



“EID Parry Q2 FY2021
Earnings Conference Call”

November 10, 2020



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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2021 Earnings Conference Call of EID Parry hosted by Axis 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kashyap Pujara from Axis Capital. Thank you and over to you Sir!

Kashyap Pujara: Thank you. Good morning everyone and thank you so much for standing by. It is a great pleasure to have with us the senior management of EID Parry to discuss Q2 FY2021 earnings. From the management side, we are represented by Mr. S. Suresh who is the Managing Director, Mr. Ramesh Kumar who is the CFO, Mr. Suresh Kannan who heads the refinery business and Mr. Biswa Mohan Rath who is the company secretary. Without much ado, I hand over the floor to Mr. Suresh. Over to you Sir.

S. Suresh: Good morning everyone. Thanks for joining the call. As far as Q2 results are concerned, the standalone revenue for the operations for the quarter on September 30, 2020 was at Rs.529 Crores, 20% growth over the previous year same quarter from Rs.430 Crores. The EBITDA stood at Rs.226 Crores vis-à-vis Rs.51 Crores of the corresponding quarter of the previous year and the PBT for the quarter is at Rs.172 Crores vis-à-vis a loss of Rs.5 Crores in the same quarter of the previous year. I am very happy to share this result with all of you. Now I just give a brief overview on the international perspective and the domestic scenario. The demand and supply for sugar year 2021 is expected to be more or less stable in terms of no surplus or deficit is forecasted. This situation is similar to the one sugar year 2019-2020 in the international scenario and if you look at the overall production is expected to be higher in the centers like India and Brazil, Thailand are expected to drop the production, but by and large global situation is expected to be no surplus, no deficit, that is the scenario we expect.

Coming to the domestic scenario, last year we were with around 10.5 to 11 million tonnes of stock, 14 million stock in the year of 2018, 2019 then September as we close now, we are closing with almost 10.5 million tonnes of stock. The previous year if you see the sugar consumption has come down tremendously and the production also went down to 27 million tonne, consumption also went down the 24 million tonnes. The country did well in terms of the overall subsidy based exports almost close to the targeted number of 6 million tonnes that we have done and also some quantum of sugar has gone to the diversion of ethanol, but the scenario for 2021, the production we have expect to bounceback to the 33 million tonnes level and the entire industry is looking forward for a repeat of the export



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which is going to be done, in fact this yet to be announced by the government now .The heartening thing is about OMCs for demand for ethanol. Already we ask for the tenders and the bids and you can see around 2 million tonnes of, if you have to go by the quantum of people for supply to the OMC. With all this hopefully with the exports also coming in the country is expected to have closing stock of close to around 11.5 million tonnes at the end of this sugar year. With all these things can tantamount to the prices kind of remain at the subdued level. The MSP was expected to increase by starting of October, market was trading on the basis of MSP increase, finally MSP did not come out. The government has announced the increase in FRP by Rs.100 per tonne and there are other things which are expected from the government by the industry is about the deferred stock quantum on the subsidiary the export quantum on the subsidiary as well as quick announcement on the MSP. With this broad overview, I would now hand over the call to Mr. Ramesh Kumar, CFO to take you through all the details. Over to you Ramesh.

Ramesh Kumar:

Thank you Suresh Sir. Good afternoon to everyone and we are very happy to be part of this analyst call to share the key information of the financial performance of the company. I will just take you through the birds view on how we did excel during this quarter. On a standalone basis, we had an operational revenue of Rs.529 Crores as against Rs.440 Crores which is an increase of about 20% over corresponding quarter, it is mainly on account of increase in sales quantity due to export of sugars and we also realized better alcohol realization during this quarter in comparison to the previous year quarter. On a YTD level also, our turnover is about Rs.1020 Crores as against Rs.829 Crores which is about 23% increase over the corresponding half year of the last year. It is on account of the increase in the volume of sugar, with the help of increased in export sales during this first half of the year and also our realization increased over last year by average of Rs.1.8 per kg and also similarly in alcohol also our average realization increased by around Rs.7 per litre. The PBT for the quarter was about Rs.172 Crores as against the loss of Rs.12 Crores in the corresponding quarter of last year. Our profit is increased by Rs.184 Crores over last year. The last year our loss during the same quarter was around Rs.12 Crores loss, the PBT for the half year is about Rs.477 Crores as against loss of Rs.104 Crores of the previous year. We have reported PAT, profit after tax of about Rs.131 Crores in this quarter and profit for the half year is Rs.357 Crores.

On a consolidated balance sheet, the PBT was declared at around Rs.748 Crores for the Q2 as against the previous year corresponding quarter was Rs.484 Crores and in last year, for the half year it was Rs.1023 Crores against the previous year Rs.473 Crores. Our PAT for the quarter is about Rs.562 Crores as against Rs.380 Crores and our half year figure for the consolidated level is Rs.692 Crores as against the previous year number of Rs.377 Crores. Now I will take you through some of the operating numbers of the sugar and other



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segments. In case of sugar, we operated only in Tamil Nadu plants for this quarter special season from two factories of Tamil Nadu. During the quarter we crushed about 5.7 lakhs metric tonnes when compared to the corresponding quarter of previous was 6.93 lakhs metric tonne, the recovery during the quarter is about 7.91 as against the last year we had 8.41, we produced 0.45 lakh metric tonnes during this quarter as against the corresponding number of 0.58 lakh metric tonne. We did a sales of about 1.07 lakh metric tonnes and our average realization was about Rs.34.66 per kg and we carried a closing stock of 1.29 lakh metric tonnes at the end of September. The revenue from sugar segment was around Rs.412 Crores in the current quarter as against the previous year Rs.324 Crores.

As far as the cogen is concerned, we generated around 521 lakh units as against the previous year of 695 lakh units and we exported around 268 lakh units during this quarter as against the corresponding period of 343 lakh units. Our average realization during this quarter was Rs.3.28 per unit as against the last year rate of Rs.2.29 per unit. Currently Our power exports from Karnataka and AP in PPA whereas in Tamil Nadu we are running in IEX. Our revenue from this segment is Rs.17.11 Crores as against the corresponding period Rs.20.72 Crores.

Moving to distillery, we had a sale of about 145 lakh liters for the quarter as against 147 lakh liters of the corresponding quarter and of which 89 lakh liters of ENA and balance is toward ethanol. The average realization from distillery is about Rs.57.49 paise per liter.

Moving onto the other businesses of EID, the EID Nutra business in India had a similar kind of performance like last year with the turnover of about Rs.21.82 Crores, at a consolidated level the Nutra business for the quarter continued to be in the same line of last year i.e, the turnover of Rs.57.67 Crores in the current quarter as against the corresponding period of Rs.56 Crores. We had a total turnover of about Rs.132 Crores in the current Half year which is an increase of about 29% of the corresponding half year. The PBIT for the quarter was profit of around Rs.1 Crores against the loss of Rs.5.79 Crores in the previous year.

Our capex program continues to be very tight, we estimated around Rs.171 Crores of which major projects are like transfer of equipments from Tamil Nadu to Karnataka units is happening during this year and also distillery projects which is supposed to get commissioned during the Q4 is also on. These are the two major projects which will be taken during this year and rest of the things have been kept on hold or deferred.

Whereas in case of other areas of capex we are trying to put it on hold for the current year, based on the situation and need we will try to put the balance capex. However our capex on



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the ethanol plant is on, our ethanol plant is Bagalkot for which we got approval from our board, we will get commission during Q4.

As far as the loan and interest are concerned, we continued our debt reduction program even during this quarter, so during the quarter we reduced further Rs.104 Crores in long term loans, we repaid some of the long term loans during this quarter. Our current long term loan is Rs.263 Crores as against the previous quarter balance of Rs.367 Crores. As far as the short term loan is concerned, closing balance in September is Rs.101 Crores as against Rs.342 Crores of the previous quarter. Overall our loan has reduced from Rs.720 Crores in Q1 to Rs.364 Crores at the end of Q2.

The finance cost has also been substantially reduced during this quarter when we compare ourselves with the previous year quarter around Rs.11 Crores is a reduction over last year corresponding quarter similarly we take on a half year basis our interest cost is also reduced by Rs.10 Crores over last year. We received dividend during this quarter around Rs.205 Crores from Coromandel International. Another area we continue is our exercise on the expense side, we decreased around Rs.12.5 Crores during this quarter over the corresponding quarter and our exercise continues and we will try to sustain this decrease in the fixed cost so that we maintain a good profitability numbers during the year.

We shall now move to our refinery business. Our operational revenue for the quarter is Rs.665 Crores as against the previous year quarter of Rs.371 Crores and half year basis it is Rs.1041 Crores against Rs.948 Crores, in case of PBT for the quarter is Rs.2.48 Crores it is a profit number for the quarter in case of refinery business as against the loss of Rs.46 Crores, the corresponding quarter, on a YTD basis also, the loss is reduced substantially to Rs.5 Crores in the current half year as against the previous year loss of Rs.52 Crores. We had a long term loan of Rs.200 Crores at the end of Q2, which is same as Q1 which is continuing because it is NCDs which needs to be repaid at appropriate times. In case of short term loans has also been reduced significantly from Rs.829 Crores end of Q1 to now Rs.335 Crores. The total loan in refinery business is only at the level of Rs.535 Crores at the end of Q2. In case of refine sugar production, we produced 2.13 lakh metric tonnes during the current quarter as against 1.26 lakh metric tonnes and half year basis it is 3.85 lakh metric tonnes as against 2.3 lakh metric tonnes. The sale for the Q2 is 2.42 lakh metric tonnes as against 1.41 lakh metric tonnes, on a half year basis, 3.67 lakh metric tonnes as against 3.68 lakh metric tonnes. So now I leave the floor open to ask any questions.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Akshay Ajmera from Nirzar Securities. Please go ahead.



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Akshay Ajmera: Good morning. Thank you for taking my question Sir. I have a couple of questions. You have mentioned that we have reduced other expenses and employee cost in this quarter, so it is primarily because of the plants that were shutdown in Pudukkottai and the cost savings is reflected in this quarter that is my first question and the second question is we were also hearing that we were in process to close operations at Pettavaithalai plant so any updates on that Sir?

S. Suresh: Ramesh, will you take that question?

Ramesh Kumar: I can take it Sir, no problem. With reference to the cost saving measure which you asked, yes, certainly there is a cost reduction on account of transfer of equipments happening from Pudukkottai that is one small portion; however, we started a journey of fixed cost reduction during this quarter which I explained even during the last quarter and which enabled us to take some savings in those areas, both in the employee cost fronts as well as in the manufacturing fixed cost front; however, with respect to Pettavaithalai, still activity has not completed, will take another year or so when the activity is happening we will come back to you, whatever marginal cost that is required to be incurred for better maintenance etc., we will be continuing to do.

Akshay Ajmera: Okay and the plant shifting to Haliyal location, is that completed or is it still happening?

Ramesh Kumar: Plant shifting to Haliyal which is happening only during the next financial year because of the COVID scenario, it is taking longer time, labours are not available, so it is taking longer time.

Akshay Ajmera: This cost savings can we take this as a recurring things,

Ramesh Kumar: We wanted it to be, we will try to do our best.

Akshay Ajmera: Thank you so much and wish you all the best.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Good morning. Thank you for the opportunity Sir. My first question if you could sorry I am asking again in terms of the numbers, if you could help us part of the numbers I could get, but if you do not mind if you could repeat Sir?

Ramesh Kumar: What do you want, which area you want, I can repeat again?



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Achal Lohade: Sugar segment I know 1.07 lakh tonnes sold at 34.66 current quarter, but if you could give the breakup between the domestic and export, what is the realization and volumes?

Ramesh Kumar: I can take you through again, there is no problem at all, in case of sales, during the quarter we had 1.07 lakh metric tonnes of sugar sales of which export is around 33000 tonnes during the quarter. As against the last year export is around 21000 tonnes during the same period, then what else?

Achal Lohade: Realization?

Ramesh Kumar: Realization during the quarter is 34.66 as against last year of 32.56.

Achal Lohade: And the breakup between domestic and export?

Ramesh Kumar: Export was better this year as you know, no big change will be there between domestic and export, Rs.34 in export and rest in domestic.

Achal Lohade: Distillery I know 144 lakh liters compared to 147 lakh liters 57.49 is the realization, what is the realization for last year?

Ramesh Kumar: 56.

Achal Lohade: And the breakup you had given 89 lakh liters is ENA?

Ramesh Kumar: ENA you want to realization now, it is having a combination, ENA will be around Rs.58.

Achal Lohade: Okay and ethanol is 43.75?

Ramesh Kumar: Combination of B and C will be there.

Achal Lohade: What is the mix of B and C for us, B mix for us and how much can we go maximum?

Ramesh Kumar: C will be 27 lakh liters, balance is B.

Achal Lohade: Okay.

Ramesh Kumar: We had around 55 lakh liters in that 27 is on C and balance is on B.

Achal Lohade: But what is the maximum we can do or is this the maximum on a quarter basis we can do like?



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- Ramesh Kumar:** New distillery which is coming in Bagalkot when once that comes we can do 60 KLPD that you can see the full impact in next financial year.
- Achal Lohade:** Sorry, if you could repeat Bagalkot how much?
- S. Suresh:** Our expansion is not yet completed, which will get completed during Q4 only may be in March we will start the production/commercialization, so the full year impact you can see in the next season is what I am trying to say next financial year you can see the sales coming out of Bagalkot also 60 KLPD capacity will be added.
- Achal Lohade:** Understood and is it possible for us to kind of indicate how are the markets for ENA ethanol we know, but ENA how are things looking like and what is the import parity price for ENA?
- S. Suresh:** What is the first one you asked?
- Achal Lohade:** Import parity price, cost of imports for alcohol or ENA in India?
- S. Suresh:** Import parity price I have to just come back to you on this, but ENA status wise all the IMFL requirements we have to be done through this ENA only, so that demand we expected to be continue and prices are expected to be prevailing at the current level, because of the diversion to be ethanol is going to happen in a big way as I was mentioning in the opening remarks. With all these things moving around there is going to be may be relatively tight supply in the ENA market, so ENA prices also should rule at the same level.
- Achal Lohade:** So logically ENA is more profitable than ethanol would that be a fair assumption?
- S. Suresh:** When it was C, ethanol versus ENA, yes, ENA has more profitable, the gap has been very much narrow down as you started moving more towards B and syrup, syrup is almost equal to or even better, B Hvy in states in Karnataka they are on par with the ENA rates.
- Achal Lohade:** Okay and ENA we sell only in Tamil Nadu, from Tamil Nadu distillery or it is there in Andhra and Karnataka?
- S. Suresh:** Karnataka also, Andhra we do not sell the ENA, only in Tamil Nadu.
- Ramesh Kumar:** Tamil Nadu and Karnataka.
- S. Suresh:** Tamil Nadu and Karnataka.



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- Achal Lohade:** 100% of Tamil Nadu will be ENA, I would imagine given the...
- S. Suresh:** Till now it is the stipulation, once we get an approval for servicing into OMCs from the Tamil Nadu government we may even look at supplying the ethanol also to the OMCs either syrup or B.
- Achal Lohade:** Sorry if you do not mind can you also help us with the cogeneration sales volume, I could only get the realization?
- S. Suresh:** Before we move on Ramesh, he was talking about this imported ENA parity know, the landed cost of this imported ENA is somewhere around Rs.125 per liter, so about 150% duty, so ENA will not be flooded with the inputs.
- Achal Lohade:** What about the RS imports I presumed lot of chemical companies are importing RS given the high prices of ethanol and hence the slow price, but would you also have similar number import parity number for RS?
- S. Suresh:** I have take it out, but I think RS I do not think if you put and then convert to ENA or whatever RS to ethanol...
- Ramesh Kumar:** Technical challenges will be there in the conversion process.
- Achal Lohade:** Sorry, I did not get you, could you repeat Ramesh Sir?
- Ramesh Kumar:** Technical challenges will be there as Suresh Sir is saying that is the reason why we are not committing to it.
- S. Suresh:** Also it may not be so worth to we have to see the contribution once we get it into the things in terms of landed cost for RS, we have to see the contribution then on that basis only we can take but currently we have capacity with respect to molasses it can produce by ENA and ethanol, the question of RS may not arise.
- Achal Lohade:** But I was under the impression that the RS import parity price is probably in mid 30s or something per liter, so just thought I will check with you.
- S. Suresh:** There is data and I can share it with you may be you can send me a query through email and then I can just answer this.
- Achal Lohade:** We were talking about cogen volume Sir?



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- Ramesh Kumar:** Cogen generation for the quarter is 521 lakh units as against 695 lakh units of previous year and export is 268 lakh units against 343 lakh units previous year, realization is Rs.3.28 per unit paise as against Rs.2.29 per unit.
- Achal Lohade:** And you said closing stock is 1.29 lakh tonnes at what price is it value Sir?
- S. Suresh:** Same around 33.
- Achal Lohade:** How are the current sugar realizations for the domestic market?
- S. Suresh:** Same 34.1 or 34.2 current for us overall as EID.
- Achal Lohade:** The cane cost what is it for first half if you could give the cane cost?
- S. Suresh:** Cane cost on EID level, overall level?
- Achal Lohade:** Yes.
- S. Suresh:** Landed cost will be around 2900.
- Achal Lohade:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One-Up Financial Consultants. Please go ahead.
- Ritwik Sheth:** Thanks for the opportunity. On the Haliyal plant, will the asset be operational from sugar season 2021- 2022 or it will be delayed further?
- S. Suresh:** It will be operational from 2021- 2022 sugar season.
- Ritwik Sheth:** And the second plant that which we are looking to shift, what is the status on the same?
- S. Suresh:** This second plant, the operations are anyway not happening there, we have to work on other formalities in terms of people and other things so this has not been pursued as of now.
- Ramesh Kumar:** This COVID has put as little bit tightness on those areas, so we are waiting for situation lockdown is easing in this scenario once that happens we will start working on that.
- Ritwik Sheth:** Okay, so earlier plan was within one year to get this plant operation as well as after the Haliyal plant, so does that trajectory stay or it gets...



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- S. Suresh:** COVID situation has to improve then we will take a call on it.
- Ritwik Sheth:** What is the guidance for crushing in current season and possibly the next season with the Haliyal plant?
- S. Suresh:** Current season numbers as we have already been talking about Karnataka should be 10% to 15% better than previous year and Tamil Nadu and Andhra should be by and large inline with previous year.
- Ritwik Sheth:** And Sir, my last question on the refinery part, what led to the sharp reduction in debt and is the working capital debt sustainable and positively surprised on the debt part at the refinery segment?
- Suresh Kannan:** Good morning everyone. Thank you for the question. I think as we were talking to all of you over the last couple of quarters, these are the efforts that have been put in place to improve the working capital management, increase the turnaround of the inventory situation what we have, so basically we have started seeing some results in Q1, the rest of the results have now come through as a result of which we are seeing this reduction, so we are hopeful that barring some disruption that might happen on account of COVID or other situation logistically, if that does not happen, these levels of short term debt should be sustainable going forward.
- Ritwik Sheth:** On the refinery EBITDA what would be the EBITDA for Q2 and H1 on the refinery part on the refinery segment?
- Suresh Kannan:** Q2 EBITDA will be around Rs.23 Crores and H1 EBITDA will be around Rs.36 Crores.
- Ritwik Sheth:** I will get back in the queue and thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Kashyap Pujara from Axis Capital. Please go ahead.
- Kashyap Pujara:** Can you just give some more data points on the refinery side like you did mention about Q2 EBITDA Rs.23 Crores, but would you also elaborate what is the total amount of sugar that we sold in this quarter versus last year and also what has been spread that we kind of got during this quarter?
- Suresh Kannan:** I think Ramesh mentioned it, but I think he was lost because the line was not clear. As far as the second quarter of refinery is concerned topline was Rs.665 Crores as against Rs.371 Crores of the previous year primarily driven by the volume because the sale during the



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current year second quarter was 2.42 lakh metric tonnes, previous year second quarter was 1.41 lakh metric tonne and in terms of production was 2.13 lakh in current year second quarter vis-à-vis 1.26 lakhs of second quarter of last year.

Kashyap Pujara: Production was 2.31 versus 2.13?

Suresh Kannan: 2.13.

Kashyap Pujara: Okay.

Suresh Kannan: In terms of your other question regarding spread the second quarter spread average was around \$42 per tonne.

Kashyap Pujara: This is excluding freight and these are spread landed as a factory correct?

Suresh Kannan: Absolutely.

Kashyap Pujara: And cost largely remains the \$30 to \$35 that is broadly consistent?

Suresh Kannan: Yes, couple of dollars on account of the additional cost of COVID and things like that, but those are short term cost.

Kashyap Pujara: So in the first quarter we did close to 1.24 lakh tonnes and in the second quarter in terms of sales and second quarter we did close to 2.4 essentially in terms of sales?

Suresh Kannan: Yes.

Kashyap Pujara: And also from a perspective of PBIT, we have PBIT which was Rs.10 Crores PBIT and I think in H1 we have close to 16 Crores PBIT right I mean correct me if I am wrong like Rs.36 Crores at the PBIT level...

Suresh Kannan: Rs.18 Crores.

Kashyap Pujara: Okay and in terms of my end of year what is the kind of total volume that we are looking at in terms of operational days if you can share or the spread in case of you have locked any thing forward what are the kind of spreads you have locked out?

Suresh Kannan: We are looking at around 8.5 lakh tonnes of sale for the year as a whole, so most of the spreads have already been secured, so that is quite in hand.



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- Kashyap Pujara:** Are they better than the current ones?
- Suresh Kannan:** They will be better than the second quarter numbers for the remaining period of the year and in terms of refinery operational base we are looking at around 330 days operations on a current year.
- Kashyap Pujara:** Okay, which means that actually my debt in refinery will go down towards the end of the year, because we will have good cash flows?
- Suresh Kannan:** At the moment we are expecting the current short term debt should remain more or less this level but yes there is a possibility that the debt can be further reduced.
- S. Suresh:** Should be at the same level for half year.
- Kashyap Pujara:** I must just ask you that like you did mention about 40, 42, if I were to just to know more what was the last year and how much as this margin improved Y-o-Y, how much the spread being better Y-o-Y versus the same period last year, if you can give H1 we are at 40, 45 and last year I think we would be at a \$5 improvement or \$6 improvement Y-o-Y?
- S. Suresh:** We do not have on hand H1 breakup of last year we can provide this information to you.
- Kashyap Pujara:** And largely last time in the quarter if you recollect we had discussed government had released the notification that refinery can source raw sugar from Indian mills itself to avail full export benefits, so earlier it was not there and to that extent of freight it was not reimbursable, so this would save freight cost, so what is the sense that we are having here, are we expected to get benefitted from the coming sugar season?
- Suresh Kannan:** This notification was issued as late as August in the current year so that there is a full reimbursement of the subsidy scheme that has been announced, of course as Mr. Suresh explained the whole industries are awaiting the export scheme for current sugar season 2021, so once that season is out that structurally is expected to be similar in terms of the subsidiary elements, so I think we should have a possibility to source sugar domestically and of course the extent of commercial advantage will depend upon the prevailing situation at that point of time.
- Kashyap Pujara:** And my last question before let others also join the queue and ask would be on the refinery outlook now at this point, last quarter you did mention that the outlook is tight for the year hence Thailand was facing drought and exports from there dried up and that situation was expected to continue, so how are you kind of reading the situation now?



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- Suresh Kannan:** There is not much of a change, refined sugar demand supply remains relatively same given the fact that even Indian exports have not come through as per the earlier projections we were expecting Indian low quality whites to come into the market starting from October and we have already seen that we do not expect any Indian quality flow because of lack of policy so that is added element in terms of the tightness. There is no positive reason on the failure of crop as a result of which we do not expect much of sugar, because Thailand is a number one exporter of refined sugar so their campaign is going to be muted as before, so the only question mark would be the consumption drop if any part of the world on account of second wave or third wave of pandemic which is too early to call, but in the absence of that yes, the demand should be quite good.
- Kashyap Pujara:** Okay, fine. That would be all for now. Margaret, can you please ask for more questions.
- Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One-Up Financial Consultants. Please go ahead.
- Ritwik Sheth:** Thanks again. On the long term debt, is it safe to assume that the next round of dividend coming in from Coromandel will also be used to repay the long term debt and subsequently it could be closed to nil excluding refinery at EID Parry standalone long term debt?
- Ramesh Kumar:** EID Parry what we have long terms is NCD, NCD can be repaid only in April and another on January 2023, at that time only we can repay, we cannot repay early.
- Ritwik Sheth:** And subsequently since then apart from the capex what would be the dividend policy for EID Parry's shareholders, the dividend...
- Ramesh Kumar:** It is too early to tell this, we have to wait for the full year results then we will have a board discussion and we will let you know.
- Ritwik Sheth:** Thank you and wishing everyone a Happy Diwali.
- Moderator:** Thank you. The next question is a followup from the line of Kashyap Pujara from Axis Capital. Please go ahead.
- Kashyap Pujara:** Just wanted to check with you your long term debt retirement plans, if you can just the previous conference call you had kind of articulated that over a three year view, you would kind of want to be debt free at EID, ex Coromandel, so just wanted to understand what are your thoughts in terms of reducing debt, we have seen consistent improvement in the last two quarters and even though right now, the sugar season I think will start now in H1 we



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have seen good reduction, so just wanted to check with you what your long term plan are in terms of taking debt to zero?

Ramesh Kumar: We will continue our journey on the debt reduction program as we committed during the year beginning and we will find out opportunities as and when possible to see that debt can be reduced further. On a consolidated basis excluding coromandel as of now we stand around Rs.960 Crores during the end of half year at least we wanted to protect at this level, we wanted to be at this level or slightly more be Rs.1100 Crores approximately due to working capital requirements as the Cane crush will be happening in full swing.

Kashyap Pujara: Sorry I missed you there, current date is Rs.952 Crores?

Ramesh Kumar: As of now end of this Q2, we are around Rs.968 Crores, we wanted to be at the same level at the end of the year; however, because of the season which is started now there can be an increase in debt to that extent may be another Rs.100 Crores possibilities are there?

S. Suresh: Just to add on, the loans which are subsidized one concessional loan will continue, as appropriate we will take it at the right time.

Kashyap Pujara: Okay and what would be the breakup of debt in refinery in terms of 960 how much would be refinery debt?

S. Suresh: Half year you are asking?

Kashyap Pujara: Yes.

S. Suresh: 535, I told you already.

Kashyap Pujara: And finally just wanted to check with you on Nutra I think we have seen some gradual improvements are happening on the Nutra side and incrementally at least from COVID, I think the focus on health and wellness products have also moved up, now where are we on the Nutra business and are we kind of in the take off stage or is it still to early days when do we start seeing some meaningful revenues and profitability coming through on the Nutra?

Ramesh Kumar: There is a huge jump from the last year to current year, we compare quarter to quarter comparison itself, it is a big jump and the business has started improving during this quarter, the sales to Europe and US has picked up very well during this quarter, the impact of COVID has given us little bit extra stretching mechanism which helped us to increase the turnover as well as the profitability during the quarter. The exercise of the fixed cost reduction across the company is to reduce the cost even in Nutra business also with that we



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turned out to be profitable and not only at the standalone level, it is at the consolidated level also, the business has done a good performance during the quarter as well as the half year number. There is a good upswing in the demand for Indian products and we expect the trajectory to continue.

Kashyap Pujara: And just one more question Sir, this is again slightly off track, EID Parry being such an old company we have huge amount of non-core assets and we do have lot of land which we have at hand even after sugar plants are relocated or vacated from Tamil Nadu we will still have a lot of vacant land there and just wanted to check with you what are the plans for some of them, is it like you will think monetization, do you think that there are possibilities to kind of do warehousing operations and get annuity stream for the company so just trying to understand what the plans are for some of the non-core assets that we would have on our books?

S. Suresh: As far as lands which are in the place where the current plants are there which are going to be relocated post that we will take a call on the sale of those lands and how do we monetize. As far as the other lands, we are taking a stock on the situation, we are awaiting the situation of real estate to improve post COVID once market sentiment goes up, we will take calls at the appropriate time.

Kashyap Pujara: That is all from my side. Margaret, can you check for more questions please.

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

Hitesh Doshi: Congratulations on excellent debt reduction initiative which we have taken and we are continuing with it, so this Rs.950 Crores debt means sugar plus refinery long term plus short term everything is included into this Rs.950 Crores?

S. Suresh: Yes, you are right.

Hitesh Doshi: And when we say we want to be debt free that is our reason that is what total debt free not even working capital you want to be totally debt free company going forward?

S. Suresh: We will continue our journey of debt reduction program only I said.

Hitesh Doshi: You said you may have Rs.100 Crores increase in debt from year-to-year because of the various reasons?



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- Ramesh Kumar:** Currently the seasons have not happened, now the seasons have started, so when you start the season there can be working capital requirement which we foresee some increase possible.
- Hitesh Doshi:** I got it, so does not include any one time dividend income or anything or some kind of asset monetization, so that can be if anything comes that will further reduce the debt from there right?
- Ramesh Kumar:** Yes.
- Hitesh Doshi:** Congratulation on excellent numbers and operational efficiencies. Second thing is Pettaivathalai you said still plant is closed down, but there are some staff and everything is there, so you think once we start shifting the plant, how much we can save annually from that this closure of the plant, how much we can save?
- Ramesh Kumar:** The depreciation cost will continue when we move to the new plant location ; however, on the manpower front and other operational cost we will save to the extent of Rs.2 Crores to Rs. 3 Crores from there.
- Hitesh Doshi:** Per year just Rs.3 Crores.
- Ramesh Kumar:** Our depreciation we move from here to the new plant.
- Hitesh Doshi:** Depreciations not I am asking about, so operationally just Rs.3 Crores we will save from there in Pudukkottai?
- Ramesh Kumar:** Already we brought down all these expenses including the staff, but they are at the bare minimum level for the purpose of maintenance alone we are maintaining around 50 people odd are there otherwise we have brought down everything.
- Hitesh Doshi:** Wish you all the best. Thank you very much.
- Moderator:** Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Kashyap Pujara for closing comments.
- Kashyap Pujara:** Thank you everyone and thank you to Mr. Suresh, Ramesh Kumar and Mr. Suresh Kannan for answering the questions. We do not have any further question so we will end the call now and look forward to the next couple of strong quarters from EID and look forward to hosting the call next time again.



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- S. Suresh:** Thanks Kashyap and thanks to everyone for joining the call. Wish you all Happy Diwali.
- Ramesh Kumar:** Wish you all a very Happy Diwali to all the investors and Kashyap and other organizers also. Thank you very much.
- Moderator:** Thank you. On behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.