see that?
- S. Suresh:** The realization of the alcohol has weighted average has gone down. For the ethanol whatever is the government realization it has gone up, the mix is also that between EMA and ethanol, EMA prices are dropped last year compared to the previous year, hence we are seeing relatively lower weighted average realization for alcohol.
- Akshay Ajmera:** Okay. Thank you, Sir. I will get back in the queue for the next question.
- Moderator:** Thank you. The next question is from the line of Bhavin Sheth from Enam Holdings. Please go ahead.
- Bhavin Sheth:** Good afternoon, Sir, if you can share the refinery debt number and the refinery inventory separately, what is the gross borrowings and cash debt?
- Suresh Kannan:** Good afternoon, as far as the refinery is concerned, we had a closing debt of 648 Crores response to around 1.2 lakh tonnes of raw sugar and around 50,000 tons of white sugar of inventory.
- Bhavin Sheth:** 648 Crores, okay, this includes term debt and working capital debt, right Sir?
- Suresh Kannan:** The term debt is 200 Crores separate, the 648 is a working capital debt.
- Bhavin Sheth:** Okay term debt is 200 Crores and working capital is 648, okay and right now what are the steady state numbers there in terms of how much is the conversion costs there and premiums overall?
- Suresh Kannan:** At the moment as you can appreciate we are on a very inflationary scenario as far as both fuel, chemicals and packing material is concerned, so our refinery cost has moved up compared to the previous year and to large extent this increase is also seen in the market in the form of improvement of spreads, so we could have a lag or lead effect with respect to the inflationary fuel increase vis-à-vis what we can recur of the market.
- Bhavin Sheth:** And what are the currently if you can say the spreads?
- Suresh Kannan:** Currently we are between \$50 and \$60 depending upon market conditions that are prevailing now.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

**Bhavin Sheth:** Okay and regarding Nutraceutical, what is the outlook there, when can you scale that numbers and how the profitability will improve in that segment because there has not been substantial improvement in profitability there, so what is the roadmap there?

**Mr. Muthiah Murugappan:** On the Nutra segment I think the standalone numbers were impacted because of bad weather, because of the monsoon season and that had an impact on the harvest, so that is why the standalone was badly impacted, we have taken some corrective measures from the plant infrastructure prospective, so we do not see that recurring this year, in terms of the Valenca business which is the business in the US and then we will continue to invest in the ban building activities of the Flomentum product which is the prostate has banned this year as well, so to that extend there will be burn I think we will start seeing those numbers scale from next year onwards and I think we can get back into the profitability.

**Bhavin Sheth:** Okay, thank you Sir. I will come back for more questions.

**Moderator:** Thank you. The next question is from the line of Gautam Dedhia from Nalanda Securities Private Limited. Please go ahead.

**Gautam Dedhia:** Just continuing on the previous participant question, so at \$50 to \$60 spreads in the refinery at with coal cost ranging during \$300-\$400 on the yearly basis do you think we can breakeven?

**Suresh Kannan:** I think very fair question, with the current levels of spread and as we can continue to source this from India, coal has started giving little bit in terms of the increases that what we have seen, so it takes possible to produce breakeven or slightly favorable results as far as refinery is concerned.

**Gautam Dedhia:** In this quarter whatever profit we have gained there is no one up right and there are no M2M gains or any foreign exchange gains?

**Suresh Kannan:** As far as Q4 profit is concerned, it has got an element of forex gain because that gain because of the nature of the contract accrues towards in Q4, if you discount that also the quarter is profitable to the extent of around 13 Crores to 14 Crores.

**Gautam Dedhia:** Okay and on the Nutraceuticals division, so Flomentum would be what proportion of the prostate sales that you have shown in the presentation?

**Mr. Muthiah Murugappan :** It has been negligible. I mean the prostate being this year we talked about 120 odd Crores is negligible. Ethanol is only been launched a year ago, so it is in the very early stages, so I think at the right time, we will start giving you, we are of course seen the data on a very



*E.I.D.- Parry (India) Limited*  
*May 18, 2022*

consistent basis but at the right time we start opening that up is well for your better understanding, once we also have a good idea of trend.

**Gautam Dedhia:** Okay and so as in the retail sugar division, you mentioned that you are going to target one lakh outlets by FY2025 so currently how many outlets are we targeting?

Mr. Muthiah Murugappan: So, our current direct coverage is slightly under 30,000 outlets, indirect will be about close to 50,000 outlets where indirect I mean wholesale coverage will also reach a larger number of outlets, I think the one lakh outlet target we aspire to do it before FY2025, I think by FY2025 we need to be substantially larger we are really going to build a sizeable business vertical out of this, so I think by FY2025 that number should be much larger.

**Gautam Dedhia:** And this aspirationally would it be fair to assume that if we are like 250 Crores in retail change right now, we are looking at 3x the size just based on the outlet coverage, so is it something substantially more?

Mr. Muthiah Murugappan: I think it is a fair milestone I think as we promise we started opening up for the retail store little bit to be invested communities, so I think as we go, we will provide more granular detail, but I think Gautam that is a fair milestone to have.

**Gautam Dedhia:** Okay Sir. Thank you and best of luck.

**Moderator:** Thank you. The next question is from the line of Jatin from Investsavvy Portfolio Management LLP. Please go ahead.

**Jatin:** Congratulations on the great results. We wanted to know that your operating margin has improved, is that going to continue to be sustainable or what is the reason for that change happening and the other is, how do you foresee revenues growing in the year going forward?

**S. Suresh:** For a type of business like us predominantly in the sugar, the better operating margins have been predominantly due to the increased chain volumes for the given level of assets what we have. So, we have moved up almost from our 39.5 Lakh ton to 50 Lakh tons. Some of the benefits of that I have already shown into the current year. The incremental molasses it gives the benefit already shown in the last year and that the incremental whatever is the benefits out of the extra chain will be shown in the current financial year. So, you can expect that definitely similar or better margins to persist for the current financial year as well.

**Jatin:** And what about revenue projections?



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- S. Suresh:** We expect close to almost around 8 to 10% of the increase in cane volumes growth roughly, just on the availability of cane given the predictions what the monsoon and all is giving, if everything goes well that is what should be. There will be totally a volume gain plus the value addition, and all should add to the incremental.
- Jatin:** Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Ritwik from One-Up Financial Consultants. Please go ahead.
- Ritwik:** Good afternoon, Sir. Sir, I have a few questions, firstly this continuing with the cane growth, what would be our peak crushing output on these 40,000 tons per day capacity?
- S. Suresh:** We can touch it up to almost 20% up from the current level minimum.
- Ritwik:** So, that would be maximum crushing days of about 180 days. Would that be a fair understanding?
- S. Suresh:** Yes, you can take that but there is a permitting etc, these are all linked to the cane availability and the weather.
- Ritwik:** Right, okay and you mentioned that 8 to 10% cane crushing can be accepted depending on the cane procurement for FY2023?
- S. Suresh:** Right.
- Ritwik:** Sure, Sir my next question is on the Sankili distillery which is a green based capacity which is coming up. What could be the total potential output from this distillery?
- S. Suresh:** Almost 3.6 Crores liter should get added to the distillery volumes on an annual basis.
- Ritwik:** Okay, and part of it we can realize in FY2023 and fully in FY2024?
- S. Suresh:** For FY2023 will be an equivalent of say three months.
- Ritwik:** Sure, and Sir right now we are doing about 10-11% margin in the distillery segment from the existing capacity. With this new capacity what do you think will the margins be higher or at par with the current distillery margins?



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- S. Suresh:** Distillery margin is a function to the molasses cost and whatever is the price of the Ethanol or EML that is prevailing in the market. So, depending on the business growing in distillery we will be producing more of Ethanol that will be governed by the price of the OMC in terms of Ethanol and also the FRB prices of the governments for the cane. So, this is a normal derivative of these two parameters that is what is going to be the distillery margins and cost are definitely for a higher sized distillery, the cost will be accordingly there and the margins should by and large minimum maintain that level of the existing anyway whatever possible that could be an opportunity to improve.
- Ritwik:** Okay, and this one last question, is it possible to give the FY2022 revenue and EBITDA figures for the refinery business?
- A. Sridhar:** We have already posted that in the website but I would like to read it for you. The revenue has been \$ 269 million, and EBIT has been about \$ 4.7 million.
- Ritwik:** And does it include any one off you mentioned there was some?
- S. Suresh:** Not in this financial year. Since FY 2022 there is no one off.
- Ritwik:** Okay, and Sir one follow up on this strategic question, in the last few years we have faced some challenges on the refinery business. In the goal have actively considered to high walk this business because on a capital employed of Rs.900 Crores to almost Rs.1000 Crores we are making negligible return on the capital employed. So, is there any active consideration or any discussion internally to diverse this business, some thoughts on that?
- Mr. Muthiah Murugappan:** This was also discussed in one of the prior investor's calls. These kind conversations are always going on we do not have anything concrete to record. If we have anything concrete we certainly keep you all updated.
- Suresh Kannan:** Just a small clarification you mentioned on the capital employed, capital employed on the refinery segment is around Rs.500 Crores odd not Rs.700 Crores or Rs.1000 Crores. So, currently we are between 6 to 7% return on capital.
- Ritwik:** Okay, in the initial comments you mentioned that Rs.50 Crores is that short-term debt and Rs.200 Crores, odd is the long-term debt?
- A. Sridhar:** At that position we had claimed that the borrowings or the long-term debt was about Rs.200 Crores that is more of a term loan and the short-term working capital loan is about Rs.648 Crores that had one off substantially in the month of March because our turnover increased as our sales was higher during that month.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- Ritwik:** Okay, thank you Sir and all the best for the year.
- Moderator:** Thank you. The next question is from the line of Anupam Goswami from B&K Securities. Please go ahead.
- Anupam Goswami:** Hi! Good afternoon, Sir and congratulations on the good set of numbers. My first question on the recovery in Karnataka, how has been the recovery so far in this season and going forward how much recovery are you going to expect in rest of the season and the next season as well?
- S. Suresh:** As far as Karnataka is concerned for the current season the recovery has been in the range of around 11.1% to 12.1% i.e., plant like Haliyal was around 11.1% and plant in Ramdurg is around 12.1%, Bagalkot is somewhere in between. If the current crushing to be taken as a reference and the if you have a span of running from mid-October to mid-March we should be able expect definitely a level of recovery for the next year as well.
- Anupam Goswami:** Okay, Sir and did we export any sugar from our domestic plant to refinery unit in Q4?
- S. Suresh:** If there is opportunity, yes.
- Anupam Goswami:** How much volume this time?
- S. Suresh:** Last year we had exported close to 1,72,000 tons. Like that there is if we are limited with the relief quota of 4 – 5 tons sales in domestic. So, any opportunity subject to the refinery margins getting fulfilled we should be able to and also EID getting better realization for the stocks sold, we should be able to do that.
- Anupam Goswami:** Okay, and Sir what I understand your refinery profit this time EBIT would be about Rs.30 Crores and you said there is a one-off forex gain about Rs.13 Crores to Rs.14 Crores, so that could about Q4 or what is the profit without the forex about Rs.16 Crores is it?
- Suresh Kannan:** You are right the EBIT for the refinery for the whole year is Rs.36 Crores. the forex gain is basically a structural gain because we are operating dollar as a functional currency, and we are sourcing some of the debt in the form of Indian rupee. So, the settled gain accrues to us towards the end of the year and therefore it is not the one off again it is part and partial of the business. I hope that clarifies the question.
- Anupam Goswami:** Okay, and Sir we are expanding our 120 KLPD distillery capacity since we have still room increasing our crushing capacity why are we putting our grain based capacity and why not a molasses based?



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- S. Suresh:** This 120 KLPD is a new plant based in Sankili Andhra one is this is a green belt, second is the cane availability is for a period almost December to March. So, four months is the cane availability period, so you run on the four months on the cane whatever is available in the form of syrup and for whatever the molasses is generated you will run two more months after that it is not economically viable to buy molasses and then run the distillery. Grain is available throughout the year, so wherever possible we should go and buy the grain and then run the plant in the grain form. This also gives a different protection for the distillery in the event of any cane shortage in any particular year, the grain is anyway available. The refinery can all through the year without any stoppage for want of raw material.
- Anupam Goswami:** Okay, so I am to understand you said about 3.6 Crores liters around 50 to 60% would be syrup and de-heavy molasses, am I right on a tentative note Sir?
- S. Suresh:** You make it out of the ten months of running i.e., 300 days you can take around five months will be on syrup and two months maybe on the de-heavy, three months equivalent will be on the grain.
- Anupam Goswami:** Okay, could be around 60-70% volume could be from juice and molasses based?
- S. Suresh:** Yes, Sir correct.
- Anupam Goswami:** And Sir, what is our distillery volume target for FY2023 and FY2024?
- S. Suresh:** Roughly we shall touch somewhere around 11 Crores liters.
- Anupam Goswami:** And FY2024?
- S. Suresh:** FY2024 should add another at least one or two Crores liters because this Sankili is going to come full year.
- Anupam Goswami:** Okay, Sir I will join back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay Ajmera from Nirzar Securities LLP. Please go ahead.
- Akshay Ajmera:** Thank you for the opportunity again, Sir. Have we sold sugar from standalone EID to the refinery also this year?
- S. Suresh:** Yes, we have sold.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- Akshay Ajmera:** How much of it, Sir? Is that export quantity is the quantity that we have sold to the refinery?
- S. Suresh:** Almost around 80 – 85000 ton's must have been shift to the refinery.
- Akshay Ajmera:** And Sir, if we look at the Q4 number of standalone sugar the revenue has increased from last year if you compare year-on-year number from Rs.400 Crores to the revenue has become Rs.700 Crores. However, the segment result shows that the PBIT level is still at the same level. So, how should we read it?
- A. Sridhar:** Our costs are normalized over a period of 12 months, so the optimization actually happens during the months in which we produce. Depending on the stocks that is available with us, the profitability also changes. So, the stock adjustment could be one of the reasons for the normalization which happens on the bottom line, which gets spread over the subsequent periods.
- Akshay Ajmera:** Okay, thank you so much.
- Moderator:** Thank you. The next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.
- Rajesh Majumdar:** Good afternoon and congratulations once again for a good set of numbers. I had again a question on the lines of some of the participants earlier. We had a large jump in the sugar revenue and I can understand that the cane cost has gone up a little bit this year but the profitability of the sugar division has not gone up despite the increase in the price realization of nearly Rs. 0.50 on an average. I just wanted to know at what valuation of the inventory being held at as of 31<sup>st</sup> March?
- A. Sridhar:** As of 31<sup>st</sup> March the inventory is valued around Rs.31.90.
- Rajesh Majumdar:** Okay, so that going inline. So, basically despite closing volume going up by 25% and the inventory change is not reflecting the volume and sales data. So, is it partially because we have sold sugar to the refinery at lower realization, is that possible?
- A. Sridhar:** The exports sales is based on the international prices that is prevailing on the day in which we enter into a contract and we normally enter into a contract on those days where actually the realizations are the best. So, it has got nothing to do with the transfer price or the price at which we sell to refinery, it is on an arm's length basis and based on the international prices prevailing on the date of contract.



*E.I.D.- Parry (India) Limited*  
*May 18, 2022*

- Rajesh Majumdar:** Right, it is almost 50% jump in the raw material cost. So, I was just wondering as soon as the cane price increases just about Rs.0.10 and then there is volume increase of about 25% but the RM price increases much more than that?
- A. Sridhar:** Tamil Nadu government has withdrawn the transport subsidy that is one reason our cane price has went up.
- S. Suresh:** One more thing we should keep in mind is that the volume of crush which has happened in the last quarter the benefit of that in terms of molasses, bagasse etc., will flow in the subsequent year because we will not be able to monitor the by-product benefits in the same period. In fact, incidentally the Q4 of current year has crushed significantly more volumes compared to the Q4 of the previous year, right the entire quantity will be sitting in stock whether it is sugar under the recovery or whether it is molasses or whether it is bagasse or further might be anything. Hence we may not be able to get the benefit in the last financial year that will subsequently flow in the next financial year added to that is an impact of Rs.15 Crores what our CFO was saying about the transport subsidiary which was there in FY2021 it has been withdrawn FY2021 -2022 and the FRP increase impact is also there.
- Rajesh Majumdar:** Right, would you be able to give me the closing inventories of other than sugar, sugar as well, molasses and bagasse as the figures?
- S. Suresh:** We will share that information with you.
- Rajesh Majumdar:** Okay, perfect. So, that was actually the main question I had because the jump in the sugar turnover how to read it in terms of profitability going forward, it is going to partially impact in Q1, is that what you are saying?
- A.Sridhar:** Yes, because as I mentioned to earlier being the seasonal industry is at five months of production the inventory holding and the carrying cost gets spread over in the subsequent periods.
- Rajesh Majumdar:** Right Sir, and my second question was in the cash flow statement in our standalone business you mentioned that Rs.200 Crores repayment by subsidiary in term so inter corporate loans. So, I understand that was the loan given to the refinery business even after that repayment there is a Rs.200 Crores, term debt, is that correct?
- A. Sridhar:** Very true, yes. With refinery there is a Rs.200 Crores term loan still due from that.
- Rajesh Majumdar:** And that Rs.60 Crores working capital position, how do we realize going forward, is going to come down substantially this quarter?



*E.I.D.- Parry (India) Limited  
May 18, 2022*

**A. Sridhar:** Is it for EID Parry is what you are asking or is it for refinery?

**Rajesh Majumdar:** Parry refinery?

**Suresh Kannan:** As far as the refinery is concerned one of the reasons as what Mr. Sridhar earlier explained for increase in the short-term loan is also on account price increase. Sugar prices as you may recall have gone up by close to 30-35% on an average on a year-on-year basis. However, we are working in terms of better turnaround cycle, so I think we might be in a position to move between Rs.400 Crores to Rs.500 Crores of short-term debt.

**Rajesh Majumdar:** Okay, thank you very much.

**Moderator:** Thank you. The next question is from the line of Parin Gala from SageOne Investments. Please go ahead.

**Parin Gala:** Good afternoon, Sir. After moving that lump sum Tamil Nadu could you got into Haliyal and also one hell for sale and some other land that we might hold so, how much is that surplus kind of land that we would be holding in the company and what are the plans with that surplus land?

**S. Suresh:** The process of disbursal of machinery is on there Pettavaithalai plant, we have just concluded the sale deal and the process itself will take almost six to 9 month's time after that only we will be looking at the opportunity for monetizing the land.

**Parin Gala:** How much would be the land bank with us, surplus land bank?

**S. Suresh:** We will just get back to you.

**Parin Gala:** Okay, Sir. Thank you. That is all from my end.

**Moderator:** Thank you. The next question is from the line of Dhruv Maheshwari from Premji Invest. Please go ahead.

**Dhruv Maheshwari:** Sir, thank you so much for giving me an opportunity and thanks for the comprehensive presentation. Sir, just one question on slightly two-to-three-year outlook do you think ROC targets were the very if I understand that there are multiple living thoughts in the business, generally the refinery piece. Just overall, when we look at 7% ROC targets or the refinery business, how do you think about it from a medium-term perspective especially when our subsidiaries generating high ROCs and passing out on dividends. So, just wanted your thoughts on how you think about it?



*E.I.D.- Parry (India) Limited*  
*May 18, 2022*

Mr. Muthiah Murugappan: Can you just repeat that question, sorry the question is on the refinery ROC is it?

**Dhruv Maheshwari:** No, it is on the overall ROC, we understand that refinery can be more or less but at a standalone level is there a ROC target especially when we typically being generating strong ROC at a subsidiary level and when that comes on it used to be passed on as dividends or whatever the way you think about the business going forward. So, just wanted to understand the overall capital allocation strategy that is working with today?

Mr. Muthiah Murugappan: I am seeing a number of questions within your question. Let me address the ROC first: I think from current levels with the aspiration is to move up and we are confident of the visibility on that front, the work that we have done in terms of re-location of plants, in terms of better recoveries, in terms of volumes of cane crush, in terms of the tail winds from the ethanol blending program, I think all of that will lead to better matrix and we can see herein key forward guidance but we are seeing a good scope there in terms of incremental ROC even we like to get to industry standards that leads the best in class industry standards. So, in terms of the broader capital allocation strategy, we will see at allocating more capital to first growth areas I think the whole bio-fuels program will just give us hope area in this allocated capital so that you see us setting up a distillery. In terms of moving of assets into higher recovery zone we have done by moving Pudukkottai into the Haliyal unit. Beyond that you have seen some of our data on the retail and the retail growth that is another area which the capital allocation as mentioned we will need to get way beyond one lakh outlets you have to have a good detail play book we will need to be north of two lakh outlets. So, that will be capital allocation and we are taking some people understanding of the Nutra-segment to see what the growth area can be, once we have done that, that is another area where we will allocate. This is where the capital allocation will be centered around in the years to come.

**Dhruv Maheshwari:** Got it, Sir this is helpful. Just in terms of the standalone business today we will be able to generate strong cash flows with going by all the initiatives that you have taken up. Will that be sufficient to fund it or we would continue to look deploying capital in form of subsidy that receiving from our subsidiaries there?

Mr. Muthiah Murugappan: No, it will be largely from internal accruals, as we deploy capital we will determine what the best context of that deployment is but for the reasons stated just a few minutes ago we should see better internal accruals in the business itself.

**Dhruv Maheshwari:** Fair enough, this is very helpful. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Dipesh Sancheti and individual Investor. Please go ahead.



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- Dipesh Sancheti:** Just wanted to know what is the realization for ethanol especially from syrup, B-heavy, C-heavy and ENA in this quarter?
- A. Sridhar:** The B-heavy realizations we were at Rs.58.07 and syrup was about Rs.63.27 and C-heavy was at around Rs.47.00.
- Dipesh Sancheti:** And what about ENA?
- A. Sridhar:** ENA was at around Rs.56.00.
- Dipesh Sancheti:** In one of the previous questions, you had said that the ENA prices have fallen down. Is that correct?
- A. Sridhar:** That is right, compared particularly to the previous year.
- Dipesh Sancheti:** Okay, can you just tell me the quantum of the fall or how much was it previous year?
- A. Sridhar:** Previous year was about Rs.61.00.
- Dipesh Sancheti:** And this has been all over India or only the Southern market?
- S. Suresh:** It is more in Tamil Nadu where has been a lot of inflow of the ENA from the neighborhood states and that led to the fall in the price.
- Dipesh Sancheti:** Okay, are we looking at setting up ENA something like a state of West Bengal where the ENA prices are higher than even the ethanol prices. Are we looking for something like that or setting up ENA plant in future?
- S. Suresh:** Actually, the raw material for the plant will have to be molasses unlike ethanol where you can even have this predominantly it is from molasses which we make you need to have enough cane sourcing availability in the absence of that we may not be looking at that.
- Dipesh Sancheti:** And I can see that the profitability of the distillery plants has been excellent and we are also looking at almost increasing our capacity by more than 110 KLPD. In future are we looking for any more expansion plans?
- S. Suresh:** Further expansion plans because already this financial year we have got 120 KLPD at Sankili we will have to see the opportunity in terms of cane availability. Every sugar unit can have its distillery for example Pugalur or for example maybe addition Nellikuppam, we have to only evaluate the sustained cane availability for the next three-to-five year -time



*E.I.D.- Parry (India) Limited  
May 18, 2022*

frame because for a typical ethanol project to pay that it takes four to five years. Once you see an assured cane availability and also the government policies continuation in terms ethanol blending then we will be in a better position to take the call on future investments. As Muthiah was pointing most of the high margin areas that if there is an assurance in terms of the raw material availability and also the market forex then definitely we will be looking at that.

**Dipesh Sancheti:** Sir, then what about ethanol which is being produced with some grains especially broken rice. Are we looking getting into that?

**S. Suresh:** In fact for Andhra plant, the Sankili plant 120 KLPD is also designed with molasses as well as the grain as peak stock so, already using that. At present we are not looking at putting a plant exclusively based on grain.

**Dipesh Sancheti:** Okay, because the availability of that raw material will be far easier than getting the sugar cane?

**S. Suresh:** Always it is green by other sides, so we have to evaluate the things it is better to have multi-feed stock for us at any point in time that can mitigate the risk in a better way.

**Dipesh Sancheti:** Okay, thank you so much. Thank you.

**Moderator:** Thank you. The next question is from the line of Anupam Goswami from B&K Securities. Please go ahead.

**Anupam Goswami:** Hi! Sir, my question is that going forward where is the improvement in the margins, if at all it is there and my second question is that how we exhausted our opportunity of distillery capacity expansion in Haliyal because Haliyal now has a crushing capacity of 12000 PTD and as you mentioned that the cane availability is better then the rest of the areas. But we have a only 50 KLPD of distillery in Haliyal, so can we look in any more expansion in Haliyal to exhaust the distillery opportunity over there?

**S. Suresh:** Haliyal, actually this year we should allow the second plant to perform to the fullest, get the mileage out of it, then continuously explore the opportunity to top up another distillery over there that is what we will be doing. We will have to see how this all transfer because last year only we have invested close to almost Rs.120 Crores – Rs.130 Crores into the Haliyal plant. So, we will phase it out accordingly based on the opportunity.

**Anupam Goswami:** And Sir, going forward what is the range for margin improvement in all businesses like sugar, refinery and distillery and nutraceuticals?



*E.I.D.- Parry (India) Limited  
May 18, 2022*

- S. Suresh:** In a business, you said all the businesses what they have mentioned with so many factors which are beyond the control of the business. Continuous margin improvement only has dragged the business to these levels what we are seeing in terms of the results and definitely there are opportunities. But the thing is we are talking about improving from hereon, so continuous cost reduction opportunities will be explored and we will be looking at it in the years come.
- Anupam Goswami:** Okay, got it. Thank you, Sir.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- S. Suresh:** Thank you so much everyone for taking time out and then joining this call. We will be meeting you three months from now in the next call. Thank you so much.
- Moderator:** Thank you. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.