K.P.R. MILL LIMITED

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SCRIP CODE: 532889

The Listing Department,
National Stock Exchange of India Ltd
Exchange Plaza, Plot: C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051

SYMBOL: KPRMILL

Dear Sir,

Sub: Transcript of the Conference Call held on 06th February, 2024

Ref: Our intimation dated 06.02.2024 - Filing of Audio Recording

In continuation to our intimation under reference and in Compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the attachment, the transcript of the aforesaid Conference Call as received from the Concall service provider.

Please take the same on record.

Thanking you,

Yours faithfully,

For K.P.R. Mill Limited

P. Kandaswamy
Company Secretary

Encl: As above

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"K.P.R. Mill Limited

Q3 FY24 Earnings Conference Call"

February 06, 2024

MANAGEMENT:	**MR. P. NATARAJ – MANAGING DIRECTOR – K.P.R. MILL LIMITED** **MR. PL. MURUGAPPAN – CHIEF FINANCIAL OFFICER – K.P.R. MILL LIMITED** **MR. P. KANDASWAMY – COMPANY SECRETARY – K.P.R. MILL LIMITED**
MODERATOR:	**MR. ARCHIT JOSHI – BATLIVALA AND KARANI SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the KPR Mill's Q3 FY24 Post Results Conference Call hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be no opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Archit Joshi from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Archit Joshi: Thanks, Lizann, and good evening, everyone, and welcome to the Q3 FY24 Earnings Conference Call of KPR Mill Limited. On behalf of B&K Securities, I welcome all participants and the management of KPR Mill. We have with us today, Mr. P. Nataraj, Managing Director; Mr. Murugappan, Chief Financial Officer; and Mr. Kandaswamy, Company Secretary. Without further ado, I would like to hand over the floor to Mr. Nataraj for his opening remarks, post which we can have a Q&A round. Thank you, and over to you, sir.

P. Nataraj: Thank you very much, Mr. Joshi. Very good evening to everyone. I welcome you all for the KPR Mill Limited third quarter earnings call for the financial year 2023-24. During the nine months ended 31-12-2023, overcoming the challenges, KPR has generated a consolidated revenue of INR 4,418 crores and net profit of INR 592 crores. The factors that impacted the financials during the period were: fall in cotton prices resulted in reduced selling price for yarn during the quarter. And fall in yarn margin due to subdued demand at international markets.

Garment shipments were held up during the month of December due to recent cyclones in Tamil Nadu, that is both in Chennai and Tuticorin port areas. The third one is government ban on use of sugar juice for manufacture of ethanol to regulate sugar price. However, the current quarter appears to be encouraging and our modernization and expansion plans would support our growth level. Strong financial position and comfortable cash flow continues.

With this opening remarks, the floor is now open for a question-and-answer session. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Rushabh from RBSA Investment Managers.

Rushabh: So just want to understand on the textile front, if KPR has to remain competitive in the foreseeable future, would it be possible by having units only in Tamil Nadu, sir, despite having government incentives in other states and higher transportation cost for raw materials. We just want to understand from here in the next three to five-year perspective.

P. Nataraj: No, this is happening over a period of time. And that every state is offering some incentives and all. But being in Tamil Nadu, where the major hub of the textile industry, you know about Tirupur is the largest hub of our hosiery manufacturing. Of course, if we see that in Gujarat has offered the last 10 years, a lot of incentives, and like other states also coming up. And still, we are able to compete because of various other advantages like climatic conditions and the labour availability and technical knowhow availability, skilled people.

With all this, not only the incentives, with various other factors are there, especially if you see when the climatic condition is very crucial, whatever is even the raw material, the productivity and the quality of the product depends on various aspects. So with this, we hope that is still here, the share of Tamil Nadu is still competitive to other areas.

Rushabh: Okay. And secondly, sir, have you added any major customers in the last, say, last six to nine months for garments or maybe in the -- especially in the US markets, if you could add some colour, sir?

PL Murugappan: Yes. We have recently added Walmart to our portfolio. And also, we added GAP.

PL Murugappan: Recently, we have added Walmart as our customer for US exports. And also, we have increased the volume to GAP under various both the US and European destinations. We have added GAP as a major customer during this quarter for the destination both in US and Europe.

Rushabh: And sir, last question. Post this government decision on restriction of sugar for ethanol, how would the decision-making change for incremental capex in this segment? Would you still be preferring to invest there? Or are you preferring investing in our core textile business only? How does this change your decision making, sir?

PL Murugappan: So presently, we are not looking to invest in sugar because it's more of a license-oriented business under the area and other things. Now we are concentrating more on the textile business. In case of any good opportunity, we may doing it. Now we are not doing anything.

Rushabh: Okay. Any update on the expansion plans, sir, for garments?

PL Murugappan: Garments, now we are expanding the processing capacity with an outlay of INR250 crores, along with the solar power plant INR100 crores with the capacity of about 25 megawatts.

With this our solar and wind capacity will reach to about 100 megawatts. We already have a capacity of about 100 megawatts.

Now we have a 61.92 MW of wind power. And as well as we have completed the project to whatever we have announced last year, like vortex INR100 crores expansion are already being done. And solar INR50 crores last year announced were completed. Ethanol INR150 crores expansion project of the existing sugar mill has been completed.

And now the capacity of the existing sugar mill ethanol capacity increased from 120 KLPD to 250 KLPD. Processing capacity expansion of printing and processing with the outlay of about INR 50 crores has been completed. Printing monetization has been completed.

Rushabh: Okay, sir. And sir, this Bangladesh wage hike issue, how do you see -- are you getting more inquiries from there? Do you see it playing out in benefit of India in the next couple of years? How do you see this Bangladesh issue, sir?

P. Nataraj: For that we have to wait and see because everywhere here and there, some issues are raising, like China Plus One, of course. It will take some time. Similarly, Bangladesh labour issue. Previously, the labour cost was low. And now it is slowly increasing like year-on-year, like that. And we had to wait and see. And definitely, over a period of time because the Bangladesh garment export has tremendously increased over the last four to five years.

So naturally, everywhere, when the growth is there, then the demand for this kind of -- the cost will also increase. So definitely, in the future, I mean, you see that, as you said in the last -- in the next two, three years, it may be at par with India, so which will be an ultimately advantage to for India.

Moderator: The next question is from the line of Prerna Jhunjhunwala from Elara Capital.

Prerna Jhunjhunwala: I would like to understand the demand scenario of garments and yarn today. How is it shaping up post the quarter and how it was during the quarter?

P. Nataraj: Demand wise both yarn and garments are good. And currently we are carrying garments order of about INR 1,100 crores. Yarn movement is good. We are seeing a growth in yarn demand.

Prerna Jhunjhunwala: Okay. And any impact of Red sea issue to European export?

P. Nataraj: We are not seeing much of an impact on Red sea issue because most of our exports are all FOB basis, mainly garment. Yarn, we are not exporting much. So we are not seeing much impact on this side.

Prerna Jhunjhunwala: Sir, any increase in cost for container prices, if it is borne by you and also daily we are hearing delay in the increase in the lead time of shipping. So how are customers reacting to this? Are they asking for speeden up their orders to ship fast or they are okay with the delay? I mean just trying to understand the customer behaviour in this scenario.

P. Nataraj: We have to wait for some time. Presently, there is no request from the customer for early shipment and all. We are ready for it, but we are not seeing it. We hope that the things will settle. Otherwise, we will see it in the coming period.

Prerna Jhunjhunwala: Okay, okay. And sir, we are almost operating with full utilization in the garments business. What are your thoughts on the garment division growth over the next three to five years?

P. Nataraj: We hope that 10% to 12% growth will be there from the garment business over a period of next three to five years' time. We will plan...

P. Nataraj: Yes, we are planning for a growth of about 10% to 12% in the garment segment. We hope that we will plan our expansion accordingly.

Prerna Jhunjhunwala: Okay. Okay. Any update on brownfield expansion that you were thinking about meanwhile?

P. Nataraj: Yes, we are doing it slowly, maybe completing it in six months to one year time.

Prerna Jhunjhunwala: Okay. Okay. Understood. And sir, in terms of the sugar directive. Just wanted to understand the impact on us with respect to juice-based ethanol manufacturing and be heavy molasses, how does it change for you or there is no major change?

P. Nataraj: The B-Heavy molasses processes not affected much, only ethanol from juice government has stopped substantially. But sugar prices presently is a little higher than the earlier period. So we hope that whatever benefit we get from ethanol, we will get it from sugar also.

Prerna Jhunjhunwala: Okay. Understood. The last two bookkeeping questions. Just what is the breakup between yarn volume and fabric volumes for the quarter and Q2 as well?

P. Nataraj: You want the production or sales realisation?

Prerna Jhunjhunwala: Production and sales volumes.

P. Nataraj: Yarn production 23,000 tons. Yarn sales is 14,000 tons. Fabric production, 6,000 tons. Fabric sales, 2,000 tons. Garment production 37 million.

Prerna Jhunjhunwala: Sorry, I couldn't hear you, sir.

P. Nataraj: Garment production 37 million. Garment sales is 33 million.

Prerna Jhunjhunwala: Okay. Understood. And sir, what has been the margin for yarn and fabric and garment business in the quarter?

P. Nataraj: Yarn and fabric is about 15%. Garment is about 27%. Sugar is about 27%.

Moderator: The next question is from the line of Vikas from Equirus.

Vikas: Sorry if it is a repeat question. But sir, can you explain the reason why it has been a very sharp decline in the garment realization, of course, one major factor would be the drop. But do you see this 160, 165 levels as a steady-state levels or it should improve from here on.

P. Nataraj: Basically, sir, garment realization reduced from the earlier level to this level because of the reduction in the cotton prices. So the cotton prices have come down sharply from INR 1lakh to INR 60,000 per candy resulted in lower realization.

Vikas: Definitely, sir, I got that point. But even on a quarter-on-quarter basis, also there's like around 7% broadly of all. Of course, some part of it is because is it some product mix change also that has led to this fall?

P. Nataraj: Because of two things. One is the cotton price reduction. Second one is, it is a garment type. It is winter garment and the summer garment. Summer garment used to be a little lesser and the winter garment would be a little higher because of the weight.

Vikas: Then, do you expect like this again $2 kind of realization being on a steady state or about the value-added thing that you talked about in the last couple of quarters. Is that actually playing out?

Or we should like build this only going ahead in terms of realization?

P. Nataraj: We have already done the value addition processes. It is going on well now. We have increased the printing capacity last quarter. So both are going well. We hope that it will improve a little further in the coming quarters.

Vikas: Okay. Okay. But still 180 kind of a number is comfortable or it should not be there?

P. Nataraj: We're comfortable with 180 kind of a number.

Vikas: Okay. Okay. The second question, sir, with respect to sugar volumes. Of course, there has been some -- even that has led to this drop in the volumes, but with -- and I believe you said that we have started with our ethanol this plant also, right? Is that a...

P. Nataraj: Ethanol plant also commissioned, yes.

Vikas: So in 4Q, we will see full earning of that new capacity as well, right?

P. Nataraj: Yes, yes. Correct.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stock Broking.

Biplab Debbarma: I just wanted to know on the garment capacity expansion, greenfield, we are still watching -- what's happening in Europe? Does the status continue?

PL Murugappan: Garment expansion, we already started the brownfield expansion. It is in the process. We can do somewhere around 30 million garments in the brownfield. We hope that we will be completing it in six months to nine months' time. By the time, we will be completing the processing capacity also. We will plan to further expansion during the time.

Biplab Debbarma: What would be the size of that brownfield expansion, sir?

PL Murugappan: It's about 30 million garments we can do.

Biplab Debbarma: So by FY26, we'll be producing in that capacity?

PL Murugappan: Yes, yes, we can reach to that level.

Biplab Debbarma: Okay. And my second question is on the numbers. So the FY24 numbers, would we expect to be better than FY23 numbers?

PL Murugappan: In the coming year, we are expecting that it will be better than the FY22 numbers because of the increase in capacity and the increased volumes. We have expanded our capacities across the divisions, the garments, spinning, sugar and ethanol everywhere. So we hope that the sales numbers will be better in the coming years.

Biplab Debbarma: Okay, okay. And my last question is, I think it's a repeat but I could not get it. Sir, on the ethanol, sir, ban is on ethanol sugar juice. So that is fine and it won't have any impact on the molasses. But we have just commissioned a new ethanol production capacity. All this ban on sugarcane juice have any impact on our ethanol production?

P. Nataraj: Yes. Ethanol production will come down to that extent, some juice. 40% percentage of ethanol production may come down during the season. Otherwise, we will be producing ethanol from B-Heavy molasses and C-Heavy molasses but continues to be there. The sugar prices comparatively better than the last year. So we hope that it will be compensated whatever loss we are expecting from the ethanol production market.

Biplab Debbarma: So what kind of had there been a juice directly on production of juice and there had been no ban. And now in the new scenario, what would be the difference in terms of revenue from this?

I mean there is certainly some impact or there is no impact on revenue?

PL Murugappan: Revenue somewhere around INR200 crores of revenue will be impacted because sugar and ethanol is different processes. There will be about INR200 crores of revenue impact...

Biplab Debbarma: INR200 crores or INR400 crores?

PL Murugappan: Yes, INR200 crores.

Moderator: The next question is from the line of Sunil Kothari from Unique PMS.

Sunil Kothari: Congratulation for starting this call again, and I hope it will continue. Mr. Nataraj just requesting you to explain the way we are investing in processing and printing. And what type of value addition over time it will help us to improve our realization and profitability. If you qualitatively can talk something more on that?

P. Nataraj: Yes. Yes Mr. Sunil, thank you. And you see, in textiles, processing is the very, very critical link. And when we have, anyone having processing as a strong network, so it is very comfortable for the expansion in the value additions. So what we have already the processing. So we have expanded our garment capacity. So now the existing processing capacity meets our garment production capacity now.

So further even as I told, the garment capacity can be increased comparatively, the processing is much difficult because a lot of the pollution control norms and various others because it involves more of dyes and chemicals, the water problem issues there and all these things. So for this the approvals of the government and all these things are cumbersome process. So once we establish that, then the further expansion in garment or value additions is much easier.

So the processing and as well as printing. Printing also almost similar like there's a lot of involvement, dyes and chemicals and all these things. So that's why now we are planning to go for the expansion in the processing capacity. So already, we have announced that we are investing around INR250 crores in the existing place. We have already the land available. So we are planning to go for expansion.

And similarly, the expansion take one to 1.5 years. For garment, it will be a maximum six to eight months. So that's why we are well ahead. We have already started the expansion of the processing. Once the processing is strong enough, so then we can continue to expand in the garment capacity. So we are well planned and we are going ahead with the processing capacity expansion.

Sunil Kothari: Okay. Great. So sir, this expansion of processing in printing capacity will help us to meet the demand of one greenfield capacity also of the garment, right?

P. Nataraj: Yes, yes, sure. Definitely.

Sunil Kothari: Okay. Great. Mr. Murugappan one more question is, are we revising any guidance on production of ethanol and sugar, is still not or whatever numbers, if you can provide us for this current year total quantity we are planning to produce?

PL Murugappan: The current year wise we may not have much of a change. We will be reaching to our target.

Sunil Kothari: Sir, your voice is echoing. If you can use handset...

PL Murugappan: Because of the sugar production, sugar volume will be higher and ethanol volume will be lower in the coming year. This year the volumes more or less in line with the budgets.

Sunil Kothari: Okay. And sir, will it reduce our profitability or realization maybe next season because of this lower ethanol and higher sugar production?

PL Murugappan: Let us wait sir because sugar prices are ruling a little higher than the last year. It will compensate the ethanol losses, whatever we are having in there, we are having in the ethanol from the juice, we hope that it will be get compensated.

Sunil Kothari: Right, right. And the last question is on this 30 million capacity. We'll be committing it under a six to nine months brownfield?

PL Murugappan: Yes, yes, we'll be doing it.

Moderator: The next question is from the line of Akshay Chheda from Canara Robeco Mutual Fund.

Akshay Chheda: Just one question, sir, in the opening remarks, you mentioned that shipments were upheld in the month of December due to cyclone in the Chennai and Tuticorin port. Sir, can you quantify in the volume or revenue terms like how much of it we couldn't ship and which will get spilled over in the fourth quarter?

PL Murugappan: So close to about INR100 crores. The 4 million garments were held up. We thought that it will be more during this quarter.

PL Murugappan: It is about 4 million garments.

Akshay Chheda: 4 million garments. Okay. And sir in value terms?

PL Murugappan: Somewhere around INR100 crores.

Moderator: The next question is from the line of Pratik Tholiya from Systematix.

Pratik Tholiya: Sir, in the sugar business if I see your third quarter volume, so your sugar volumes are abnormally low. And one of your plants, I think, did not get any quota for sugar sale. So any specific reason for that?

PL Murugappan: Basically, sugar release is government decision. We do not have a stock in there. We don't have a stock in the second...

Pratik Tholiya: Yes. So I will repeat my question. I just wanted to understand what was the reason for a lower sugar volume during third quarter, especially one of your plants did not receive any quota.

PL Murugappan: The particular plant do not have a stock -- the starting of a sugar cane crushing. That's why they have not given the release order in the first month. The second month onwards, we are given some small quota. This month they have given the quota. From next month only, they will be giving the regular quota.

Pratik Tholiya: Okay. So what is the closing inventory, sir, for sugar as of December -- 31st December?

PL Murugappan: It's about 58,000 ton.

Pratik Tholiya: Yes, sir, I was just asking what is the closing stock of sugar as of 31st of December? And what is the inventory value, sir?

PL Murugappan: It is about 58,000 tons, sir.

Pratik Tholiya: 58,000 tons. And, sir, at what price?

PL Murugappan: Sir, it is at cost?

Pratik Tholiya: Sir, what is that number?

PL Murugappan: See, generally we're not discussing the cost.

Pratik Tholiya: Okay. And sir, in the case of ethanol, since now juice is not allowed, are we looking at other feedstock like grain, maybe rice or maize?

PL Murugappan: No, sir, we are not looking at.

Pratik Tholiya: Okay. So we'll continue to go for B-Heavy and C-Heavy.

PL Murugappan: Yes.

Moderator: The next question is from the line of Prerit Choudhary from Green Portfolio.

Prerit Choudhary: I just had one question. So we saw a significant rise in our inventory. Okay. Let me just go again. So we have -- we saw a significant pile up in our inventory. Is this all because of the sugar that the quota that we didn't get during the quarter or does that also include some of the textile segment also?

PL Murugappan: No, no. It's a sugar production, whatever we've done during these last two months, we have a significant stock.

Prerit Choudhary: All right. And we plan to sell it over the next couple of quarters, that would be the...

PL Murugappan: Yes, it is before the next season, the sugar will be get liquidated.

Prerit Choudhary: All right, next quarter. That's it from my side.

Moderator: The next question is from the line of Aditya Surana from AMSEC.

Aditya Surana: I just wanted to know the yarn and fabric sales volume from...

PL Murugappan: Sales volume of yarn is about 14,000 tons, and fabric is 2,000 tons.

Moderator: That is from the line of Biplab Debbarma from Antique Stockbroking.

Biplab Debbarma: Sir, based on the brownfield capacity expansion, what would be the garment capacity by FY26?

PL Murugappan: The brownfield expansion, it will be...

Biplab Debbarma: Including everything, what would be the...

PL Murugappan: 177 million yarn -- 177 million garments.

Biplab Debbarma: Okay. And sir, keeping the ethanol production from juice ban in mind. So say, going forward, what would be the effective sugar production and ethanol production capacity next year?

PL Murugappan: So production capacity, already we have completed the project and now it's about 5 lakh liters per day. It will be the same for the next year also.

Biplab Debbarma: How much liter can you produce now based on this capacity?

PL Murugappan: The current year, we are planning to have about 7 crores to 8 crores liters of ethanol.

Biplab Debbarma: Even after the ban from juice.

PL Murugappan: Yes, yes.

Biplab Debbarma: And sugar?

PL Murugappan: The sugar is expected to be somewhere around two lakh tons.

Moderator: The next question is from the line of Prerna Jhunjhunwala from Elara Capital.

Prerna Jhunjhunwala: I also wanted the yarn and fabric sales volume please -- value?

PL Murugappan: Yarn sales -- value or volume, madam?

Prerna Jhunjhunwala: Value, value. Volume is given already.

PL Murugappan: INR 355 crores yarn sale value. Fabric value is about INR 60 crores.

Prerna Jhunjhunwala: INR 60 crores. Okay. Sir, just taking forward the question of ethanol. You mentioned that this year, you can manufacture

7 crores to 8 crores liters of ethanol. And you had mentioned earlier that the production could be hit next year. Could you just help us understand how much would be the hit for next year?

PL Murugappan: Madam, now we are not producing ethanol from the juice. Now we are producing ethanol from the molasses, B-Grade molasses. Usually, what we will do is during the season, we produce ethanol from the juice, and we produce ethanol from molasses in the offseason. Now we are producing ethanol from the molasses, so we will not have molasses for the offseason. So the production will be less in the offseason period. So it is expected to be somewhere around 5 crores liters of ethanol.

Prerna Jhunjhunwala: For the entire season, you are saying, the...

PL Murugappan: Production loss would be -- yes, production will be lesser by about 5 crores liters.

Prerna Jhunjhunwala: Okay. And sir, can you also help you with the cane availability in your facility? How much -- is there any impact? What would be the cane procurement this year?

PL Murugappan: The monsoon impacted a little in this region. We hope that there will be a 10% drop in the crushing during this year.

Moderator: The next question is from the line of Shradha from Asian Market Securities.

The line for the current participant has dropped off. We'll move on to the next participant the line of Resham Jain from DSP Asset Managers.

Resham Jain: I have two questions. First one is on textiles overall. If we look at the Tirupur market, the news which we hear is that things are not very good, and it is very challenging right now. Are you seeing any green shoots in that scenario because both yarn players as well as several garment players are not doing well.

And indirectly, it impacts us as well because we sell a lot of yarn and fabric to them. So if you can just explain or give your views around it, that would be very helpful, sir.

PL Murugappan: Actually, if you look at the garment business, now the trend is changing. The large garment buyers are concentrating more on the larger players. For undisturbed supplies, our comfort levels and other things, lead them to go to a larger player. If you look at our order book, it is all time high now, we are running around INR1,100 crores of order book, and a lot of inquiries are going around. So the garment -- large garment players are doing well in the Tirupur region, only the smaller player having issue. As you said, there is a little sluggishness in the yarn business in margins, but volume is good. Volume is going well. The margin will be little lesser than the regular margins.

Resham Jain: Understood, sir. Sir, the second question is on sugar. As you mentioned that this year, the overall production will be 10% lower. I'm talking about season. And obviously, there is this mix change. So overall, given the current pricing and all, what kind of impact you see on your EBITDA because your cost per unit, both in sugar as well as ethanol will go up because of lower throughput. So what kind of impact do you expect in the absolute EBITDA versus, let's say, earlier envisaged?

PL Murugappan: We are not seeing much of impact in percentage term. The volume term, there will be some drop. And in value terms, there will be some drops. I say, 10% or 12% of a drop would be there in the value terms. The percentage term, we feel it will be a little higher.

Resham Jain: No, I mean to say absolutely EBITDA.

PL Murugappan: Absolute EBITDA will be some 10%, 12% lesser.

Moderator: The next question is from the line of Himesh from Purnartha Investments.

Himesh: For the garment business, you said that the realization has dropped because of the drop in the cotton prices. So for next quarter and for next year, do we expect a further reduction in the realization? Or we are at the bottom of the realization? And then you expect any...

PL Murugappan: What all the realization, sir, we hope that it will be increasing in the coming periods.

Moderator: The next question is from the line of Vineeth Lambu from HSBC PMS.

Vineeth lambu: What are the plans for the FASO as a brand or any future growth trajectory? And what are the opportunities you are seeing? And how do you want to scale up as a...

Vineeth lambu: So FASO as a brand, how do you want to scale up the revenues? If you can give us guidance.

PL Murugappan: We want to scale up this brand in India. We are planning to improve the volumes in the South India in a better way now. We have appointed a few more executives in this line. In the North India, we just started. We feel that it will take some time. South India, we hope that in one or two years' time, we will be scaling up to the range of about INR10 crores per month run rate kind of a thing.

Moderator: The next question is from the line of Aditya Surana from Asian Market Securities.

Aditya Surana: Just I wanted to know the printing is presently capacity post expansion?

Moderator: We'll move on to the next question. That is from the line of Monish Ghodke from HDFC AMC.

Monish Ghodke: So this 10% drop in sugar volumes, which you are expecting, this is for the next crushing year or this crushing year?

PL Murugappan: This crushing year, sir.

Monish Ghodke: So sir, the impact in our financials will be felt in this as well as next year, right?

PL Murugappan: Yes, yes. Generally, it will be felt next year only.

Monish Ghodke: Okay. So next year, our sugar EBITDA might be less by 10% to 12% as compared to this year, right?

PL Murugappan: 10% to 12% in the absolute number, not the percentage. Next year, also, sir, it is again a new season will start from October. We hope that if the season will be good then it will be get compensated.

Moderator: The next question is from the line of Shradha from Asian Markets Securities.

Shradha: Yes. Can you hear me, sir?

PL Murugappan: Yes, please, madam.

Shradha: Yes. So what is -- what will be our printing and processing capacity post expansion?

PL Murugappan: 37,000 tons, madam.

Shradha: Both printing and processing.

PL Murugappan: Yes, yes.

Shradha: And by when do we expect these capacities to get fully operational?

PL Murugappan: We hope that it will take 18 months to 24 months because the machineries are all imported. The lead time, it is a little higher. We are in the process of ordering. We hope that it will be completed in 18 months to 24 months.

Shradha: Right. And sir, will it be possible for you to give the volume of ethanol and sugar sale for 3Q?

PL Murugappan: Sugar sales is about 11,000 tons. Ethanol is about INR 2.16 crores lakh liters.

Shradha: And in value terms?

PL Murugappan: Sugar is about INR43 crores. Ethanol is about INR137 crores.

Shradha: And just one last question. Since we didn't host call last quarter. So would it be possible for you to give the sales volume numbers for yarn, fabric for last quarter as well.

PL Murugappan: Yarn sales is about 17,000 tons. Fabric is about 2,000 tons.

Shradha: And margins for both these units?

PL Murugappan: Yarn is about 17% -- Yarn and fabric is about 17%. Garment is about 27%.

Moderator: The next question is from the line of Vikas from Equirus.

Vikas: So you mentioned that we have added a GAP and also added Walmart as a customer for the garment segment. So how are the difference from our regular set of customers in terms of volumes, in terms of sizes as well as in terms of realization?

PL Murugappan: Walmart is a very large buyer. It will mix up everything. We will continue to have a $2 plus kind of a business from both these customers.

Vikas: But then do we expect like a very sharp uptick cost on -- I'm more asking with respect to the ramp-up, is it like the...

PL Murugappan: As both these orders will help us to increase the ramping up of the new plant we commissioned until last year.

Vikas: So we believe that from -- within like one year's time period, they'll be able to place orders in like full throttle or something like that of -- will you may take some time to ramp up? Or is it like they give it right from the day one?

PL Murugappan: We are in the ramping up, sir. We will be reaching full capacity by the end of this year for these two parties.

Moderator: The next question is from the line of Mehul from 40Cents.

Mehul: I just have one question. What are we supplying to GAP? And what are we supplying to Walmart?

PL Murugappan: Both the regular and basic garments, sir? T-shirts.

Mehul: T-shirts.

PL Murugappan: T-shirts, night wears.

Mehul: Okay. Are we compensating on margins for these large customers?

PL Murugappan: Compensating means?

Mehul: I mean we are selling them at a low margin.

PL Murugappan: No, no. So it's a regular margin only.

Moderator: We will move on to the next question that is from the line of Deepak from Sundaram Mutual Fund.

Deepak: I would like to know how much cane did we crush in FY23 And how much cane do we expect to crush in this crushing season?

PL Murugappan: We have crushed about 26 lakh tons last season in '23. In '24, we hope the 10% reduction would be there, we have to see. In the middle of the season, we could not be able to estimate exactly.

Deepak: Okay. And sir, just a follow-up question. What would be our gross and net yield for the last crushing season, recoveries I mean to say.

PL Murugappan: Recoveries would be somewhere around 11%.

Deepak: Is it the gross recovery rate or the net recovery rate, sir?

PL Murugappan: Gross recoveries.

Deepak: And sir, one last question. In the 26 lakh tons, which we crushed in last crushing season, how much was diverted for ethanol production for juice route?

PL Murugappan: Somewhere around 4 lakh tons, sir.

Deepak: Okay. And for the current crushing season?

PL Murugappan: Sir, we have done somewhere around two lakh tons. We have not done the balance.

Moderator: The next question is from the line of Mehul from 40Cents.

Mehul: Sir, who is the largest customer for garments for us in India?

PL Murugappan: We are not supplying anybody to any Indian buyer.

Mehul: Okay. All is export, is it?

PL Murugappan: All are export.

Mehul: And what about yarn, sir? Yarn and fabric?

PL Murugappan: Yarn supplied in Tirupur. It's about 3,000 buyers.

Mehul: Okay. And fabric sir?

PL Murugappan: Both are same, sir. Whoever want fabric, we supply fabric. And whoever want yarn, we supply yarn.

Mehul: And sir, what is the typical competition which we face in Tirupur in India locally?

PL Murugappan: A couple of knitwear exports, sir. We have close to about 3,000 exporters in this region from INR 5crores to say INR1,000 crores kind of business. If you ask me, everybody is a competitor. So cost is important.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stockbroking.

Biplab Debbarma: Sir, first question is a clarification. So you said by FY26, you would have a garment capacity of around 177 million pieces. Does it include also the 10 million pieces in Ethiopia or that is excluded?

PL Murugappan: That is getting moved from Ethiopia to India.

Biplab Debbarma: So that 10 million pieces it will be moved to India, and it will be added to the capacity, right. Am I correct, sir?

PL Murugappan: You're right.

Biplab Debbarma: Okay. And last question, what would be the guidance for FY24 and FY25 revenue and EBITDA, ballpark some idea what would be the numbers?

PL Murugappan: We hope that there will be an increase in the turnover by about 10% to 12%.

Biplab Debbarma: In this financial year?

PL Murugappan: Yes. On year-on-year basis.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

P. Nataraj: Thank you very much. KPR is well positioned for further growth with its strong fundamentals, increased competitiveness, and ability to meet the changing market trends. So with this, I thank one and all. Thank you very much.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.