



# “EID Parry Limited’s Q3 FY14 Earnings Conference Call

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**Moderator:** Ladies and Gentlemen, good day, and welcome to the EID Parry Q3FY14 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participants' 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. Kashyap Pujara from Axis Capital Limited. Thank you. And over to you Mr. Pujara.

**Kashyap Pujara:** Good afternoon everybody. Thank you so much for participating in the Third Quarter Earnings Conference Call of EID Parry. From the management side we have Mr. V. Ravichandran, who is the Vice Chairman, and we have Mr. Suri who is the CFO. Without taking too much time, I now hand over the floor to Mr. Suri. Over to you Sir.

**V. Suri:** Thank you very much and good afternoon everybody. I will just summarize the Q3 results which have been published yesterday. The standalone turnover of EID Parry for the quarter was Rs.368 crores against the corresponding quarter of about Rs.250 crores last year. The net loss before the tax at Rs.45 crores; the corresponding previous figure was Rs.25 crores. The current year figures include the units got merged with EID Parry – namely the Haliyal and Sankili units, so the previous year figures do not include the same, so please note the figures are not directly comparable. The consolidated turnover for the quarter-ended December was Rs.3,214 crores against last year's Rs.2773 crores. The profit after tax before minority interest was Rs.51 crores against corresponding period of loss of Rs.20 crores. Now the Sugar division, consolidated Sugar operations reported a loss of Rs.52 crores against last year's loss of Rs.55 crores at PBIT level for the quarter. Now during the quarter the Cane availability was affected due to drought conditions in some of the factory areas, the cane crushing was also delayed due to the differences in the cane price. Also due to this factor, the overall recovery and yield for the quarter is also below average.

For the quarter, the Bio Products division, which includes the Bio-Pesticides and the Nutraceuticals, registered a loss of Rs.0.53 crores against last year's profit of about Rs.3.4 crores. So this is the summary of the standalone financials of EID Parry. We can now take any questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Satish Mishra from HDFC Securities, please go ahead.

**Satish Mishra:** Last time during the call, we were discussing about our negotiations with government over Cane pricing. Can you just throw your light on that to what happened, what benefits we got? And what are the current Cane prices?

**V. Ravichandran:**

Last time when we discussed the Cane price announcement did not come, Now, subsequently the Tamil Nadu Government has announced the price;the State advised price of Rs.2,550 plus Rs.100 towards transport, that makes to Rs.2,650 for 9.5% recovery against Rs.2,250 plus Rs.100 last year,the effect of the increase is about Rs.300. This announcement came sometime in January 2014, but we started crushing during December itself, and we had an understanding with the farmer at that time that we will be only paying the last year's Cane price, which was Rs.2,250 plus Rs.100, adjusted for recovery above 9.5%,so with that production started. We took the initiative for the industry, and we started our crushing and after that other Sugar factories also started crushing. Some of them are paying the FRP, which is Rs.2,100 and then the balance later, and others are paying Rs.2250. Now when the Government announced this price of Rs.2,650 (that is Rs.2,550+Rs.100)... which is the state advisory price. The Government of Tamil Nadu themselves have represented to the Supreme Court once in the past, saying this is only an advisory price and then industries can pay or need not pay. But we have been engaged with government even before the announcement of the price, starting from October itself, we have been educating the government as to what is happening in terms of the worldwide Sugar prices, what is happening in India in terms of the Sugar surplus situation (this is the fourth year of surplus) so we said, even the last year's price cannot be paid. Last year when the price was fixed, the Sugar price was ruling at Rs.32 to Rs.34. Subsequently, in the month of March it was about Rs.30 and subsequently it further fell in October, it was about Rs.28.5 or around that figure, then subsequently we educated the various secretaries, ministers, and all that we said, this price will not be workable, in fact reduce the price. So, when we discussed with the farmers also, we told them very categorically that "Do not expect any price increase."If at all prices has to be lower than last year, and this is the trend all over the world, and all over India at this point of time. So then the government went again and announced the price of Rs.2650. The Agricultural Commission fixed a price of Rs.400 increase on the FRP. The FRP was increased. Since there is a difference between the SAP and FRP of the previous year, so they thought by increasing the FRP to a reasonable level, the SAP, FRP gap will come down.But what the farmers think all the time is that whatever difference they had in the past between SAP and FRP has to be maintained. That means they all thought Rs.4 increase will come to them automatically. So the whole thing what the agricultural commission did when fixing the price boomeranged on them. Without communication properly and everybody thought Rs.4 will get increased, because government has increased the price of Rs.400. So we had to do a lot of education, a lot of communication with these people.So we have been having in the last 2-3 days negotiation with the government because there is a pressure on the government from the farming community saying that the industry is not paying the price what the government has announced. However, government has announced this price for the co-operatives. Co-operatives businesses are very strained and at this price government incur a loss of about Rs.800 crores in cooperatives. So we told the government you are also recognizing there is a loss at this price. We said we cannot pay this price anymore.Like Karnataka, Maharashtra, UP, everywhere the prices are lower than last year. So we cannot pay that price, unless the Sugar price improves The Government has to support us.There is no question of

industry paying beyond last year's price, because the banks are not funding to Sugar Industry. Even on Rs.6,600 crores what they announced, how much of that will come to Sugar Industry, we don't know, because the conditions are so stringent, that only one-tenth of the industry can meet those conditions, 90% of the industry cannot meet those conditions.

**Satish Mishra:** Sir, just to again get some perspective, so in the last quarter, how much have we crushed, of which we paid just Rs.2250 plus?

**V. Ravichandran:** We crushed in EID Parry close to 6.34 lakhs tonnes, including our erstwhile Haliyal and Sankili units.

**Satish Mishra:** Currently, whatever crushing we are doing in this quarter, we are currently paying the previous price only, and the negotiations are on?

**V. Ravichandran:** In the case of the Tamil Nadu units, we are paying the previous year's price, in the case of the Karnataka units, the government has announced a price of Rs.3,000, (which is Rs.2500 plus Rs.500 for transport harvesting.) Presumably, based on the Rangarajan Committee formula, that is what the government is saying. So, the formula was accepted, but the numbers used for that formula was wrong. So, the companies in Northern Karnataka are only paying Rs.2000 plus Rs.500, saying as per the formula. They have gone to the court. So, now it is in the court in terms of what is payable. But we are paying only Rs.2,000. The entire industry is only paying Rs.2000 plus Rs.500 against Rs.3000.

**Satish Mishra:** What are the current Sugar prices?

**V. Ravichandran:** The current Sugar prices, Karnataka is about Rs.25-Rs.25.50 and Tamil Nadu it is about Rs.27-27.20.

**Satish Mishra:** It will be helpful if you give Sugar sales volume for this quarter and Ethanol.

**V. Suri:** Actually for the quarter, we sold 82,000 tonnes of Sugar and we have exported about 287 lakh units for the quarter, and Distillery sales was about 167 lakh liters.

**Satish Mishra:** And realization, again I believe it will be like ...

**V. Ravichandran:** In the Distillery, realization is very good because there is a general shortage, so there we are doing much better in terms of realization and selling.

**V. Suri:** We have seen in the segmental that distilleries are profit-making.

**Moderator:** Thank you. The next question is from the line of Yash Choksi from JM Financials. Please go ahead.

**Achal Lohade:** This is Achal Lohade here from JM Financial. Sir, I have a few queries, one, you talked about the Cane price, you cannot pay the last year's Cane price. We have seen in the past that with the lower Cane price or the arrears, people used to move out of Cane, at least there used to be some movement out of Cane, do you see that kind of possibility now emerging and what is the base price in your view that can turn them away actually?

**V. Ravichandran:** Irrespective of Sugar price, the industry has to pay what is called the FRP. Now the FRP is Rs.2,100 now, and they have announced already FRP for Rs.2200. FRP means there is a margin already for those who are growing crop. This is scientifically fixed by the government. But the only thing is assure certain minimum yield. Now the minimum yield does not come or those farmers are not progressive will not be in Cane if only people stick to that price of FRP. Whether that is independent of Sugar price. If Sugar price falls let us say below Rs.27 or Rs.26, we will be comfortable with FRP. At that time what will happen, those who are not getting good yield will move out of Cane. On the other hand if Sugar price moves up tomorrow, then a lot of people can come into Cane. That is one. Second, the rain. So naturally places like Karnataka, Maharashtra, which generally gets very good rain... and Sugarcane also does not involve too much of labor, etc., it grows on its own. So, those places where the monsoon is deficient, there may be some moving out of Cane, because you cannot obviously plant so much other crops. There is no organized industry where the payment is certain, and the minimum price is assured to them. Even MSP in case of paddy, not many people get the MSP. Whereas in the case of Sugarcane, whatever the government fixes, this FRP, everybody has to pay, there is no question of not paying. So that means, 80-90% of the farmers will continue to plant Sugarcane unless there is a drought. On price front I don't think they will shift. On price front, such a large acreage cannot be shifted to another crop. Because of deficit rainfall, etc., they will be shifting, that is one possibility. The second possibility is the international prices continue to be like this, and there is no further export, India continues to have surplus, then some states like UP, some of them may have to change from Sugarcane to something else. But at the price of Rs.2,200, what they have already announced for next year. If the monsoon is good, then Sugar crop will be good. Maybe 25 million tonnes can come to maybe 23 million tonnes here and there, but too drastic fall will not happen.

**V. Suri:** At Rs.2,250 which we are paying, the farmers are already making money. So for them it is not an issue, it is only for the industry which is an issue, because it is not viable.

**Achal Lohade:** I was just coming to that. In your opinion, what is the cost of cultivation according to you – is that Rs.180 or Rs.190, or you think it can be even less than that?

**V. Ravichandran:** It is less. If there is a problem with water, for example, then we will have to use power, then the cost goes up. Let us take a place like Northern Karnataka and Maharashtra, the cost and all much low, because there is no need to draw power from the wells, whereas some parts of Tamil Nadu, they use a lot of ground water, that is one source of cost. Other cost is labor for

cutting. Even the inputs like Fertilizers, etc., they do not apply much of it today nowadays in Sugar. It is around Rs.160-170 a very reasonable cost to assume for producing crop.

**Achal Lohade:** So it is still very profitable actually for them to continue as long as water is available?

**V. Ravichandran:** Yeah. If you take the price what the government has fixed Rs.2,200, this get a very, very return provided the yield is reasonable. But if they don't tend the crop properly, there is a drought in between the crop growth... because they are long duration crop, then those kinds of things will produce yield and they have some problem. Otherwise, a good farmer who tends the crop properly, who gets an average 50-60 tonnes yield, there is no other crop which can give this kind of return on such a large scale.

**Achal Lohade:** Sir, the next question is what is our expectation about the Sugar production for the country, and for the state of Tamil Nadu and Karnataka?

**V. Ravichandran:** The Sugar production for the year, though initially they said 25-25.5 million tonnes, we expect that could be around 23.5 million tonnes this time. There is a general consensus that because a lot of people have started late, yield is also in some places is low. Second thing is we come close to April for crushing, then recovery can fall. The two states that are really promising today is Karnataka and Maharashtra, things are looking good. And the scheme, Rs.6,000 crores government does not disburse on time, people cannot pay Cane arrears, we don't know how much cane will be finally cut, We are in fact estimating much lower crushing, So 23.5 million tonnes looks like a reasonable estimate at this point of time.

**Achal Lohade:** How about Tamil Nadu?

**V. Ravichandran:** Tamil Nadu is going to be dramatically low, which could be somewhere between 1.2-1.4 million tonnes of production. We have produced sometimes 2.6 million tonnes. Last year we produced 1.9 million tonnes this time, and next year it could be still low.

**Achal Lohade:** Oh! Next year it will be still low?

**V. Ravichandran:** There is a severe drought, and planting is very poor in some parts of Tamil Nadu.

**Achal Lohade:** Sir, can you help us with the realization numbers for the segments – Sugar, Cogen and Distillery.

**V. Ravichandran:** Cogen is anyway under PPA, so there is no change in the Cogen realization. Sugar on an average, it is about Rs.30,000, overall including Haliyal and Sankili about Rs.29,000 for this quarter.

**Achal Lohade:** And this is ex-mill, net of all the ...?

- V. Ravichandran:** Yes, this is because we have got some institutional consumers, lots of retail, otherwise subsequently the prices have fallen there.
- Achal Lohade:** Currently, you are saying realization is around Rs.27-27.2 for Tamil Nadu?
- V. Ravichandran:** At the trade level it is about Rs.27.5. We try to hold the price, we try not to dump material, so to see the price stabilizes, but then the disturbance comes from Karnataka and Maharashtra at this point of time, because first of all they donot have holding capacity, they just want to send material out. So we have to wait out maybe another month once the inflow starts dwindling.
- Achal Lohade:** I wanted to ask you on the exports front also. Now, in your view what is the current exports realization possible? Has any quantity been contracted already?
- V. Ravichandran:** Now, there are no positive exports unless government comes in with some scheme. They keep on dilly-dallying and keep on postponing. They were supposed to meet yesterday, they have not announced anything. Because at the international price today, raw Sugar is 15 cents, and white Sugar is 400 there is no export possibility.
- Achal Lohade:** But what is the kind of support industry is kind of expecting?
- V. Ravichandran:** We were seeking Rs.3,500 per tonne for Raw Sugar, which would have enabled us to move at least between 2-4 million tonnes of Sugar out.
- Achal Lohade:** So there is a sufficient demand outside for the Raw Sugar?
- V. Ravichandran:** The price that has just been announced is about Rs.25 in Maharashtra, so this concession comes, most of the material will be moved out of Maharashtra basically and some part of Karnataka, which we were expecting around between 2-4 million tonnes that will be a huge sentiment boost to the market. So that we are waiting for the government, but government is not able to come to a conclusion as to what should announce and how much to announce.
- Achal Lohade:** Just our company-specific, what is the status on the refinery now, and what is the kind of losses that has been booked in the last quarter?
- V. Ravichandran:** Now majority of materials which are required for installation and commissioning has been received. So we will be starting the installation activity and hopefully we should commission by middle of April. At this point in time we only have interest as the losses, and very low fixed cost, nothing else.
- Achal Lohade:** And how much interest would be roughly?

- V. Suri:** The interest is about Rs.10 crores for the quarter and then the total loss booked is about Rs.18 crores.
- Achal Lohade:** Sir, just last question, for the fiscal year 2014 and 2015, what is the possible cane crushing you are targeting?
- V. Ravichandran:** We will be crushing cane full quantity in our Nellikuppam, Pondicherry and Pudukottai units. Haliyal, Sankili also full quantity will be crushed, in fact, we may even go beyond March in these units. Even Tamil Nadu also, some units will be beyond March. We are running pugalur unit and cane at pettavaithalai unit are diverted to Pugalur unit .
- Achal Lohade:** So overall maybe 15% kind of decline for fiscal '15?
- V. Ravichandran:** It is far way...
- V. Suri:** This year and next year there will not be major difference at all.
- V. Ravichandran:** Because there are too many... the planting has to take place, and summer shower is yet to come,so that is too far to predict. But, in the case of Karnataka units, the situation as of today is looking very good, even the planting for next year also is going to be very good in Karnataka, because they had very good rains, so we donot see much problem in Karnataka. In Andhra Pradesh unit of Sankili and Nellikuppam, Pandy, they are coastal, so we do not see much problem. If at all, the problem can be only in the Pettavaithalai and Pugalur which cannot be worse than the current year. We should be almost touching what we touched this year.
- V. Suri:** Overall, between 2014 fiscal and 2015 fiscal the cane crushing will not be different as of now based on the monsoon being normal next year.
- Moderator:** Thank you.The next question is from the line of Kashyap Pujara from Axis Capital, please go ahead.
- Kashyap Pujara:** Could you give some idea about the Bio-Products business, what is really happening there, and where are you seeing things?
- V. Ravichandran:** The Bio-Products business is doing very well,in fact, we are registering the highest level of profits this year, helped from a very good procurement we did on the Neem, as well as the foreign exchange. We could get some benefit out of the rupee depreciation.So overall at the PBT level we will be close to whatever we planned in terms of our budget. We are also now very aggressively planning to expand that business because we think in EID Parry that is a good business to be in, so we are pushing that Bio, Neutra business to high levels of



profitability to providing the cushioning for the variation in the EID Sugar business from time-to-time.

**Kashyap Pujara:** You did mention that in the last call as well, you are trying to improve operations across all your units so that any improvement in one unit can be actually replicated across all. You were targeting Rs.50-60 crores of cost saving eventually. And this business Bio-Products to actually reduce the cyclicity of Sugar. When do we actually start seeing that coming through?

**V. Ravichandran:** We have taken many actions, in fact, I told last time, that we see this as a boon rather than a ban in terms of what has happened in the industry. So we have seized the opportunities to make a lot of clean up, the way our thinking and the cost. So, we have done significant activity in terms of controlling and optimizing cost including rationalizing manpower, and then wasteful expenditure wherever they are, and going forward, there are now about 5-6 teams that company working on different aspects of the business to bring another maybe 15% cost reduction possibility, so we will see that in the next year's results.

**Kashyap Pujara:** Now, coming back to the Sugar discussion that we have been having, in the coming year, do you expect the Sugar prices to firm up considering that you are going to see a situation where the acreages probably go down, or the production goes down, what is your sense?

**V. Ravichandran:** Since you talk to so many companies, so I will put the question to you, and you answer me.

**Kashyap Pujara:** I think it is logical, because in the sense that at least I am getting in UP is broadly, generally the government will not allow the Cane to keep in the farms, so the companies will be forced to essentially look at crushing, but eventually it will all lead to arrears going up, and we are coming towards the election time. So I really don't know what is going to be shaping up. It seems that farmers are really going to cry out, in the sense that I am getting there. Repercussions could be that, next year we are settled with a lower crop. So I just thought I will take your understanding as to how you read the situation.

**V. Ravichandran:** I think once election is concluded and a new government gets formed, definitely the reforms are to be pushed, The first, I think they will apply Rangarajan Committee formula. They have to come to some kind of understanding on a longer term for agri commodities, that there should be a linkage between the output and input prices subject to minimum input price. Now, for example if you take Karnataka, they have already announced the formation of a committee to accept this formula. They have done it in UP. Maharashtra is going to form the committee. So, all the governments are to form the committee. So once the input price and output price that is the Sugarcane price linked to Sugar prices, then we will not be discussing this anymore. Unfortunately, if you look at in Karnataka, we had lower prices last year, at this point of time the prices were Rs.500 lower than last year. Maharashtra the prices are lower than last year. In UP, yes, they have finally agreed to give Rs.260 or Rs.280, and the government finally

announced they will give some more concession, and they said you pay 50% price now and 50% later. In UP, they would not give even Rs.240 I can tell you, but for the government pressure. But going forward I tell you, even this kind of compromise will not happen. So, industry will simply say, either we can pay or we don't pay. So then it is for the farmers to decide whether to plant cane or not plant cane, that is all.

**Kashyap Pujara:**

One more point is that, the refinery piece that you are talking about, that we are seeing, you are confident about commissioning that in April. I am just trying to understand over the next couple of years assuming some improvements, we have probably hit the worst at our point. So what is that one can really look at in terms of operating performance going forward from EID Parry?

**V. Ravichandran:**

I have given you enough hints, but I cannot predict numbers, I don't think anybody anywhere can predict numbers what is going to happen. Today, we have worst of times, because the agriculture conditions are not good and commodity prices are low. So once the turnaround takes place – we get a good monsoon, and we get internationally good price, it can be a boom here, but we are preparing ourselves for the worst. So any improvement will only be better from now. As I said, we are working very, very tight on cost, working on efficiency, all those we can control ourselves, now we are really doing very, very detailed working in terms of making it all at the highest of efficiencies. So if the turnaround comes, we will be the best in the industry, I can tell you that.

**Moderator:**

Thank you. The next question is from the line of Surya Narayan Nayak from Sun Capital, please go ahead.

**Surya Narayan Nayak:**

Just one understanding I require from your side regarding the Sugar economy as a whole, because you rightly pointed out that the worst is behind us so far as the Cane price is concerned, the government is dilly-dallying and all. Suppose, the upside can be expected from your industry not from the Sugar side, rather than the Ethanol side, so if that is the case, what kind of scenario you people are expecting, tomorrow the new government tells that give a better price to cane growers, your Ethanol can be directly allowed instead of Sugar, so in that case, what kind of Ethanol can be produced at your end and sold to the OMCs?

**V. Ravichandran:**

The thing is up to 20% we can easily blend into Ethanol. If the price of Sugar is about 60%, Ethanol price work wonders. Right now, if you look at Sugar prices, it is better than Ethanol price today. Because the OMCs are not paying the price what the Ethanol should be paid.

**Surya Narayan Nayak:**

Before that, I want to understand from you what is happening. We are not able to understand, that why the government is putting pressure on the OMCs to bid for a particular price, Rs.38 or Rs.40, not close to the petrol price or gasoline prices, or Rs.60, what is the equation and why is it that this liquor lobby is greater than the government lobby?.

- V. Ravichandran:** The question is, about Rs.30 tax government collects from the oil OMCs on I think petrol. So that is making a difference. So today if you look at, the price at which you can import Ethanol is much, much higher than the price at which they can source in India. OMC are talking about a price lower than last time. The last time the price was fixed, the rupee was 56, today rupee is 62, they want the price to be less, that is unfair.
- Surya Narayan Nayak:** At least my view is that a sensible government tomorrow ask the OMCs to have the market determined Ethanol price rather than a dictated price, then I guess Ethanol could be at least more than Rs.55. So in that case what will happen to the brewers? What will be the position? Much of the attention will be diverted from your case from Sugar production to Ethanol production.
- V. Ravichandran:** Definitely. Today, you can only produce Ethanol after producing Sugar. We are saying why should you go through the entire process of Sugar production? Allow us to make from molasses directly Ethanol. If the new government comes, we are hopeful that some of the reforms which the industry is missing now will take place. The worst is behind us, I don't think it can go worse than this, because nobody can produce Sugar in the world at 15 cents. Today, there is an article which talks about how Brazil is bleeding.
- Surya Narayan Nayak:** Again, I require one sort of clarification. It is a natural corollary that the ministry will definitely look for the farmers' interest. So why the Ministry is dictating that you should produce or you should concentrate on Sugar, not on Ethanol side? Anyway I they should see that the Sugar mills would keep their health well and the farmers get their due. If that is the case, then you people should be allowed to make Ethanol rather than Sugar, Sugar is anyway available, I mean, if there is a tsunami, I would say the government is just blocking, otherwise outside the Sugar is flooding, and India will be flooded with Sugar.
- V. Ravichandran:** I also don't understand. I am in the same boat like you.
- Surya Narayan Nayak:** Have ISMA or anything represented to the government? Because next year onwards the government cannot keep on increasing the SAP, I think SAP has reached its peak end, here onwards SAP cannot go on increasing. So in this kind of scenario, obviously, the government has to think on the Ethanol side. I was just getting one equation between Sugarcane grower and the rice grower. One rice grower in UP is getting in the highest yield is Rs.1.8 lakh where as the Sugarcane grower is getting Rs.3.80 lakh. So in any case, a Sugarcane grower will be happy, he will never divert his attention to any other crop.
- V. Ravichandran:** You have to give some time. Because, 5% Ethanol blending took how long? Many years of fighting only finally it came. Now people are talking about 10% Ethanol blending; Maharashtra is going to announce 10% Ethanol blending...

- Surya Narayan Nayak:** When the industry is not able to attend 2% even calling for a 10% blending is a mockery.
- V. Ravichandran:** In places like Maharashtra and Karnataka will happen naturally, because they have got plenty of cane, they are naturally endowed to produce cane growing. Places like Tamil Nadu, which depends on monsoon, there may be ups and downs on Sugarcane and Ethanol, but generally Gujarat, Maharashtra, Andhra Pradesh, some of these states will go towards 10%, I am sure it will happen. We need to wait. Because we have waited for so many years, wait for another three-four months till the elections get over. now nothing is going to happen for the next two to three months at least. But, eventually it will happen. Eventually, once the Rangarajan Committee formula comes into play, then the Sugar companies have to get higher revenue for the products so that farmers also get naturally higher benefit of that. We have now gone maybe 50%, maybe in another three to four months we will go to 75% and then go to 100% in one or two years time.
- Surya Narayan Nayak:** Another question, because you happen to have one of the backend distillation unit. The brewer industry, ANA capacity they do have, which they are procuring from let us say Sugar mills. In this case substantial Ethanol will be flowed to OMCs, I am just getting an optimistic figure. So in that case how much of percentage they need to procure from your side and that will be a huge hit for them, can you just give any figure?
- V. Ravichandran:** I am sorry, I donot have figures, but I can tell you, for example....
- Surya Narayan Nayak:** In percentage?
- V. Ravichandran:** I have no idea, because we have never done this analysis, but I can tell you, take a state like Tamil Nadu. Tamil Nadu does not have any surplus molasses to go to Ethanol at all today. In fact, they are short of molasses even for brewing operations. The question you are asking is, if 10% blending goes, then there will be a balance. After that brewing industry will go beyond 10%. Broadly, I am saying.
- Moderator:** As there are no further questions from the participants, I would now like to hand the floor over to Mr. Kashyap Pujara for closing comments.
- Kashyap Pujara:** Thanks to the management of EID Parry for being gracious enough to be on the call. Thanks to all the participants to log on, thank you so much.
- V. Ravichandran:** Thanks, Kashyap.
- V. Suri:** Thank you very much, Kashyap.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.