

## Balrampur Chini Mills

### Management Conference Call Transcript

Date : February 20, 2009

**Representative:**

**Mr. Kishor Shah, Director & CFO**

**HDFC Securities Representative:**

**Pranika Jain**

**Operator:**

Thanking you for standing by and welcome to Future outlook of the Balrampur Chini Mills and Sugar industry conference call presented by Ms Pranika Jain.

At this time all participants are in listen only mode

There will be a presentation followed by a question and answer session at which time if you wish to ask a question please press "star" "one" on your telephone keypad

I would like to hand the conference over to Ms Pranika Jain over to you mam.

**Ms Pranika Jain**

Thank you Mithu, Good afternoon everyone and welcome to the conference call of Balrampur Chini Mills, Today we have with us Mr. Kishor Shah Director and CFO of the Company we will commence this conference call with the open remarks from Mr Shah which would be followed by Q&A session

I would now like to invite Mr. Kishor Shah to share his prospector with regards to the company's future performance and opportunities going forward for the company as well as for the Sugar industry, over to you Sir.

**Mr Kishor Shah**

Thank you Pranika and Thank you all participating in this conference call, Let us begin with sugar industry and then I briefly to tell about the company and then 'we are' we will glad to answer... any question.

We begin the current Sugar season 08-09 with the opening stock of about 8 million tons

India is expected to produce approx 60 million tons in a current season it is way below at the beginning of the season, the beginning of the season we estimated a production level about 20-21

Domestic consumption is estimated at 22.5 million tons and this would lead a balance of about 1.5 million tons at the end of this season. Declining in the production and country will be attributed to the lower yield per Hectar of Sugarcane lower recovery and lower equally wages in cane crop , Till per hectar of sugarcane crop in the country is substantially down from last year level going to agro climatically condition.

Sugar recovery from sugarcane in the current season is about 1 percentage point down as compared to last year if again is attributed to agro climatic condition.

There, I think uncertainty in cane price compare in to last 2 years is had led to diversion of end resources to alternate crops where government increase the support prices substantially. Sugar prices in the Domestic market has increased significantly in the current season, Sugar price realization on an average was about 14 and half Rs per Kg last year. As against present realization of about Rs 21 to 22 Rs per Kg on an average

In case the sugar price in domestic market is going to 40 percent down fall in sugar production in the current season and consequent decline in the sugar stock

Same price method UP government declare state adverse price flow, Sugarcane at 140 Rs per quintal for the current season what about the sugar industries paying 140 Rs to the farmer in current season, Cane price matter in respect of 06-07 and 07-08 in on are subsidies in the Supreme Court.

In Uttar Pradesh industry paid 110 Rs per quintal to Sugarcane farmers for 07-08 as against state advice price of 125 Rs announced by the Government.

A matter is subsidized in the Supreme Court we expect heeding to take some time in next 2-3 months time, there is a little uncertainly production of Sugar, and Ethenol in Brazil, Brazil Sugar Mills are expected to produce more sugar in coming year due to the sharp fall in crude oil crisis. Brazilian Sugar companies are facing tough challenges as per cash flow is concern and there are certain capacities which can only produce Ethenol

Now, since uncertainties have let to international prices range down despite even India having deficit, Pakistan having deficit and we all expect the prices to shoot up but then the range down. Government of India has allowed import of raw sugar on "ton to ton" basis to meet a possible short fall of the Sugar in the country, Import of raw sugar is allowed under advance license it seems with re-export obligation within two years.

So far company is concern we will produce 4, 80,000 tons of sugarcane, Sugar in the current season as against the last year 8, 20,000 tons.

The reasons for the lower production are basically same as we discussed earlier, the sugar profits of 09-010, Now Sugar production is expected to be around 19-20 million tons in next year. We expect the better yield per hector and better recovery next year. Farmers are also encourage to bring more land resources in Cane crop because of the higher cane price we need pay to the farmer across all the states, present direction of blending 5 percent of Ethenol with Petrol continues they are outstanding orders for Sugar Mills for supply of Ethenol while our company are expected to float new tender for buying Ethenol in coming month, 'the present Sugar 'the present Ethenol price is 21 Rs 50 Paisa per litre

The company has 125 Megawatts enable power across various factories, these capacities are need for 300 working days however due to non availability of Bagasse this capacities will be utilizes for the lower number of the working days, all in all on an macro level the situation looks quite good but the micro level where the cane price is been paid very high to the farmers. And then the even constitution among the millers to pay even higher to the farmer, from last 15-20 days we have been paying Rs. 155 to the farmers, Rs. 15 been paid as the incentives to the farmer and there are certain factories in Western Uttar Pradesh and Central Uttar Pradesh which are paying even higher at 170-175.

For the basic concern now remains you know what will be SEP for the next year is expected to be higher Rs. 140-160-165, so the micro level issues are yet to address were as the macro Brazil, India, Pakistan the demand supply is in our favor, that's all from my side now, we will be glad to answer any calls, any question were.

**Operator:**

Certainly sir, at this time participants if you wish to ask any question please press 'star' 'one' on a telephone key pad and wait for a name to be announced, I repeat participants if you wish to ask any question please press 'star' 'one' on a telephone key pad and wait for a name to be announced,

First on line we have Mr. Nitin Chaturvedi from Mirae Asset, please go ahead

**Nitin Chaturvedi**

Hello, this is Nitin Chaturvedi from Mirae Asset; I just want to check what is the recovery level for you this year.

**Kishor Shah:**

The recovery level from 9.22 to 9.25

**Nitin Chaturvedi**

Ok

**Kishor Shah**

As against to the last year 10.16

**Nitin Chaturvedi**

So this is for you, I mean for Balrampur Chini

**Kishor Shah**

Right

**Nitin Chaturvedi**

Ok and what would be your blended purchase price of the Sugar cane, I mean your are paying Rs. 155-170-175, so what will be the level that we see overall.

**Kishor Shah**

It should be on the range of 150 blended prices

**Nitin Chaturvedi**

Ok, these is blended price

**Kishor Shah**

Blended price this is inclusive of taxes and transportation, I mean even what ever would discuss with Rs. 15 higher as an incentive.

**Nitin Chaturvedi**

So you are booking that SAP that UP Government had decided Rs. 140 that is minimum you're paying

**Kishor Shah**

Right, right we're paying Rs. 140

**Nitin Chaturvedi**

Ok, this Rs. 140 can go up as well I mean because in last 10-15 days you're buying Sugarcane at higher price.

**Kishor Shah**

No this 140 will remain 140 know

**Nitin Chaturvedi**

No but the buying price 155-170-175 that we have seen

**Kishor Shah**

Compare to the last level of percentage now and whatever extra is going, going by way of incentive

**Nitin Chaturvedi**

So average would remain at around Rs. 150

**Kishor Shah**

150 after taking in to consideration everything

**Nitin Chaturvedi**

Ok, and second thing is about power we will have lesser numbers of days working this year, so can you get some sense how many this days will have I mean what estimate do you have on that.

**Kishor Shah**

I will tell you about the Units we are going to sell, last season we sold 57 crore Units, in the current year we are expecting to sell about 38 to 39 crore unit

**Nitin Chaturvedi**

Ok and regarding the production of 4.8 lakh ton is it down, I mean you're saying that you are down by almost 40 percent from what it was last year.

**Kishor Shah**

Right we are down by 40 percent

**Nitin Chaturvedi**

So does it impact your average cost of producing Sugar

**Kishor Shah**

Yeah, definitely this will increase my per unit cost of Sugar production

**Nitin Chaturvedi**

Right but the impact would be how much, I mean say 15 percent or 20 percent on the conversion cost.

**Kishor Shah**

Much more I think you know 35 to 40 percent

**Nitin Chaturvedi**

Same amount

**Kishor Shah**

I'm talking about increase in the conversion cost

**Nitin Chaturvedi**

Yeah, I'm talking about that, so conversion cost would be 35 to 40 percent higher. Ok and what gives you this believe that next year probably acreage will be higher

**Kishor Shah**

We are paying Rs. 140 indirectly we are paying 155-170

**Nitin Chaturvedi**

Right are we seeing because you know Sugarcane sowing season has started probably you know, so are we seeing any kind of increase in acreage happening or

**Kishor Shah**

Sowing season start in the month of the April ,March end and April only

**Nitin Chaturvedi**

Ok

**Kishor Shah**

And farmers are returning lot of cane and seeds for the next sowing.

**Nitin Chaturvedi**

Right and what would be your debt level as of know

**Kishor Shah**

Long term debt is around 1000 crore and short term 500 crore

**Nitin Chaturvedi**

Ok that would be mostly working Capital

**Kishor Shah**

Yeah

**Nitin Chaturvedi**

Ok fine, thank you so much.

**Operator**

Thank you sir, next online we have Miss. Achala Kanitkar from Birla Sun Life, please go ahead mam

**Achala Kanitkar:**

Good morning sir just needed to get the sense in including the sixteen rupees the high gain cost settled again, what would be your total cost of sugar as of now?

**Kishor Shah**

Sugarcane?

**Achala Kanitkar**

Yeah, including the increase cane cost that of grained what would be our total cost of sugar production right now, on per kg basis?

**Kishor Shah**

Landed cost of sugarcane for the first quarter ended was around Rs. 147.

**Achala Kanitkar**

Yes sir, and at that and conversion cost to that sir?

**Kishor Shah**

Total production was Rs.19.

**Achala Kanitkar**

Rs.19.

**Kishor Shah**

Rs.19.

**Achala Kanitkar**

As against we are getting around Rs. 21-22.

**Kishor Shah**

This is respected to Goa Pundli twenty-one. Because now when we calculate these Rs.19 , the production was estimated higher as 5.5 to 6 lacs tons. And now the price is also gone up by the all in all it could be in the range of about 1975. Rs. 20 cost of [inaudible]

**Achala Kanitkar**

Ok and how do you see the overall outlooks for the next year, what kind of cane acreage on your anticipating based on the current cane cost? Any thing substantial would you know as of now, or it would take some more time?

**Kishor Shah**

It would take time because too early to project, you know what kind of acreage we are estimating, but certainly farmers are encourage with 140-145 rupees price, but the next year sugar production is concerned it's not going to be substantially high, because the current year cane plantation crops are very bad. Therefore the Raton in the current year coming year will be slightly lower side.

**Achala Kanitkar**

Ok and is the cushion still on in your plan sir?

**Kishor Shah**

Yeah, some of the plant still now.

**Achala Kanitkar**

Ok, so probably by March end everything should be start?

**Kishor Shah**

March, before Holi we will close it.

**Achala Kanitkar**

Ok, and where do you see the sugar prices stabilizing?

**Kishor Shah**

Sugar prices for the last one month in the range of about Rs 21.50 to Rs. 22. And it all depends on the government actions, but we estimate that it will in the range of about 22 to 23 Rupees.

**Achala Kanitkar**

Ok, that's it from my side, Thank you sir.

**Operator:**

Thank you mam, next on line we have Mr. Rajak Chandak from ICICI Prudential. Please go ahead sir.

**Rajak Chandak**

Yeah, Good afternoon sir.

**Kishor Shah**

Good afternoon, Rajat.

**Rajak Chandak**

And just a couple of questions, what amount of raw sugar imports do you see for this year in the country

**Kishor Shah**

Government has just allowed import of raw-sugar on ton to ton basis.

**Rajak Chandak**

Right.

**Kishor Shah**

And we expect that most of the mills they are closing down there operation for the current season, whatever there importing they will be able to crush in the next season only.

**Rajak Chandak**

Ok

**Kishor Shah**

They will accept there are certain needs which have additional capacity with the And capacities and they have power available with them. We estimate that about \$1.5 million ton will be imported in presently; it can be refined can be sold in the domestic market.

**Rajak Chandak**

For this year.

**Kishor Shah**

Yeah.

**Rajak Chandak**

Ok and sir what are the current realizations are getting per kg of sugar?

**Kishor Shah**

We are getting about Rs. 21.50 paisa.

**Rajak Chandak**

Rs. 21.50 at present.

**Kishor Shah**

Ex-factory

**Rajak Chandak**

Ex-factory, so do you expect that prices to go up, as the year progresses?

**Kishor Shah**

Slightly

**Rajak Chandak**

Slightly, and what should be the realizations on the RSN, ENA etc?

**Kishor Shah**

We are getting about 24-25 rupees on account of RS.

**Rajak Chandak**

Ok.

**Kishor Shah**

25-26 rupees on account of ENA.

**Rajak Chandak**

Ok.

**Kishor Shah**

And ENA is a fixed cost it's a fixed price 21.50 Rs.

**Rajak Chandak**

Ok, right sir, ok sir.

**Kishor Shah**

Thank you.

**Rajak Chandak**

Yeah, thanks.

**Operator:**

Thank you sir, Next on line we have Mr. Pankaj Gupta from SBI mutual fund, please go ahead sir.

**Pankaj Gupta**

Hi Kishor, Pankaj here.

**Kishor Shah**

Hi Pankaj, how are you?

**Pankaj Gupta**

Dear, I logged in the call little late, I don't know whether you have covered the part on the inventory how has been the inventory level move in the industry as well as on your company side?

**Kishor Shah**

In fact we began the current year with \$8 million tons of opening the stock.

**Pankaj Gupta**

Yeah.



**Kishor Shah**

In fact to produce about \$16 million tons and domestic consumption is about \$22.5 million tons, thus the inventory position for the current season. And so far the company is concerned it began the year 1<sup>st</sup> October 2008 with \$3.1 lakh tons of sugar, and we expect to produce about \$4.8 lacks tons. The first quarter we sold 2 lakhs tons, as per the releases will continue to sell.

**Pankaj Gupta**

Ok, and I assume that you will be making a good amount of profit on your un-inventories opening inventory.

**Kishor Shah**

Yeah, 3, 10,000 were valued at Rs. 14.05. Each on an average you sell at around Rs. 19 plus.

**Pankaj Gupta**

Ok, yeah that's all, thanks.

**Kishor Shah**

Thank you.

**Operator:**

Thank you sir, next on line we have Miss Tanu Kejriwal from Quantum Asset Management, please go ahead.

**Tanu Kejriwal**

Hello.

**Kishor Shah**

Yes.

**Tanu Kejriwal**

Just wanted some views on ethanol, you know less than \$40 crudes, do you think it will sell or OMC's reluctant to lift it or you know what's you do, what will you see?

**Kishor Shah**

We have outstanding contracts with the Oil Marketing Companies. We are supplying to them, they are buying from us. These quantities we have to supply by the-by September 09, and whatever negotiations happening with the Oil Marketing Companies they are expected to plot new tender at the same price level.

**Tanu Kejriwal**

Ok, but we all On that you see this continuing as human crude is, you know pretty much at the same level?

**Kishor Shah**

Right, right in fact there is no linkage with the crude oil prices, when 140 was the crude, even that time we were supplying Rs.21.50 and today with a crude at \$40 will continue to supply your Rs.21.50

**Tanu Kejriwal**

Ok, and this 5 percent do you see it's going up to 10 percent is what we been hearing

**Kishor Shah**

Not in hurry, not in hurry. Its might take two years, three years term

**Tanu Kejriwal**

All right, and just you know last question from my end very broad one. We know sugar realizations are go up but so of the cane cost and most of the mills are highly elaborate today. So you know on as far as bottom line is concerned, you think, even of the highest sugar realizations is actually contribute anything positive on to that side because beyond level we against the government interference in terms of the sugar realizations going up.

**Kishor Shah**

Certainly, I think the government is expected to interfere that we are paying higher cane price to the farmer.

**Tanu Kejriwal**

Right, and 170 and

**Kishor Shah**

Getting higher realizations for the time being you know because the old inventory we will gain, but lower production is increasing might per unit cost of sugar production.

**Tanu Kejriwal**

Exactly, because [inaudible] cost will be incurred.

**Kishor Shah**

Right, so that's why I began to you know there are macro situation looks good but micro level problems are still there. And as you know that as we move ahead and we start paying Rs.150-160 to the farmer, generally we have seen cane price is not rolled back whereas in the year of excess production, the sugar price comes down.

**Tanu Kejriwal**

Right

**Kishor Shah**

That's all we have in our mind.

**Tanu Kejriwal**

Thank you, thank you so much.

**Operator:**

Thank you mam. Next on line we have Mr. Avinash Agarwal from Sundaram BNP Parivbas please go-ahead sir.

**Avinash Agarwal**

Hello sir, I just wanted to understanding your planning to import raw sugar?

**Kishor Shah**

No, we are not planning to import raw sugar, because our techniques are located in Uttar Pradesh and the transportation cost is quiet high. And whatever raw sugar is coming in is with the re-export obligation.

**Avinash Agarwal**

Ok, so is there no re-export obligation you would have imported?

**Kishor Shah**

Yeah, we can consider that.

**Avinash Agarwal**

Ok, ok. So how much refining capacity do you have, which can run on say coal?

**Kishor Shah**

Yeah, we can define about 60-70 thousand ton.

**Avinash Agarwal**

Ok, and sir how much I mean which players you think can really import raw sugar in today's environment sir?

**Kishor Shah**

No, there are certain refinery turn over refineries, they can import refined and sale.

**Avinash Agarwal**

Ok.

**Kishor Shah**

Other than there are very few capacities available now, because the season is coming to an end and for refining to raw sugar that you need power and steam. And there is no baggase After available with them

**Avinash Agarwal**

Ok! Primarily we based on maybe the two refineries of AID and Shree Renuka

**Kishor Shah**

Right

**Avinash Agarwal**

Ok! And sir do you expect this policy to be extended beyond September

**Kishor Shah**

We should assume that this is likely to be extended because the next year cane production scenario is not very encouraging current year 16 Million ton next year to be about 19-20 Million ton only.

**Avinash Agarwal**

Ok!

**Kishor Shah**

We expect it to continue

**Avinash Agarwal**

Ok! And this 3 to 4 Million ton which has seeing increase you're expecting for the next year of which part of the country do you expect the increasing it from.

**Kishor Shah**

It is across all state

**Avinash Agarwal**

All state

**Kishor Shah**

Because in the current year every company every area is paying higher to the farmer.

**Avinash Agarwal**

OK!

**Kishor Shah**

And the sell per hector is down everywhere

**Avinash Agarwal**

Ok! Sir this you said that expecting a SEP 165 to 170 am I right.

**Kishor Shah**

It could be because you know today industries paying more to 155

**Avinash Agarwal**

Ok!

**Kishor Shah**

We can only expect to higher cane prices here.

**Avinash Agarwal**

OK! Sir, in that case you will probably breaking in the sugar segment you get a realization of about 22.

**Kishor Shah**

That thing .Better thing.

**Avinash Agarwal**

Ok! Sir, that's it from my side, Thank you Sir

**Kishor Shah**

Thank you

**Operator:**

Thank you Sir, Next on line we have Mr. Nirmal Shah Alchemy Ltd. Please go head.

**Nirmal Shah**

Good Afternoon Sir,

**Kishor Shah**

Good Afternoon Nirmal

**Nirmal Shah**

Sir just I wanted to clarification you mentioned because of the low crossing days the additional increase in conversion cost is close to Rs. 3 a kg.

**Kishor Shah**

Not Rs. 3 a kg. We said about 30 to 40 percent higher

**Nirmal Shah**

Ok!

**Kishor Shah**

We have first element salary graded, repairs and maintenance

**Nirmal Shah**

Right

**Kishor Shah**

Depreciation, is a quite high

**Nirmal Shah**

So, earlier, you have break even cost was Rs. 19 a kg Now it is become close to 21 right

**Kishor Shah**

Right

**Nirmal Shah**

Ok Rs. 2 a kg addition cost, Ok! Thanks a lot Sir

**Operator:**

Thank you; next on line we have Mr. Swapnil Gore Span Capital Service. Please go head

**Swapnil Gore**

What is the ethanol; production and what are it realizations

**Kishor Shah**

Are you talking about country production?

**Swapnil Gore**

Of the company

**Kishor Shah**

We will produce work for 4, 80,000 tons in the current season.

**Swapnil Gore**

Ok!

**Kishor Shah**

We have selling sugar at 21 Rupees 50 paisa.

**Swapnil Gore**

Yeah! And what about ethanol production

**Kishor Shah)**

We are producing Ethanol. We will produce more 5 and half crore liter of Alcohol including RS, ENA and Ethanol

**Swapnil Gore**

Ok! And what is the average realization for ethanol

**Kishor Shah**

25 Rupees 50 paisa.

**Swapnil Gore**

Ya! And what is the average realization for power

**Kishor Shah**

Its 3 Rupees 5 paisa

**Swapnil Gore**

OK

**Kishor Shah**

Fix cost for what is in statement

**Analyst (Swapnil Gore):**

Ethanol and power

**Kishor Shah**

Costing what we are talking is after taking care of fix cost also

**Swapnil Gore**

Ya! Ok! Thank you Sir,

**Operator:**

Next on line we have Mr. Avinash Agarwal from Sundaram BNP Paribas. Please go head Sir.

**Avinash Agarwal**

Sir just one follow up question, I wanted to understand how much raw sugar already come in to the country in last few days and how much a good come in the near future?

**Kishor Shah**

Avinash, I do not know at exact number.

**Avinash Agarwal**

Ok!

**Kishor Shah**

As far as I gather the contractor quantity so far is amount 900 thousand

**Avinash Agarwal**

Ok! Sir, so do you expect the International sugar prices to move up sir, in this scenario

**Kishor Shah**

For the last two three months it has been raised down, raw sugar prices were in the range of 12 to 13 and half cents.

**Avinash Agarwal**

Yes Sir

**Kishor Shah**

Has been bare things because you know there is uncertain things in respect to Brazilian production

**Avinash Agarwal**

OK! But now is the real depreciating do you expect that there could be higher production shift towards sugar?

**Kishor Shah**

Difficult to say at this point of time.

**Avinash Agarwal**

OK!

**Kishor Shah**

But there are various view, diversion view people are saying that they will continue to produce ethanol at 60% level.

**Avinash Agarwal**

OK!

**Kishor Shah**

But, crude oil at \$40 their view that Brazil will not be able to export too much of quantity from to other countries.

**Avinash Agarwal**

OK!

**Kishor Shah**

You will have to wait and watch

**Avinash Agarwal**

OK! And Sir this wanted to understand one point if your refineries are in SEZ can we bring the sugar refined it and sell it in India.

**Kishor Shah**

No, I mean this the special like advance license scheme it has been allowed that it has to be imported on ton to ton basis.

**Avinash Agarwal**

Ok!

**Kishor Shah**

They can sell for the domestic market but the quantity needs to be re-exported from some other port

**Avinash Agarwal**

Ok! But in SEZ I believe we can only export from there, we can not bring it into domestic market. It's more relating to SEZ rules rather than this I mean the sugar rule.

**Kishor Shah**

Right

**Avinash Agarwal**

So I wanted to understand from the SEZ we can do it.

**Kishor Shah**

No, no even SEZ imported raw sugar after refining is not allowed to be sold in the domestic market

**Avinash Agarwal**

Ok!

**Kishor Shah**

Under this is special rule it will regulate the supply of raw sugar as well as in refined sugar in the domestic market.

**Avinash Agarwal**

Ok! With the existing rule person who has a refinery SEZ can sell it in India

**Kishor Shah**

Ya! This is revise one

**Avinash Agarwal**

Ok!

**Corporate Participant (Kishor Shah):**

But the quantity into re-exported within two year

**Avinash Agarwal**

Within two year. But in the normal circumstances they can't do it

**Kishor Shah**

No

**Avinash Agarwal**

Ok! Sir thanks Sir you for your clarification.

**Operator: (Ms Neethu)**

Thank you sir, next on line we have Mr. Swapnil Gore From Span Capital Service



**Mr. Swapnil Gore**

Sir, May I know what is your interest first

**Kishor Shah**

Interest for the company as a whole would be around 100 Crores

**Mr. Swapnil Gore**

Ok! Sir, What the rate you have contracted it?

**Kishor Shah**

Rate of interest

**Mr. Swapnil Gore**

Yes!

**Kishor Shah**

Rate of interest for long term loan is below 9.5%

**Mr. Swapnil Gore**

Short term

**Kishor Shah**

Some around 8, 8.5

**Mr. Swapnil Gore**

Ok!

**Kishor Shah**

OK! Fine Thank you Sir

**Operator: (Ms. Neethu)**

Thank you Sir, Next on line we have Mr. Tushar from Prabhudas Liladhar Please go head Sir.

**Mr. Tushar**

Sir I just wanted to know the conversion cost for [inaudible] on the way you are given for sugarcane from [inaudible]

**Kishor Shah**

[Inaudible] in the range about Rs. 4 per liter.

**Mr. Tushar**

4 Rupees. I just was thinking that the way conversion cost for sugarcane as increase fees that this also going to increase.

**Kishor Shah**

Not in proportion to the sugar but it will increase the normal cost about Rs. 3.5 per liter.

**Kishor Shah**

In this case, may little upto level Rs. 4.

**Mr. Tushar**

And for power Sir

**Kishor Shah**

Power 250 rupees for bagasse cost

**Mr. Tushar**

Sorry

**Kishor Shah**

With Rs. 250 Rupees per term of bagasse cost. Our generation cost is 1 Rupee 60 paisa in the current season.

**Mr. Tushar**

Ok!

**Kishor Shah)**

We are lower production lower generation of electricity

**Mr. Tushar**

Ok!

**Kishor Shah**

In a normal cost like last year we had 1 Rupee 23 paisa

**Mr. Tushar**

Ok! Sir, That is increasing only for 40 paisa. Ok! Sir, Thank you.

**Operator:**

Thank you Sir, Next on line we have Mr. Nirav Shah Private Investor. Please go head Sir.

**Mr. Nirav**

Ya! Good afternoon sir, thanks for taking my question, Firstly is say in the notification is the quantity contractor imports prior to the notification announcement I mean for the Tuesday allow to domestic consumption I mean who were is contracted that sugar try to notification lower raw rates.

**Kishor Shah**

Nor that would be a allowed I think there is some misinterpretation. I don't think that would be restricted

**Mr. Nirav**

Ok! And Sir if you look at the sugar prices I mean in the Q1 conference we have mentioned that it was around Rs. 22 may I specific reason why this corrected because even suppliers not coming that at the same place.

**Kishor Shah**

That was an average price like you know in the last 15 days little subdued market.

**Mr. Nirav**

Ok!

**Kishor Shah**

As you told we are expect to go up to level of 22.5, 23

**Mr. Nirav**

Ok!

**Kishor Shah**

And sir one more thing that know we as we don't see major competition from [inaudible] players I mean why have you paid higher cane cost because mostly were ever the western and central region the prices are increase that is because [inaudible] paid Rs. 160 and we are facing competition others sugar manufactures only and Given the situation their also not very good position to pay that so there is any specific reason to pay the higher cane price

**Kishor Shah**

No, I, neighboring practices started paying higher 15 rupees 20 rupees extra to the farmer would be not choice we have to pay that.

**Mr. Nirav**

Ok! Ok! I'm just delivered one last question I mean seen that the team leader following graspically so farmer as not avail that much money and coupled with that no increase of for a 8 percent and re-damaged pay I see, Sir, should do we shall believe that a next year scheme plantation would be more I mean line of expectation for on 20-30 percent more.

**Kishor Shah**

Of course! Yes!

**Mr. Nirav**

Because a this a farmer as on although he his been paid a higher Cane price a at around 140 rupees and blended should be their 143-144 rupees but the team leader following so much that is a profit per hector as on increase that much.

**Kishor Shah**

Yes ! It is expected to go up next year.

**Mr. Nirav**

Ok Sir.

**Kishor Shah**

At is expected go up dramatically next year

**Mr. Nirav**

Ok Sir, so that doesn't mean that next year I mean Cane cost will be as base at 160 Rupees?

**Kishor Shah**

I will that they as expectation you know.

**Mr. Nirav**

Ok Sir. Thank you Sir. Thank you very much Sir.

**Operator**

Thank you Sir. Once again participants if you wish to ask any question please press "star" "one" on a telephone keypad and wait for your name to be announced I' repeat participants if you wish to ask any question please press "star" "one" on a telephone keypad and wait for your name to be announced.

Next on a line we have a Analyst: (Mr. Abhinav) from "HSBC" please go ahead.

**Mr. Abhinav**

Dear sir Good afternoon, just one question from my side UP millers were negotiation and increase with the state electricity board and power tarrif is a there any update that in get through us now.

**Kishor Shah**

It is still in pipeline and we expect something will happened

**Mr. Abhinav**

Ok! But the I will like to resave beneficiation the current season itself for how is liked you the panel?

**Kishor Shah**

Thus, It has been resave for the current season only

**Mr. Abhinav**

I see fair and enough lastly in the last con call if the remember recoveries rates so a mention to be closer to a 9.1 current con call a mentioning 9.2 is here on optic that you're saying or is it is it on approximation and if you all also guide us in terms of the amount of the Cane that you liked you a crush finally?

**Kishor Shah**

So at you say no 4, 80,000 total sugar been produce in the current season.

**Mr. Abhinav**

Right!

**Kishor Shah**

And this optic is normally it happened in a month of Feb and March. But overall rate is to think 9.22 to 9.25 not much

**Mr. Abhinav**

I see. Ok! Sir, Thank you.

**Operator**

Thank you sir, next on line we have Mr. Avinash Agarwal from "Sundaram BNP Paribas ", please go-ahead sir.

**Mr. Avinash Agarwal**

Hello! Sir. I just wanted to understanding we have Who was lowers Raton crops next year or lower plant crops?

**Kishor Shah**

There were no lower Raton crops next year

**Mr. Avinash Agarwal**

So, will the production be shifted more towards to January and February and will have lowered a production move towards in October to December periods?

**Kishor Shah**

Production will continue to happen we have got 2/3<sup>rd</sup> of Raton crops roughly

**Mr. Avinash Agarwal**

Ok!

**Kishor Shah**

That will happen, that doesn't make any difference shall we have more production in the month of Jan and Feb and lower in the month of December.

**Mr. Avinash Agarwal**

Normally the plant crops is crushed in January-February

**Kishor Shah**

Yes! One's is start in the January end at and then it continues.

**Mr. Avinash Agarwal**

Ok Sir. So out of next year's production you saying about 2/3<sup>rd</sup>s confirm Raton sir?

**Mr. Kishor Shah**

It is just rough estimate I'm saying.

**Mr. Avinash Agarwal**

Ok! Ok! How much was this is year Sir?

**Mr. Kishor Shah**

Is about at same range every year the same range happen

**Mr. Avinash Agarwal**

Ok Sir, and Sir us mills in the south of is part of the country's are they also paying higher Cane prices this year?

**Mr. Kishor Shah**

Right! They are paying higher price 150-145.

**Mr. Avinash Agarwal**

Sir Thank you.

**Mr. Kishor Shah**

Thank you.

**Operator**

Thank you Sir. Once again participants if you wish to ask any questions please press "star" "one" on a telephone keypad and wait for your name to be announced I' repeat participants if you wish to ask any questions please press "star" "one" on a telephone keypad and wait for your name to be announced. Once again participants if you wish to ask any questions please press "star" "one" on a telephone keypad and wait for your name to be announced.

Next on a line we have Mr. Deepak from "Indian Ocean" please go ahead.

**Mr. Deepak**

Hello Sir. Can you give me details of number a crushing date achieved in this season?

**Mr. Kishor Shah**

The number of days would be about 100.

**Mr. Deepak**

100 day's Sir. on an average.

**Mr. Kishor Shah**

Yes! On an average because they number of days were crushing is lower there are number of days were crushing was a good capacity.

**Mr. Deepak**

Ok! Fine. Thank you Sir. That is all.

**Operator**

Is your question-answered Sir?

**Mr. Deepak**

Ya!! Thank you.

**Operator** Thank you. At this time their were no further the questions for the participants I would like to hand this floor back to a Ms. Pranika Jain over to you mam.

**Ms. Pranika Jain**

Thank you Mithu . I would I would take this opportunity to thanks Mr. Shah for taking out time to share his views with all of us I would also like to thank all the participants for attending the conference calls. Thank you so much.

**Operator**

Thank you mam

**Ms. Pranika Jain**

Thank you everyone for attending this conference calls.

**Operator**

Thank You. That this concludes a conference for today. Thank you for participating in on the Reliance Conference bridge you may all disconnected now.

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