



“EID Parry Q3FY13 Earnings Conference Call”

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MODERATORS: MR. RAVINDRA SINGHVI – MANAGING DIRECTOR
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MR. KASHYAP PUJARA – ANALYST, AXIS CAPITAL

Punit Chokhani

Good evening everybody; thank you for standing by. It is a pleasure to have with us the management of EID Parry today. They are represented by Mr. Ravindra Singhvi, who is the Managing Director, Mr. Sajiv Menon, who heads the Bio-products and the Nutraceutical business, and Mr. Gopalakrishnan who is the Vice President, Finance. Without taking any more time, I will hand over the floor to Mr. Singhvi.

Ravindra Singhvi

Thank you Punit. Good evening, thank you very much for joining us today. I would like to quickly take you through some highlights for the third quarter. As you all may be aware that sugar industry is seasonal and traditional industry so the Q3 impact is also there because of the seasonality. Our production and sales are lower during the quarter due to monsoon and off-season maintenance activities. We have however posted an improved performance over last year. Crushing increased by about 20% from 6.94 lakh metric tons last year to 8.26 lakh metric ton this year. Consequently production has also increased by about 15% from 58,000 metric tons of sugar to 67,000 metric tons of sugar for the Q3 this year. Our recovery has dropped marginally from 8.35% of Q3 2011-12 to 8.16 for Q3 this year. The drop in recovery is primarily on account of higher crushing during the lean period because of the drying of the cane due to monsoon issues. While our production was almost in line with last year, co-gen export fell by about 10% when compared to Q3 last year. This is because lower capacity utilisation leading to greater in-house consumption. Our distilleries had a good quarter, alcohol production was up 44% to 120 lakh liters of production from 84 lakh liters last year. Alcohol sales were even better at 135 lakh liters when compared to 88 lakh liters of last year, which is a jump of 53%. Although Sugar realizations were up 23% of the sales but the sugar sales were lower than last year at 47,000 metric tons. This is compared to 63,000 metric tons last year and is a 26% decrease. We are holding about 72,000 metric tons of Sugar inventory at the end of this quarter. As a result the top-line for the sugar business is more or less flat. However the bottom line has slightly improved on account of tighter control on operations, etc. Q4 is typically the busiest quarter for the industry. We expect to sustain a good operational performance during the fourth quarter as well. Performance of the Bio and Nutra divisions have been satisfactory. We are now open to questions that you may have. Thank you.

Moderator

Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Trilok Agarwal from Birla Sun Life.

Trilok Agarwal

Just wanted to understand if you could tell us that despite a higher crushing number in this quarter, which we have mentioned in the press release, our cost to the extent were not being less and secondly if you could give us an average realization that we fetched in this quarter. And third is what is the average sugarcane cost because we are hearing recently that even the southern state the sugarcane cost has gone up.

Ravindra Singhvi

I will come last question first and then come to other questions. One is that sugarcane cost in Tamil Nadu. The sugarcane cost has increased by Rs. 250. Earlier it was Rs. 2000 so now it has become Rs. 2250 and plus Rs. 100 as transport but our actual transport cost is much higher

than Rs. 100 to that extent so it becomes about Rs. 2400 plus the purchase tax. So there is a net increase of about Rs. 250 to Rs. 275 per MT of cane. Then secondly you said that higher crushing and why the cost of production is higher. See, the crushing was higher because of the more number of days working but average capacity utilization was little lower because we were forced to use higher volume of cane due to the monsoon issues in Tamil Nadu. Both monsoons have failed, one is the Southwest, which is the main monsoon and the other is Northeast. We ran the factories and utilize the cane otherwise the cane would become dry and perish. So this is the reason that in spite of having higher cane crushing, our cost is a little higher.

Trilok Agarwal Sir in order to understand further if we have Rs. 2550 average cost of cane including transportation and we add up around Rs. 3 conversion cost. So around Rs. 2850 should be the average realization for us to make an operating no profit, no loss from an operating level. Is it fair to assume that?

Ravindra Singhvi Yes.

Trilok Agarwal And plus we may add up around Rs. 1.50 based depreciation and interest. So Rs. 30 you cannot make money. Is that a fair assumption to make?

Ravindra Singhvi Largely it is right, but you see in this quarter our crushing was not, capacity utilisation was much less so the Rs. 3 conversion cost will become higher.

Trilok Agarwal Sure sir, that I agree. I mean the Fixed Cost will get amortised depending on the quantity of crushing that we will do. That is perfectly okay. And finally if you can also tell us what is the average realization in this quarter?

Ravindra Singhvi During the quarter it was 2735 for EID standalone.

Trilok Agarwal Sure. And what would be the current realization?

Ravindra Singhvi The current realization has come down. It is now hovering around to Rs.30.50 per kg.

Trilok Agarwal So Rs.32 was prevailing and currently it is around Rs.30.50 per kg.

Moderator Thank you. The next question is from Anchal Lohade from JM Financial.

Achal Lohade I had few questions. One, just wanted to know the guidance. Last time I think you had indicated about 20% increase in crushing for the coming season. So I was just wondering with the failure of monsoon are we reducing the guidance or are we keeping the guidance intact sir?

Ravindra Singhvi So far on average basis the last three quarters we have grown by 20%, because of the monsoon some reduction will come from the increase what we expected earlier. So may be in the fourth quarter instead of a 20% increase it may be equal to last year.

- Achal Lohade** And for FY14 what would be your reasonable assumption?
- Ravindra Singhvi** It is very difficult to project as of now. The monsoon conditions, as of now, has not been good, if the monsoon for this year is good then perhaps we can keep the growth momentum on.
- Achal Lohade** Understood. So would it be possible to highlight what has been the cane pricing for the factories in Karnataka and Andhra Pradesh?
- Ravindra Singhvi** Karnataka, the pricing has been somewhere around 28.50 per kg.
- Achal Lohade** That is the landed cost you are saying sir?
- Ravindra Singhvi** Yes, landed cost.
- Achal Lohade** Okay, and for Andhra Pradesh?
- Ravindra Singhvi** Andhra Pradesh it is around Rs. 2475.
- Achal Lohade** Sir we have been hearing a lot about the issue of water availability in states like Maharashtra and Karnataka. What has been your understanding for the State of Karnataka since we are present out there? Water availability and the cane plantation apparently as per the news article say it is basically, we will see a significant decline in new cane areas. What is your understanding on that for Karnataka?
- Ravindra Singhvi** So far no major reports have come. Because the cane pricing is good, so people will come for the planting, may be because of the risk of water and non-availability it may impact but I do not see any severe reduction in the cane planting because the pricing has been very good to the farmer.
- Achal Lohade** Understood. What is the exact planting season? What are the more important planting months actually to track for Karnataka and Tamil Nadu?
- Ravindra Singhvi** Normally it is from November to March for Karnataka and Maharashtra also.
- Achal Lohade** And for Tamil Nadu?
- Ravindra Singhvi** Tamil Nadu also it is from November to April and August/September.
- Achal Lohade** And what is the sense we are seeing people are happy enough to plant more cane or you think it will remain fairly stagnant?
- Ravindra Singhvi** Farmers will be happy to plant more cane because every year the cane prices are rising. So basically from a farmer's perspective it is giving good return. The question is water & power situation, so that is holding back. So farmers are still watching as to when the power situation

and the water situation improves, so accordingly they are taking decisions. Some decline has taken place in Tamil Nadu so we feel that this year of 2013-13 will be maintained. There should not be any further decline.

Achal Lohade Understand. The next question is on the refinery. I believe we bought out the balance stake from Cargill, just wanted to get a sense as to what is the status on the change from the boiler configuration and now since it has become 99% subsidiary do we see it getting merged with the standalone company or it will remain subsidiary?

Ravindra Singhvi As of now it is a subsidiary and appropriate time it may get merged. So as of now our first target is to how to start the refinery as early as possible and turn it around. So we have already taken decision and we have already ordered the boiler. The boiler equipments have been ordered in the last week itself so now we expect that by 2014 first quarter will be somewhere around that we will be able to start the refinery.

Achal Lohade So right now the refinery is completely stopped?

Ravindra Singhvi Yes, right now it is completely stopped.

Achal Lohade Okay. And what is our internal estimate about the process cost once we move to coal-fired boiler, what will be the process cost and what I am trying to understand is in terms of the margin if the spirit is about \$80/ton between white and raw sugar what will be the margin we will make for this refinery?

P. Gopalakrishnan More than the margin like what we have stated in the earlier conference calls, the coal will be about \$20 higher than the cost we used to incur on gas. And still that will cover the present spread between the white and raw.

Achal Lohade Okay understood. Last question is on the dividend policy. If I look at the financials I see that we do receive lot of dividends from the subsidiaries. In terms of the core operation I think there are inadequate profits at the moment. What is our dividend policy going forward? Are we looking at, given we have received a higher dividend from Coromandel recently, do we see dividend payout being increased going forward?

Ravindra Singhvi See if you look at last year, may be the last few years we have been maintaining 30% to 35% of PAT as the payout. We have received the bonus debentures and also the dividend from Coromandel earlier this year.

Achal Lohade Understood. Just last question if I can ask, just on the capital employed thing, I see on a YoY basis the capital employed for sugar being higher from 470 to 614 and for other segment increasing from 978 to 1247, almost 200 crores of increase. Just wanted to get a sense as to what it means actually, other segment and other sugar segment?

- Ravindra Singhvi** See one of the things if you have seen is we have been investing in subsidiary companies during the year. One is you would have seen the Silk Road investment and during the year we have made some investments in other subsidiaries and also there is the general increase in the working particularly driven by the higher cane cost and some incremental stocking of sugar.
- Moderator** Thank you. The next question is from Avinash Agarwal from Sundaram Mutual Fund. Please go ahead.
- Avinash Agarwal** The Silk Road investments that we have bought out, at what value have we bought this 49% stake?
- Ravindra Singhvi** We acquired it for about 36 crores.
- Avinash Agarwal** And who was the rest 1%?
- Ravindra Singhvi** It is with a group company.
- Avinash Agarwal** And sir with this situation regarding rain, do you expect the sugar recovery rate to be lower now going forward?
- Ravindra Singhvi** It will not increase. Recovery rate will be somewhere around 9.8% to 10% recovery.
- Avinash Agarwal** Okay, so it will not materially decrease due to this range -
- Ravindra Singhvi** Yes, because yield has reduced, normally it does not impact the recovery where yield goes down then that reduces the availability of the cane.
- Avinash Agarwal** Fine sir. And sir in terms of imports we hear that close to 1 million tons of import has already happened, so what is your reading of the situation right now? Will the prices in the domestic market remain subdued for long?
- Ravindra Singhvi** The industry has been requesting for increasing the duty on raw sugar import as the Government is considering the duty increase. So far some imports have come to the country but as of now at this price, there is no parity because the domestic prices have fallen down to such a low level that at this point of time the imports are unviable. So I do not see large imports as of now in the current duty rate in the current domestic price because there is no incentive at a current domestic price to import.
- Avinash Agarwal** Okay. So for the full year what would be the recovery rate for us now?
- Ravindra Singhvi** Recovery for the full year, we expect 9.1% for the EID standalone.
- Avinash Agarwal** And this new SAP which TN has announced would be applicable from October 2012 sir?

- Ravindra Singhvi** Correct.
- Moderator** Thank you. The next question is from Satish Mishra from HDFC Securities. Please go ahead.
- Satish Mishra** Sir just a follow-up question on the imports – if a player is importing sugar, so whether they have to oblige levy obligation or not?
- Ravindra Singhvi** Yes, levy obligation is supposed to be borne by the importer. If it is sold in the domestic markets then levy has to be kept aside.
- Satish Mishra** Okay. And on levy still the prices are at 19 or has there been any change like -
- Ravindra Singhvi** It is still at Rs.19375 but some change is likely to come but so far it has not come.
- Satish Mishra** Related to the recent news that any leftover in the pre-sale quota October to March can be sold later on, has it had any effect on the sugar prices or how is it?
- Ravindra Singhvi** It came only two days back, so far we have not seen any influence on the sugar price but yes it should improve the sentiments.
- Satish Mishra** Sir, just one last question – on import parity basis, say 19 cents raw sugar price, how much on the domestic adding all cost everything, what is par value at domestic market?
- P. Gopalakrishnan** If you include levy also it will be about Rs. 35,000.
- Satish Mishra** If we are purchasing at 19 cents.
- P. Gopalakrishnan** Correct, considering 14% import duty and a 10% levy obligation the parity of domestic price will be 35 or 35.5.
- Moderator** Thank you. The next question is from Nirav Shah from Antique Stock Broking. Please go ahead.
- Nirav Shah** First is what were the distillery realizations for the current quarter?
- Ravindra Singhvi** Current quarter was good at about average including RS was 35.
- Nirav Shah** Considering that Rs. 35 is the rate that we are currently getting and assuming it remains more or less the same, how do we see the ethanol off-take going forward because as of now even the OMC tenders have not come up. So what is the rate we see as fair price for ethanol once the prices are market driven?

- Ravindra Singhvi** See the ethanol, quotations have only been invited and the industry people have already filed their quotes. So as we understand the import parity of ethanol comes to around Rs. 47-48 and the domestic conversion cost comes around Rs. 42.
- Nirav Shah** This is for the oil marketing company at their depot?
- Ravindra Singhvi** Yes, oil marketing companies at their depot. So the industry will file their quotes looking to their own cost and looking to the cost of conversion by the oil marketing companies people will file the quotes around that only.
- Nirav Shah** And sir how do we see participation from Tamil Nadu mills considering that even the prices were a remunerative of Rs. 35 for RS and ENA, so do we see mills in Tamil Nadu participating actively in the tenders?
- Ravindra Singhvi** The mills have participated in the ethanol tender.
- Moderator** The question is from Ruchi Seth from JM Financial.
- Ruchi Seth** Could you help us with the cane crushed of your subsidiaries and sugar production for SSL and DSL?
- P. Gopalakrishnan** The Parrys Sugar industries has crushed about 8.2 lakh tons of cane in the quarter and Sadashiva Sugar has crushed about 2.5 lakh tons of cane.
- Ruchi Seth** Okay and the recovery rates would be around?
- P. Gopalakrishnan** The recovery rate was about 10.2%. The production is 82,000 for PSIL and for SSL it is about 27,000.
- Ruchi Seth** Okay. Could you help us with the sales volume as well?
- P. Gopalakrishnan** Sales, we have not sold much. You can make a note of the sales quantity which is about 7800 for Parrys Sugar and about 1300 for Sadashiva Sugar.
- Ruchi Seth** And for EID standalone?
- P. Gopalakrishnan** EID standalone we sold about 47,000 tons.
- Ruchi Seth** And sir you mentioned your inventory, could you tell us how much of that would be levy?
- P. Gopalakrishnan** Levy will be about 20,000 tons.
- Ruchi Seth** Okay. And how would your inventory be valued?

- P. Gopalakrishnan** See the levy will be at levy price of 19,375 whereas the rest of it will be at the cost of production which is roughly about 28,000.
- Ruchi Seth** And if could give us some guidance on the co-gen production for the subsidiaries?
- P. Gopalakrishnan** Co-gen production is directly related to the cane crushed. The units generated were 671 lakh units in Parry's Sugar and in the case of Sadashiva Sugar it is 223 lakh units.
- Ruchi Seth** Okay and the sales volume.
- P. Gopalakrishnan** Sales will be about 2/3rd of that.
- Ruchi Seth** Okay, and for your distillery?
- P. Gopalakrishnan** We do not have a distillery in Sadashiva. In the case of Parry Sugars Industries we produced about 57 lakh litres.
- Moderator** Thank you. The next question is from Mukta Desai from Centrum Wealth.
- Mukta Desai** Sir just had a quick question on your views in the Q4, is there something that you are seeing in the industry, if you could tell us about the guidance also.
- P. Gopalakrishnan** You specifically asked about the cane crushed, is it?
- Mukta Desai** Overall cane crushed as well as the other things?
- P. Gopalakrishnan** Cane crushed will be almost on line with last year because we will be crushing at the peak quantity this quarter. In terms of recovery as we have stated earlier it will be about 9.8% to 10%.
- Mukta Desai** Okay. And realization you said are currently about 30 to 30.5?
- P. Gopalakrishnan** Exactly.
- Moderator** Thank you. The next question is from Avinash Agarwal from Sundaram Mutual Fund.
- Avinash Agarwal** Sir if you see our sugar division we have made almost similar losses last year as well in the standalone numbers, but in the consol numbers it has gone up significantly. So one, is it because of stake in Silkroad going up from 50% to 99% and second, how much did that contribute?
- Ravindra Singhvi** You are talking about the sugar alone or including co-gen and distillery?
- Avinash Agarwal** Just sugar alone.

- P. Gopalakrishnan** That is basically because we have been producing during the quarter particularly by the subsidiary companies and we have not sold much. It is in the stock and once we sell that, the profit will get realized.
- Avinash Agarwal** Okay. And was Silkroad consolidated for 99% this quarter?
- P. Gopalakrishnan** We have considered that as a JV up to 11th December, 2012, where we have consolidated at 50%. And transactions post 12th December 2012, we would have taken as a 99% subsidiary.
- Avinash Agarwal** Okay. And what would be the approximate loss Silkroad is making per quarter?
- P. Gopalakrishnan** At Silkroad, there are no operations and therefore the loss is restricted largely to interest and depreciation.
- Avinash Agarwal** Which would be how much sir?
- P. Gopalakrishnan** Interest and depreciation put together, will be about 5 crores per month.
- Moderator** Thank you. The next question is from Umesh Patel from KR Choksey.
- Umesh Patel** Just wanted to know how much inventory company has at current level and what is the cost of that?
- P. Gopalakrishnan** We have indicated that we have about 72,000 tons of sugar, about 21,000 is levy valued at 19,375 and the rest of it around normal stocks valued at about 28,000.
- Moderator** Thank you. The next question is from Atul Rastogi from CIMB.
- Atul Rastogi** I just had one question on Silkroad, what will be roughly the capital cost per ton when the refinery is fully commissioned after the boiler change?
- P. Gopalakrishnan** We are investing about 50 to 55 crores on the new boiler and we can produce depending on the requirement up to 2000 tons per day.
- Ravindra Singhvi** The new boiler can go up to 2000 TPD.
- Atul Rastogi** And what will the capital cost before this change and what will be the total capital cost overall?
- P. Gopalakrishnan** Rupees 55 crores for the coal-fired boiler and before this the project cost itself is about 400 crores.
- Atul Rastogi** Yes, but will that include all the capitalized interest and other charges?
- P. Gopalakrishnan** Yes, everything put together.

- Atul Rastogi** And sir, since the plant is not operational are you capitalizing the interest or it is being expensed in P&L?
- P. Gopalakrishnan** It is a revenue item, however the cash flows are not happening because we were able to restructure the loans and interest.
- Moderator** Thank you. The next question is from Achal Lohade from JM Financial.
- Achal Lohade** Just wanted your outlook, guidance on the Bio Products business, how is it shaping up and what is the management actually looking at, let us say from a 3-year or 5-year point of view?
- Sajiv Menon** The bio-products business is in two parts, one is the agri inputs part, the other is the human health supplements part. If you look at the agri business part, it is comprised mostly of domestic operations and export operations. For export operations we have a wholly-owned subsidiary in the US and what we do is produced a technicals here and then do the formulations in the US for sales in the US market and in neighboring countries. As far as the domestic market is concerned apart from bio-pesticides we also have certain products which cater into our plant growth promotion and we are targeting specific crops like paddy, tea, grapes, horticulture products and sugarcane. Current quarter the deficit in the monsoon and also the inability of the farmers to run their pump sets wherever it is irrigated land has impacted us. However, export sales have been growing pretty well and there are seen substantial growth compared to the previous years. As far as the human health supplement business is concerned here again we have two parts – we have a domestic business and the export business. In export business we have a subsidiary in the US, US Nutraceuticals LLC and one of the strategic initiatives there is to look at value addition opportunities for the ingredients that we produce. The other is strengthening our marketing presence in the US by drawing on synergy with that organization. In the domestic business our strategy is to produce value-added products like formulations which we sell on a B2B basis to Pharma Company.
- Achal Lohade** And in terms of revenues how do you see it shaping up? Do you see that it can grow at 25% to 30% CAGR over next 4-5 years?
- Sajiv Menon** Exactly, I mean that is the kind of growth we are looking at approximately a compounding at the rate of about 30% or so.
- Achal Lohade** And margin front, do you see much improvement from the current margins what we see on the annual number?
- Sajiv Menon** Yes we should see a substantial improvement because as I said the strategy for the business is value addition and as we get more into value added products we should be looking at net margin that is what we capture in our subsidiary and also in the parent company together which we are looking at in the net margin or something like between 15% and 20%.
- Achal Lohade** When we say net margin it is the PAT margin you are talking about sir?

- Sajiv Menon** That is right.
- Moderator** Thank you. The next question is from Manish Mahawar from Edelweiss.
- Manish Mahawar** Yes, I just wanted to know like what is the industry situation right now at the production and what is your expectation for an inventory at the year end and what is the basic expectation of next year, FY14's production about our industry?
- Ravindra Singhvi** As per the ISMA, they have pegged the production this year at 24.3 million tons of sugar. So the carryover of the previous year's inventory is quite significant 6.5 Million, so availability is quite good this year. The domestic market consumption is somewhere around 22.5 to 23 million tons. So the carryover will be little higher if the exports do not happen or the exports do not go out of the country. The sugar levels are quite good in the country. Prices are unlikely to appreciate at a very large extent. So next year because the water levels are very low in all the water body so next year there will be definitely some reduction in the sugar production because the cane planting is quite low this year and non-availability of water is further deteriorating the situation. So next year we feel that the situation will be further giving the lower production itself. The cane availability will also be lower. As of now the situation is for next year the situation is going to be tight.
- Manish Mahawar** But this year we can expect around closing inventory at around 7 to 8 million ton at the end of the year this time?
- Ravindra Singhvi** Yes, as of now the situation is that carryover inventory will increase by at least 1.5 million tons. So it may go up to 7-7.5.
- Manish Mahawar** Okay. And sir if possible can you give your consolidated crushing number for 9 months please?
- P. Gopalakrishnan** For 9 months the consolidated crushing number is about 51.5 lakh tons.
- Moderator** Thank you. The next question is from Bhavin Cheddha from Enam Holdings.
- Bhavin Cheddha** One on the EID standalone part if I am looking at sugar sales volumes, sir you did just 47,000 as compared to last year December quarter of 63000. I believe 63000 included 5000 of export but then also on a YoY basis there was a sales volume decline. Any particular reason for that?
- P. Gopalakrishnan** No, as it was stated earlier in the call that the price fell down significantly towards the end of the quarter that we have been holding some stock to sell it in Q4.
- Bhavin Cheddha** Okay. So you did not want to sell at lower prices?
- P. Gopalakrishnan** Yes because it was falling so rapidly at that point of time.

- Bhavin Cheddha** But I believe sir you have to follow release mechanism so over and above the release mechanism you had a volume.
- P. Gopalakrishnan** We have made sure that we complied with the release mechanism requirement.
- Bhavin Cheddha** Okay. Other thing on the guidance front sir now 9-months crushing you have done close to 51.5, so we were looking at close to 88 to 90 lakhs, basically we are looking at 40 lakh number in quarter 4. So you think still that is achievable because you said that on a standalone basis it would be flat on a YoY basis. So is that number achievable still?
- Ravindra Singhvi** That looks now difficult because on the reverse situations crushing may somewhere happen around between 70 to 75, somewhere we will end up at that level.
- Bhavin Cheddha** So by March we will end up with 75, so we are looking at 24-25 lakh crushing in the last quarter.
- Ravindra Singhvi** Yes, that is possible.
- Bhavin Cheddha** We will have also something in the first quarter also, right, the season slightly extends normally in the South India?
- Ravindra Singhvi** Yes, first quarter also some crushing will happen.
- Bhavin Cheddha** And sir I missed out on the co-gen number in the standalone and console if you can help me out with that again.
- P. Gopalakrishnan** Standalone unit generated was 768 lakh units and consol was 1663 lakh units for the quarter.
- Bhavin Cheddha** And 2/3rd is sales at both the places.
- P. Gopalakrishnan** Correct, on an approximate basis.
- Bhavin Cheddha** And on the distillery side you mentioned that your realization also from the segment wise result comes to Rs. 35 a litre, which means that there are hardly any ethanol sales in that?
- P. Gopalakrishnan** Ethanol sales did not happen in the last quarter.
- Moderator** Thank you. The next question is from Umesh Patel from KR Choksey. Please go ahead.
- Umesh Patel** Sir as you highlighted earlier that company is planning to go for restructuring of loans so just wanted to know what is the cash and debt balance and how much portion company is planning to restructure and what is the average cost of that?

- P. Gopalakrishnan** The merger is not yet completed. We are still waiting for the final order and it is expected to happen in February or March. So once that happens, the PSIL loans relating to two units, that will get transferred to EID. To the extent of long term loans, will be refinanced at lower rates of interest. So that is one thing. And in terms of short term loans also we will make use of the rating facility of EID Parry, to reduce interest. We expect the interest cost to be lower.
- Umesh Patel** And as of now how much it is carrying, total on consolidated basis?
- P. Gopalakrishnan** On consolidated basis, EID long term debts are about 350 crores and PSIL long term debts are about 400 crores.
- Umesh Patel** Okay and what is the average cost of debt of this two?
- P. Gopalakrishnan** In EID Parry the average cost of debt is about 8.5%. In the case of PSIL the average cost of debt is about 12.5%.
- Umesh Patel** And how much cash balance company have at the end of quarter 3 on consolidated basis?
- P. Gopalakrishnan** Being a seasonal industry we will have this cash surplus and minuses Capex made throughout the year and third quarter is basically a loss quarter so if you specifically ask the cash generation will happen largely in quarter 4.
- Umesh Patel** And how much is it expected roughly if you can give me a ball-mark figure?
- P. Gopalakrishnan** Cash generation if you can take, sales will be in line with last year same quarter.
- Punit Chokhani** Just one question. You mentioned that for the standalone entity the pricing for sugar in the quarter was 32.74, is that right per kg?
- Ravindra Singhvi** Correct, yes.
- Punit Chokhani** Is this the free sale price or is this the blended price?
- Ravindra Singhvi** It is the blended price. The free sale price is 33.78.
- Punit Chokhani** I had just one more question, can you give us what was the landed cost of cane in the quarter gone by, Q3?
- P. Gopalakrishnan** In Q3 the landed cost of cane will be about sugar equivalent you are asking or just the cane cost?
- Punit Chokhani** The cane cost and sugar equivalent if you can give us both.

- P. Gopalakrishnan** The cane cost is about 2450 because 2250 is the base cane price, then we had transport of about Rs. 150, then taxes of about Rs. 65. So all put together will be about Rs. 2475. In addition to that we have procured cane from outside which is about Rs. 200 higher so on an average it will be about 2575.
- Punit Chokhani** This would be for Q3 sir?
- P. Gopalakrishnan** Yes. And Q3 recovery is 8.16 which you can factor in.
- Punit Chokhani** And sir what is it for 9 months?
- P. Gopalakrishnan** The first 6 months cane cost was Rs. 250 lower.
- Moderator** We have a question from Romil Jain from Quantum Advisors.
- Romil Jain** Sir I just have one question, in the press release you have said that the Parrys Sugar Industries Limited would be merged with our company, right. So that is going to happen from 1st April, 2012. But subject to the statutory and regulatory approval, so as of now whatever standalone results are there, that is excluding the PSIL numbers, right?
- P. Gopalakrishnan** Correct.
- Romil Jain** And so once we get approval on that side the numbers would be merged together. So when do we expect that to happen?
- P. Gopalakrishnan** It should happen sometime in February or March and the effect will be given from 1st April 2012.
- Romil Jain** Okay, so the FY13 numbers would include the total full year PSIL plus the standalone numbers, right?
- P. Gopalakrishnan** PSIL two factories.
- Romil Jain** And just on the number of days crushing this year how much do you expect sir on a full year basis?
- Ravindra Singhvi** Days crushing will be around 285 to 290 days.
- Romil Jain** Okay, so just to clarify that will be till FY13, right?
- Ravindra Singhvi** Correct.
- Romil Jain** And some crushing would also happen in Q1 as we said. So that will be over and above that 290 days.

- Ravindra Singhvi** Yes, correct.
- Romil Jain** And I just missed the SAP for Karnataka sir, if you can just.
- Ravindra Singhvi** There is no SAP in Karnataka. It is only between the farmers and the factory which is as of now it is 2850.
- Romil Jain** And for Tamil Nadu the SAP is like 2400, right?
- P. Gopalakrishnan** 2250 plus transport which is about Rs. 150.
- Romil Jain** Okay. And the Andhra Pradesh is like 2475 that you told.
- Ravindra Singhvi** Right.
- Moderator** Thank you. The next question is from Abhishek Soni from Pramerica Asset Management. Please go ahead.
- Abhishek Soni** I have only one question on the Silkroad where we bought the stack from Cargill, the JV partner but what is the borrowing level at that entity level?
- P. Gopalakrishnan** The borrowing for that entity is towards that project cost which is about 200 crores.
- Abhishek Soni** And is that whole long term or short term?
- P. Gopalakrishnan** Long term.
- Abhishek Soni** And at the EID standalone level, as you said the long term debt is close to 350 crores, can you also share the short term debt level currently?
- P. Gopalakrishnan** Short term varies from quarter to quarter depending on the production seasonal industry, is not it? So that could be varying between 200 to 300 crores.
- Moderator** Thank you. Ladies and gentlemen due to time constraint that was the last question. I now hand the conference back to Mr. Punit Chokhani for closing comments.
- Punit Chokhani** Thank you everybody and specially the EID management for being with us on this call. Thanks a lot.