

"EID Parry Q1 FY2023 Earnings Conference Call"

August 10, 2022







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Moderator:

Good day, Ladies and gentlemen, and a very warm welcome to the EID Parry Q1 FY2023 Earnings Conference Call hosted by DAM Capital. 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 '*' followed by '0' on your touchtone phone. I now hand the conference over to Mr. Nitin Agarwal from DAM Capital. Thank you and over to you, Nitin!

Nitin Agarwal:

Thanks All. Good afternoon, everyone, and a very warm welcome to EID Parry's Q1 FY2023 Post Results Earnings Call hosted by DAM Capital Advisors. On the call today we have representing EID Parry Management Mr. Suresh - Managing Director, Mr. Muthiah Murugappan – Whole Time Director & CEO; Mr. Suresh Kannan – Whole Time Director – Parry Sugars Refinery India Private Limited; Mr. A. Sridhar – Chief Financial Officer; Mr. Biswa Mohan Rath - Company Secretary. I will hand over the floor now to the EID Parry management team for making the opening comments and we will open the floor for question and answers. Please go ahead, Sir.

S. Suresh:

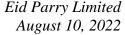
Thank you. Good afternoon, everyone, I am Suresh here. Thanks for joining us in this call. It gives me a pleasure to be part of this analyst call to share an update on the global and Indian scenario on sugar and give you some details on the Q1 performance of the company.

On the global front, with the Brazil expected to increase the sugar production, thanks to the lower Ethanol diversion, and the record Indian and Thailand exports, the global sugar prices continue to remain under pressure. Weakening Brazilian currency, elevated crude oil prices and inflation levels, also render a bearish outlook to the overall global sugar prices.

On the demand side, with higher prices in the U.S. domestic market, the U.S. is slated to capitalize on the lower global prices and continue to ride on the import momentum. The larger than the expected hot and dry weather in Europe affecting the beet crop, is protecting the sugar prices from a steep fall. So overall the global prices are expected to be under pressure.

As far as the Indian domestic sugar industry is concerned, the country is expected to produce a record high level of sugar of almost 36 million tons despite the record high diversion to ethanol, that is expected to be around 3.4 million tons.

The country also has seen a record highest export volumes during the current season. The recent government announcement on sanctioning additional export volumes would mean that the total export volume during this season would go well past the 10 million tons. This





would naturally mean that the closing stocks might come down as the sugar season closes. This might augur well for the domestic prices. Of course, you must keep in mind the industry is bracing for a record highest production again during the next season also.

As far as the ethanol blending program is concerned, the oil marketing companies have lifted around 446 Crores liters of ethanol which translates to almost 10% of blending. The sugar industry is slated to divert almost 4.5 million tons of sugar to ethanol during the next sugar season. This would mean that the target of 20% blending by 2024-2025 is well within reach.

Regarding Q1 performance: The operating performance of the company during the quarter was significantly better than the corresponding quarter of the previous year on account of better volumes and realization in sugar, power, and distillery. The company crushed around 2.69 lakh metric tons during Q1 as against 1.46 lakh metric tons during the corresponding quarter of the previous year. Higher power tariff rates helped in better profitability in this segment. Distillery profitability has been lower due to higher fuel costs. The Standalone revenue from the operations for the quarter ended June 30, 2022, was Rs.722 Crores in comparison to the corresponding quarter of pervious year of Rs.450 Crores. Profit before depreciation interest and taxes and before exceptional items for the quarter was Rs.11 Crores compared to the loss of Rs.4 Crores in the corresponding quarter of the previous year. Standalone profit after tax for the quarter was Rs.13 Crores as against a loss of Rs.33 Crores in the corresponding quarter of previous year.

During the quarter the sale of land and buildings at Puducherry unit and the plant and machinery at Pettaivaithalai factory was completed. Our Sankili distillery 120 KLPD project is going as per schedule and should be ready for commercial production by Q4 of this financial year. This is in line with the plan what we have envisaged.

Now I would request our CFO Mr. Sridhar to explain you on the segment wise financial performance. Over to you Mr. Sridhar.

A. Sridhar:

Thank you Suresh, and good afternoon to all. Happy to be a part of the analyst call and to share key information on the operational and financial performance of the company. I would like to share with you the key operating parameters of each of the segments.

Starting with sugar operations: The Nellikuppam, Sankili and Haliyal crushing were carried out until middle of April 2022 and Pugalur plant operated for about 50 days during this quarter. As far as the crushing is concerned, we crushed around 2.69 lakh metric tons when compared to corresponding quarter of previous year which was at 1.46 lakh metric tons. The recovery was at 9.35% compared to the corresponding quarter of previous year



which was at 9.58%. On the sugar production, we produced around 0.24 lakh metric tons during this quarter against corresponding quarter of previous year which was at 0.14 lakh metric tons.

On the cane cost, the overall cane landed cost is about 3221 per metric ton and previous year corresponding period was Rs.3100 per metric ton. The sugar sales volumes for the Q1, was at 1.44 lakh metric tons of which domestic was 99000 metric tons and exports was 45000 metric tons. In the previous year it was 96000 metric tons in total of which domestic was 60000 metric tons and exports was 36000 metric tons. The average selling price of sugar was Rs.35.18 per kilogram against the previous year Q1 which was at Rs.33.75 per kilogram. The closing stock as of June 2022 was 1.35 lakh metric tons valued at Rs. 31.50 per kilogram.

Revenue from sugar was Rs. 529 Crores in current quarter against corresponding period of previous year which was Rs. 342 Crores that is an increase of about 55%. There are no cane dues as of today and all FRP paid on time.

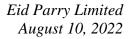
As far as Cogen is concerned, we generated around 869 lakh units during the quarter Vs the previous year which was at 276 lakh units. We exported around 584 lakh units in comparison with the previous year where we were at 150 lakh units. The average tariff rate was Rs.6.93 per unit as against the previous year which was at Rs.3.34 per unit. The revenue from Cogen operations were at Rs. 64 Crores against previous year which was around Rs. 9 Crores.

On the distillery operations, we sold around 213 lakh liters and when compared to previous year where it was 139 lakh liters. ENA was 99 lakh liters, and the ethanol was 114 lakh liters. In the previous year the ENA was 79 lakh liters and ethanol was 60 lakh liters.

The price realizations were at Rs. 57.82 per liter in the current year against the previous year which was at Rs. 57.70 per liter. Revenue was Rs.125 Crores from the distillery operations compared to Rs.82 Crores in the previous year.

In the Nutra segment, our turnover was Rs.13 Crores as against the previous year which was 20 Crores. The reduction was on account of drop in production at the factory due to inclement weather. At the consolidated level, the Nutra business turnover was at Rs.64 Crores as against corresponding previous year which was at Rs.74 Crores.

On the refinery operations, the revenue was Rs.764 Crores against the previous year which was 220 Crores. PBT was a loss of Rs.6.32 Crores as against the previous year which was at 21.29 Crores. The refined sugar production was 2.25 lakh metric tons as against the





previous year which was at 1.97 lakh metric tons. The refined sugar sales were at 2.02 lakh metric tons and the previous year figures were at 0.73 lakh metric tons.

We would now like to take questions from the participants.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer

session. First question is from the line of Pratiksha Daftari from Aequitas. Please go ahead.

Pratiksha Daftari: My question is relating to distributor segment. If you could just explain the key reason for

profitability being impacted and what was the transfer prices for molasses this time versus

last time.

Muthiah Murugappan: Thanks for your question we are just getting you the transfer price. Well, the profitability

was down on account of capacity utilization. We had some maintenance related downtime across some of the distilleries. We will catch up on the volumes during the rest of the year. we have completed our maintenance related activity and for the rest of the quarters, we should be back at full clip which will enable us to run our operations profitable. We are just

getting you the transfer price. Did you have a follow-on question madam.

Pratiksha Daftari: No.

Muthiah Murugappan: The team is just pulling this data out so maybe we could move to the next question, and I

will clarify that through the course of this call.

Pratiksha Daftari: Sure, thank you.

Moderator: Thank you. The next question is from the line of Akshay from Nirzar Securities. Please go

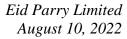
ahead.

Akshay: Thank you for taking my question, Sir. Just a small clarification, we have one off expense

of stamp duty to the extent of 10 Crores. So, in which segment would we classify that expense and relating to this our other expenses have also shot up from Rs. 70 Crores to Rs. 127 Crores and let us take Rs. 10 Crores as one-off expense then also 70 Crores has become 127 Crores Y-o-Y. So could you explain the major components of why these expenses have increased so much, and my question will be on performance of Cogen also because in

Cogen also the volumes and the pricings were very good as you have explained in the opening remarks but the profitability is not as much. So, if you can explain if that will be

sustainable going forward and give us some more clarity on that. Thank you so much.





A.Sridhar:

I would like to clarify your first question with reference to the increase in other expenses. The stamp duty charges of Rs. 10.50 Crs ss a part of the other expenses and this is basically pertaining to the merger and the demerger activities which were carried out between 2011 to 2017. These stamp duty charges were linked to the market determined price on the assets transferred. So, the court had determined the valuation in the month of June 2022 and accordingly we have made a provision for the same to the extent of about Rs. 10.5 Crores during this quarter. The cash outflow towards the same will be in September / October 2022.

Akshay: Sir in which segment will we classify this 10.5 Crores.

S. Suresh: This will be unallocated income.

Akshay: There is also increase in other expenses from 70 Crores to 117 Crores.

A. Sridhar: Let me explain the same. We are working towards improving our safety norms in each of

our factories and there are spends on account of those. Also, you would have noticed that the sales volumes have moved substantially high between the current quarter and last year same period. This increase in sales volume have a variable component of expenditure such as packing and freight cost which is around Rs. 10 Crs. Another reason why the costs are higher compared to previous year is our Bagalkot factory and Haliyal factory commenced commercial production from July 1st 2021, and January 1st 2022 respectively. Hence the operating costs of the expanded capacity was a part of current Q1 cost. In addition to that, we also have power and fuel cost which has moved up substantially during this quarter. The coal prices went up much higher. So those are the reasons where the costs have been

higher.

Akshay: That was quite helpful Sir. So would we expect that these one-off expenses safety related as

you have mentioned these are all over or still there is some money which needs to be spend

going forward.

A.Sridhar Safety is something we are working towards improving at all the factories over a period of

next two to three years. So, a lot of initiatives are being carried out both on the

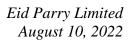
infrastructure side and on the behavioral aspects of the employees.

Akshay: So, can we assume 10, 15 Crores for every quarter let us say a ballpark number will be there

on these all-new initiatives and the safety related measures.

A. Sridhar: No as far as safety related is concerned it could be around Rs.1 Crore or so and not more

than that.





Akshay: So broadly this would be the range going forward 120 Crores, 115 Crores as compared to

70 Crores because there is a quite a shift from 70 Crores of expense to 120 Crores. So that

is what we are trying to understand.

A.Sridhar: There are one-time expenditures such as stamp duty charges to the extent of about 10.5

Crores and the coal price. We expect the fuel prices to soften during the next few quarters.

The quarterly costs should range between Rs. 85 to 90 Crores.

Akshay: That was very helpful, and if you can quickly comment on the Cogen segment performance

and sustenance because as we have seen that volumes and prices were quite good in this

quarter. So, if you could just comment on that.

S. Suresh: Cogen, the volume should grow based on the increase in the availability of cane during this

crushing season. As far as the realization is concerned, it all depends on how the energy exchange prices provide and we have taken advantage of the better prices during the Q1 maybe together we have to pray that the prices continue to remain at that level for us to

perform better in Cogen. Otherwise, the normal exchange rates will apply.

Akshay: So, have we sold through exchange also or we are directly sold at the spot price.

S. Suresh: See there are two, three things we do. We export the energy thru exchange, GDAM, GTAM

and export to third parties

Akshay: Okay I will get back in the queue for more questions Thank you so much.

A.Sridhar: The molasses price for the current year is about Rs.8750 as against the previous year same

period which was at Rs.5550. So there has been a substantial increase in the molasses price

because of the market demand.

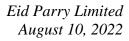
Moderator: Thank you. The next question is from the line of Anupam Goswami from B&K Securities.

Please go ahead.

Anupam Goswami: Good afternoon, Sir. My first question is on the gross recovery that we have maintained in

this quarter. Now that the Pudukottai plant is also shifted to Haliyal, what is the now gross recovery and going forward what kind of margin can we expect in the sugar standalone business because despite expectation of a higher recovery, but on the other side even though gross margin has increased but on the EBITDA margin could not increase so much because of the higher other expenses. So where do we see ourselves in the margin front going

forward.





S. Suresh: Q1 recoveries pertains to fag end of the season and as such the recoveries will not be a

representative in nature. So practically, there were no Karnataka operations. Andhra operations also came to a grinding halt and the recoveries were low because of the summer setting in very early. So Q1 may not be a representative number to be compared. The season for Karnataka will start only in October. So, the benefit of the asset transfer from Tamil Nadu to Karnataka will start flowing in from the third quarter onwards and the margin

should be better.

Anupam Goswami: And where do you see the EBITDA margins going forward because of some safety.

A.Sridhar We should be doing better than the last year numbers.

S.Suresh: You should also keep in mind the recent FRP increase announced by the government

reflects an increase in cane price from Rs.80 to Rs.100 per ton of cane. So that needs to be

kept in mind when we are looking at the EBITDA margin for the future.

Anupam Goswami: Do we also expect any hike in ethanol prices because of the higher FRP.

S. Suresh: Yes, the government has been consistently revisiting the ethanol prices whenever there has

been an increase in the FRPs price. Such increase should come from the alcohol year starting 1st of December and not before that. We are hoping that the government will meet

the industry expectations.

Anupam Goswami: And my last question is on the refinery even though the coal prices were high this quarter

and we have still managed to post a small profit in refinery business. So, what changed in

this quarter and going forward what is the outlook.

Suresh Kannan: I think you have rightly pointed out the cost escalation that is coming in the form of coal but

higher spreads that have been available during the periods and, we are in a position to source raw sugar from India vis-à-vis Brazil. So, this coupled with our ability to execute the volumes as per the last quarter bridges the gap on account of coal price inflation. So, in the second part of your question going forward with oil softening to \$90 today and possible

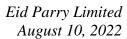
as we discussed in the earlier calls also our confirmation had been basically with in terms of

U.S., Iran, nuclear deal we are hopeful that the energy prices will moderate, but we are

keeping a watch on the coal prices as well.

Anupam Goswami: Thank you. If I can squeeze in and relate it to this. What is our sourcing of sugar refinery,

what kind of prices and what is the spread.





Suresh Kannan: The Indian sugar is also sold at international price basis. So, it is a question of landed cost

parity difference between Brazil and India which changes from time-to-time depending on

the market condition. The spreads for the first quarter had been around \$50 per ton.

Anupam Goswami: So, it has improved from earlier spreads of 40 and 45.

Suresh Kannan: Yes, in line with this, the freight cost has also to be seen.

Anupam Goswami: Okay thank you I will get back in the queue.

Moderator: Thank you. The next question is from the line of Hitesh Doshi. Please go ahead.

Hitesh Doshi: Good afternoon. How is traction for Flomentum in USA and how much do we budget for

sales, marketing, and doctor engagement expenses on an annual basis and what was this number before the Flomentum launch. Why is revenue performance in Nutra been subdued

and quarter only the sales in standalone back to pre-COVID level.

Muthiah Murugappan: So, the Nutra performance is down because of the Standalone Nutra we had some issues

regarding weather and also some administrative issues on exports. This shortfall will be made up in the Q2 on a standalone basis. So, from a Consolidated basis, our top line for the core business Valensa is in line with our expectations. Flomentum is gaining steady traction and I think it is too early to give you a full overview of the entire program in terms of sales and in terms of expenses. I think we are in the initial phase now and it is funded from the profits and the cash flows of the core Business of Valensa. There is no additional

capital infusion from the parent company. But we will at the right time update you on the

workings of that program. We do have a steady sales traction and it is picking up and there is a growth in sales over the previous year as described in earlier calls. It is a direct

consumer business based on a medical equity model so the reach out will take time. It is a

disruptive new business model, and we have a new team to go out and implement.

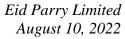
Hitesh Doshi: Just one repeat question. What are factors driving loss in distillery segment despite having

Rs.125 Crores top line instead of Rs. 81 Crores why are we still losing money.

Muthiah Murugappan: I think I had answered that to the speaker earlier. In some of our distillery operations, we

did take a down time because of maintenance related issues and a lot of those have been resolved and we will catch up in the subsequent three quarters. We are not concerned about the same and we will close the rest of the year in line with our objectives that we have taken. You will also note that there has been a substantial increase in the fuel cost and hopefully it is softening a little bit. We are internally working to see how the losses can be

made up and are confident in making better margins.





Hitesh Doshi: Okay, thank you so much and wish you all the best.

Moderator: Thank you. The next question is from the line of Karan Mehta an individual investor. Please

go ahead.

Karan Mehta: Thank you for the opportunity. I just have one question. So, assuming the current cost

structure what is the volume needed to breakeven in sugar segment on quarterly basis.

A.Sridhar See the sugar segment production happens between November to March and until then we

use a 12 month moving weighted average for costing purposes and it is difficult to really arrive at a breakeven on a quarterly basis. During crushing season, the cost gets optimized,

and it is only in the Q3 and Q4 where we normally make profits.

Karan Mehta: Okay thanks a lot.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment

Advisors. Please go ahead.

Bharat Sheth: Hi! Good afternoon and thanks for the opportunity, I mean, see without going in this

quarterly number on nutraceutical business we had a very high hope to grow to reach a revenue of around Rs. 500 Crores. So where do we expect that kind of a number and in what time frame and at that point of time what will our EBIT margin be. If you can give

some color on that, that will be really helpful.

Muthiah Murugappan: If you look at in this segment, they work with EBIT margins of about 15% maybe slightly

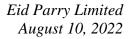
north of 15%. I think it is our aspiration also to move the business in that direction. I agree it has been a slow increase in bottom line in this segment. We have been in this segment for a while, but it is quite different from the other business models or the businesses that we operate as a company and as a group. So, I think this journey has taken more time and we have invested in several growth initiatives. I think in individual investor meetings as well we have said that we are taking efforts to reflect on our strategy for this segment. It will take us a little bit more time to bring clarity to that and I think once we do that, we will bolt on to our current growth initiatives and strategy as well. So, I think we respect the fact that it has taken more time than envisaged but that is the reality. We will have to do it the right

this.

Bharat Sheth: I appreciate that Muthu. But if you can give some color that what kind of annual growth

rate that in the current, I mean, even despite taking pose do we expect, or it will stagnate for

way and not do anything impulsively and end up wrong. We are playing a patient game on





couple of you at this level when you are saying that you have taken a pose on those initiatives.

Muthiah Murugappan: See the current business moves are on and we will provide an update at the right juncture.

Bharat Sheth: In next three year where do we see this business in your aspiration?

Muthiah Murugappan: See I think aspirations are always much higher and besides it would be wrong on my part to

leave number here and I think it is not the right approach. We are more focused on building

the business model.

Bharat Sheth: Now coming to this distillery business again without going in quarterly detailing. See, last

year we had a revenue of around Rs. 500 Crores, but still our EBIDTA margin is lower than the single digit. If you can give some color that whereas in our distillery of sugar mill operating in North India, they have EBIT margin in the range of say 20% to 40% so why

this difference and how do we really try to bridge that gap.

Muthiah Murugappan: There is difference in the internal transfer price for molasses between sugar and distillery.

If the investor community can bring a uniformity in that then it is easier to track everyone. Currently everyone is accounting as per the accounting standards adopted by them for the

transfer pricing.

S. Suresh: You should also keep in mind one thing ie., the size of the distillery capacity. We have got

248 KLPD distilleries and 165 KLPD and another one is at 75 KLPD and Bagalkot alone is 125 KLPD, Sankili is going to be 120 KLPD. So we have to keep the size of the distillery units also in mind especially with reference to fixed cost absorption and optimization etc. As pointed out by Muthu, our transfer price of molasses plays a key part in the entire

margin analysis.

Bharat Sheth: But in that case sugar profit also should reflect higher because it is a transfer price from

sugar to distillery then the sugar profit should go up higher correct.

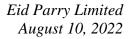
S. Suresh: Absolutely what you are saying is right you should also keep in mind then once again take a

comparison to the north. The north can be 1% higher in recovery compared to the recovery we get from the geographies where we operate. So that means that 1% will give so much of rupees in terms of profitability and that is what Muthu was talking about the regional

differences.

Muthiah Murugappan: And I think you will have to look at the EID Parry business as an amalgamated player

between three states when you look at the EBITDA per ton with different recoveries of



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sugar from Andhra, Tamil Nadu, and Karnataka. Independently these states look different from an EBITDA per ton perspective. Obviously, when they amalgamate you would arrive at a certain number it is perhaps only likely that this number would differ from a direct apple to apple comparison with say a state like UP where uniformly the recoveries are much higher.

Bharat Sheth:

And the last question on the sugar business. See there are a lot of initiatives and talks are happening on to improve this sugary recovery and yield from the sugarcane so a new microbiology kind of a seeds and all of that and I believe that EID is always a front fund. So, what exactly we are doing to improve the yield and recovery from the sugarcane and what kind of initiative have we taken and when do we expect that kind of result from.

S. Sruesh:

See Karnataka as we look at it is already in a high recovery belt ie., like UP and Maharashtra. The places like Andhra and Tamil Nadu we are doing a variety of improvement program where we only promote high sugar varieties across. The benefit is seen in the recovery in places like Nellikuppam, Pugalur as well as in Sankili over the last two to three years. So, this will help farmers and be encouraged to plant more of high recovery varieties. These varieties should also be of a high yielding variety because the recoveries are on the range of 9.5%. So, farmers will be more benefited only when the yields are also more. So, it is a complex issue for the company where the yield also must be more, recovery has to be more for the former real has to be significantly higher because he is not going to get much in terms of recovery from the FRP. So, taking this into account and the local soil conditions and local other climatic conditions, we are recommending the high recovery varieties to the farmers and accordingly the recoveries in Tamil Nadu and AP has started growing over a period.

Bharat Sheth:

And last question if I may squeeze with this commissioning of this two-distillery dual feed so what is the kind of ethanol that we expect to generate in volume if we can give some color from next year onward.

Muthiah Murugappan: Our total capacity will be around 400 KLPD with a capacity to produce 12 Cr liters.

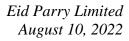
Bharat Sheth: How much sorry.

Muthiah Murugappan: In all we must be making ethanol of around 12 Crores liters.

Bharat Sheth: And one of these two refineries are dual feed which can generate for the 12 months so

factoring you also this also.

Muthiah Murugappan: Can you come again Sir.





Bharat Sheth: See this new refinery that we are installing which is on the dual feedstock. So how that will

be the different from the other distillery.

Muthiah Murugappan: The other distilleries are molasses basis and those will run only based on the molasses

availability from the respective sugar mills. Sankili is in Andhra where the grains is available in plenty. In the event of shortage during the season it will run on the cane based molasses then the accumulated molasses also the plant will run for maybe another 2-3 months the balance two to three months of the year we will run on grain stock so that we can extend the distillery running to the fullest season notwithstanding the challenges related to cane availability. whereas in molasses-based distilleries if the cane availability drops then the distillery capacity utilization will drop. The multi feed is a de-risking strategy as

far as the Sankili is concerned.

Bharat Sheth: Okay and thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Ritwik Sheth from DFC. Please go ahead.

Ritwik Sheth: Thank you for the opportunity, Sir. My question is on the refinery business what the

refinery debt is as of June 2022.

Suresh Kannan: In terms of the refinery, we have a long-term debt of 200 Crores and a short-term debt of

138 Crores. So, totaling to Rs. 338 Crores as of quarter closing.

Ritwik Sheth: So short-term debt has reduced significantly during the quarter.

Suresh Kannan: Yes, you are right.

Ritwik Sheth: And was the refinery business EBITDA positive in the quarter.

Suresh Kannan: Yes of course.

Ritwik Sheth: Can you quantify that please.

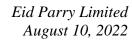
Suresh Kannan: EBITDA for the quarter will be around 16 Crores for the refinery.

Ritwik Sheth: And then this is expected to be in this range for the coming quarters and what is the outlook

on the refinery business if you can throw some color.

Suresh Kannan: In terms of the major drivers, we expect continuity refined sugar market is very tightly

balanced and we expect that therefore the spreads also to continue to remain at these levels.





Of course, the question is with respect to the energy cost which I think has been discussed earlier as well. If other things remain same and we do not have any major macro events, we should be able to maintain the momentum.

Ritwik Sheth: One follow-up on the earlier in the call you mentioned that PBT of refinery was a negative

6 Crores did I hear that figure right.

Suresh Kannan: Yes.

Ritwik Sheth: So, what is driving the difference between is it the entry because that debt has significantly

come down during the quarter, I am unable to understand.

Suresh Kannan: Sorry can you please repeat we could not follow your question.

Ritwik Sheth: So, EBITDA you mentioned is 16 Crores positive and PBT is 6 Crores negative, and debt

has significantly reduced during the quarter so what is the gap between is there any

exceptional item.

A.Sridhar: There is a mark to market on the forex cover and the loss on account of the same is

notional.

Ritwik Sheth: Okay so this would ideally be non-cash right.

A.Sridhar: Absolutely.

Ritwik Sheth: So, this is negative 6 Crores PBT is on cash okay. Okay Sir thank you and all the best.

Moderator: Thank you. The next question is from the line of Devang Shah from Invest Savvy Portfolio

Management. Please go ahead.

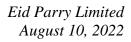
Devang Shah: Hi! Good afternoon, Sir, I have a question regards to your standalone performance we are

seeing sequential basis revenue is down somewhere close to around 22%. So I just would like to know what is the reason and what is the outlook going forward and second regards to your profitability also due to rise in the expenses in this particular quarter the profitability turn out to be a negative so I want to know that you know what are the main expenses driver it is on a raw material side or it is something power and fuel and the other expenses

and what is your outlook going forward also on the expenses front on a standalone basis.

Thank you.

Muthiah Murugappan: Your question is Q4 versus Q1 of this current financial year Q4 of last financial year.





Devang Shah: No, I am asking about sequential basis quarter-on-quarter. Quarter-on-quarter important

standalone performance on revenue and profitability.

Muthiah Murugappan: Quarter-on-quarter there is an impact on export volumes which impacts the performance on

revenue and profitability.

Devang Shah: And what about, what regards to your expenses also that is also on a higher side so what do

you say about in current quarter also and going forward outlook about your expenses and

which constitute of the expenses are there in this quarter that is putting a pressure.

A.Sridhar: Yes, the performance and expense can be compared between previous year same quarter Vs

the current year same quarter as this is a seasonal industry.

Devang Shah: And last question what you see about the outlook going forward.

Muthiah Murugappan: Outlook going forward for...

Devang Shah: For the standalone performance of the company.

Muthiah Murugappan: The company has been improving its standalone performance over the years you must have

seen that we will continue to do better than the previous years and, in the years, to come and

there is no doubt on that.

Devang Shah: Okay thank you Sir.

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

Please go ahead.

Anupam Goswami: Sir, we understand that the distillery segment margin will came a little lower than the low-

capacity utilization but if the maintenance cost did not happen what kind of margin we

could have made.

Muthiah Murugappan: I mean if the maintenance did not happen, we could not have run the distillery. So, the

maintenance activities are needed to run the plant in a smooth manner. In any case, we

could not have deferred it.

Anupam Goswami: Going forward there is no other reason right and we can easily put post project profits and

distillery segment growth.



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Muthiah Murugappan: Yes, we will make up these losses in the next three quarters. So, you will see that in Q2, Q3

and Q4 we make more consistent distillery output. In Q4 we are looking forward to have

the new distillery at Sankili running as well.

Anupam Goswami: Okay, thank you.

Moderator: Thank you. As there are no further questions, I now have the conference over to the

management for their closing comments.

S. Suresh: Thank you all for your questions and we wish you all good health and we look forward to

meeting you again in the subsequent quarters with hopefully a strong set of results. Thank

you and good day.

Moderator: Thank you. Ladies and gentlemen on behalf of DAM Capital Advisors that concludes this

conference call for today. Thank you for joining us and you may now disconnect your lines.