

Date: May 01, 2024

To,
The Manager – Listing
Dept of Corp. Services,
BSE Limited
P.J. Towers, Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 543593

The Manager – Listing
National Stock Exchange of India Ltd.
Exchange plaza, Bandra Kurla Complex
Bandra East
Mumbai – 400 051
Symbol: DBOL

Dear Sir/Mam,

Sub: Transcript of Earnings Conference Call held on April 26, 2024

In compliance with the regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of Earnings Conference Call on Audited Financial Results for the quarter and year ended March 31, 2024, held on **Friday, April 26, 2024.**

In Compliance with the regulation 46, the same is also available on the Company's website i.e. www.dhampur.com

You are requested to take the same on record.

Thanking You

Your Sincerely,
For Dhampur Bio Organics Limited

Ashu Rawat
Company Secretary & Compliance Officer



“Dhampur Bio Organics Limited
Q4 FY24 & FY24 Earnings Conference Call”

April 26, 2024



MANAGEMENT: **MR. GAUTAM GOEL – MANAGING DIRECTOR**
MR. NALIN KUMAR GUPTA – CHIEF FINANCIAL
OFFICER

MODERATOR: **MR. NAVIN AGRAWAL – SKP SECURITIES LIMITED**

Moderator: Good day ladies and gentlemen, welcome to the Dhampur Bio-Organics Limited Q4 FY24 and FY24 Result Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the management's opening remarks. 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. Navin Agrawal, Head, Institutional Equities. Thank you and over to you sir.

Navin Agrawal: Good afternoon, ladies, and gentlemen. It's my pleasure to welcome you on behalf of Dhampur Bio Organics Limited and SKP Securities to this Financial Results Conference Call. We have with us Mr. Gautam Goel, Managing Director and Mr. Nalin Gupta, CFO. We will have the opening remarks from Mr. Goel followed by a Q&A session. Thank you and over to you Gautam.

Gautam Goel: Thank you Navin. Good afternoon, everyone and thank you for joining us on this Earnings Call to discuss the operational and financial performance for the quarter and full year ended 31st March 2024. The company's results and investor presentation have already been uploaded on the stock exchanges and the company's website.

The sugar season 23-24 has perhaps been the most volatile year in over a decade. You would recall multiple reports and trade organizations had penned down a substantial reduction of about 20%-30% from the previous season in the Maharashtra and Karnataka regions. They had projected Uttar Pradesh to crush similar to marginally higher cane as compared to the previous year.

The gross sugar estimates of Maharashtra range from 8-9 million metric tons and 4 million tons for Karnataka. UP was projected to produce about 12 million tons of gross sugar production and the country's gross sugar production was estimated to be around 30 million tons. These same bodies had further projected a further drop in Maharashtra and Karnataka for 24-25 sugar season and some were even predicting a need for imports in 2025.

This perceived potential shortage resulted in the government's decision to restrict the diversion of sugar to ethanol to 1.7 million metric tons. The final sugar numbers gave a completely different picture. The gross sugar production in Maharashtra and Karnataka is estimated to be 11.5 million tons and 5.5 million tons respectively, and UP's gross sugar production should be around 11.2 million metric tons. The country's gross sugar production is estimated to be just over 34 million metric tons and the net sugar production will cross 32 million metric tons.

ISMA has projected a net diversion of about 2.2 million metric tons into ethanol and the sugar consumption is estimated to be in the region of 28.5-29 million metric tons and the closing stock would be a comfortable 8.5-9 million metric tons. This increased sugar production coupled with pre-monsoon showers in the western region along with the projected transition of EL-Nino to La-Nina will ensure adequate cane availability going forward.

We are therefore confident of the restoration of the policy to encourage diversion of sugar towards ethanol. The sugar prices in north are hovering around INR39 per kg and INR36 per kg

in the western part of the country. With the increased cost of production which includes the already announced FRP of INR340 for the sugar season 2024-2025 ISMA has requested for a commensurate increase in the minimum selling price of sugar which has remained unchanged at INR31 per kg since 2018-19.

Let me now give a brief synopsis of the international markets which continue their decline due to the improved supplies from all major producers like Brazil, Thailand, and adequate domestic availability in India. The projected deficit is expected to turn surplus in 2024-2025. The markets from the high of 28 cents have recently dropped to 19.10 cents on the May NY11, number 11 a drop of over 30%.

Ethanol parities are still at 14.5 cents which means sugar at the current level favors a diversion to further sugar production and could potentially make the international prices go down even further. The Brazilian crush started on time and the mix is estimated to be 52% in favor of sugar. The total sugar production is expected to be around 42 million MT in this season.

Thai crop numbers have also improved with the overall sugar production of 8.8 million metric tons up from their initial estimate of 8 million metric tons. For the next year the crop is expected to further improve with an estimated production of about 11 million metric tons. EU crop is expected to be the same as last year but due to excess imports from Ukraine there is stress building up and we may see up to 2 million metric tons of exports from EU to the world markets.

Pakistan too is expected to allow 300,000 metric tons of sugar exports and the notification could be expected any time. Most of these sugars will find home in the region like Afghanistan and other sort of neighbouring countries. Out of the total ethanol requirement of 825 crore litres the OMCs have finalized 320.53 crore litres for the ethanol supply for the year 2023-24 which is basically from November to October.

Against the set contracts, 234.74 crore litres has already been supplied with the sugar sector supplying 130.47 crore litres and the balance 104.27 crore litres has been supplied by the grain sector. The current blending percentage is 11.98%. In the sugar year 2023-24 the C heavy derived ethanol prices have increased from INR49.41 per litre to INR56.28 per litre and so far, the price for B heavy and syrup based ethanol remains unchanged at INR60.73 and INR65.73 per litre respectively.

While the maize derived ethanol prices have been increased from INR66.07 a litre to INR71.86 per litre. The price of ethanol from broken rice remains unchanged at INR64 a litre.

We believe we were nimble enough to navigate this volatile year and our decision to defer the green field distillery in Meerganj has been further vindicated. We remain on target to convert part of our distillation capacity to handle dual feedstock and believe this will enhance our ability to mitigate risk and increase profitability.

We saw a sharp decrease in revenues primarily due to lower sales of sugar and ethanol. The sugar sale was reduced due to a ban on sugar exports and lower sugar quotas. We sold 29.68 lakh quintals this year as against 38.30 lakh quintals in the domestic market and our exported

quantities of 0.66 lakh quintals as compared to 6.98 lakh quintals during the previous years. Our ethanol sales too saw a reduction to 7.95 crore litres this year as compared to 8.75 crore litres last year. Nalin will elaborate in greater details about the breakup during his presentation.

Our continuous cane development efforts resulted in improved gross recoveries. Our gross recovery stood at 11.37% this year as compared to 11.01% last year. This improvement of 0.36% in our recovery coupled with higher bagasse savings, we were able to considerably mitigate the increase in cost brought about by the INR20 a quintal hike in the SAP in UP. Our cane development efforts also helped in minimizing our reduction in cane crush to about 10% as compared to our peers in our operating areas.

These measures have resulted in an overall increase in our margins. We believe our increased closing stock of sugar of 26.95 lakh quintals as compared to 14.71 lakh quintals along with better margins will give us sustained profitability going forward. Our country liquor sale volume in our spirits segment had an impressive growth of about 115%. Our sale volume stood at 2.50 million cases as compared to 1.16 million cases last year. I now invite Nalin, our CFO, to give a deep dive into the financial and key operating numbers. Thank you.

Nalin Gupta:

Thank you Gautam and good afternoon, everyone. I'll begin with the standalone financial highlights for Q4 and full year for this financial year ended 31st March '24 followed by the segmental highlights.

Revenue for Q4 FY '24 stood at INR594.62 crores as against INR917.48 crores in Q4 FY '23. EBITDA for Q4 FY '24 stood at INR87.06 crores as against INR115.61 crores in the corresponding quarter of the previous year.

EBITDA stood at INR161.60 crores for this financial year as against INR212.91 crores in FY '23. EBITDA margin for the quarter was at 14.64% as against 12.60% in Q4 FY '23. Profit after tax stood at INR41.22 crores as compared to INR81.95 crores in the same period last year. Profit after tax margin for the quarter was at 6.93% versus 8.93% in Q4 FY '23.

We recorded a revenue of INR2,361.16 crores in FY '24 as against INR2,648.60 crores in the previous year. Revenue includes INR529.98 crores of excise on country liquor as compared to INR246.91 crores of excise last year. So the net of excise turnover stood at INR1,831.18 crores as compared to INR2,401.69 crores last year down by 24%. EBITDA for FY '24 was at INR161.60 crores as against INR212.91 crores in FY '23. EBITDA margin was at 6.84% as against 8.04% in FY '23. Adjusted EBITDA margin stood at 6.98% in FY '24 after adjusting for one-off levy expense and one-time income from sale of our premises. Profit after tax stood at INR48.82 crores against INR112.02 crores last year.

Moving on to the segmental highlights beginning with the sugar segment. Revenue in the sugar segment was at INR437.98 crores in Q4 FY '24 as against INR807.88 crores in Q4FY '23. Sugar segment's contribution in revenue was at 64% as compared to 74% in the same quarter last year. Segmental EBIT was at INR67.69 crores in this quarter as against INR86.35 crores. EBIT margins for this segment were at 15.45% as against 10.69% in Q4 FY '23. Sugar revenue was at

INR1,590.16 crores in FY '24 as against INR2,252.47 crores in FY '23. Segmental EBIT was at INR79.41 crores in this fiscal as against INR101.70 crores in the previous financial year. EBIT margins for the financial year for this segment were at 4.99% as against 4.52% in FY '23.

We crushed 41.44 lakh tons of cane during FY '24 as against 43.22 lakh tons in last year. Sugar production in FY '24 stood at 4.23 lakh tons as against 3.51 lakh tons in FY '23. We diverted 42,980 tons of sugar as compared to 59,000 tons of sugar towards B-Heavy derived ethanol. We have diverted sugarcane of 31,150 tons of sugarcane towards sugar juice derived ethanol in FY '24 as against 59,888 tons in FY '23.

Our cane recovery efforts have paid off as net recovery for the quarter came to 10.3% as against 9.4% in FY '23. We sold 79,818 tons of sugar in Q4 FY '24 as compared to 1,42,503 tons in Q4 FY '23. We sold 3.03 lakh tons of sugar as against 4.53 lakh tons including exports of 69,870 tons in the previous year. These sugar quantities are for the financial year. Average sugar realization stood at INR38,350 per ton as against INR36,684 per ton in FY '23.

Sugar inventory as on 31st March 2024 stood at 2.69 lakh tons of sugar which has been valued at INR34,715 per ton. Sugar inventory as on March '24 included white sugar of 2.10 lakh tons and 0.59 lakh tons of raw sugar. White sugar has been valued at INR35,167 per ton. Sugar inventory stood at 1.47 lakh tons valued which was valued at INR 33,929 per ton as on 31st March 2023. It is pertinent to note that increase in sugar cane price has been partly offset by our better recovery.

We generated 302.50 million units of power in FY '24 as against 345.31 million units in the last year. We exported 96.81 million units at an average realization of INR3.44 per unit in FY '24 as compared to 146.73 million units at an average realization of INR3.30 per unit in FY '23. We also sold 2.13 lakh tons of bagasse for an amount of INR49 crores in FY '24 as against 1.51 lakh tons of bagasse for an amount of INR51 crores in FY '23.

Now moving to our Biofuels and spirit segment. This segment reported a revenue of INR98.50 crores in this quarter as against INR151.98 crores in Q4 FY '23. Segmental EBIT was at INR16.28 crores with an EBIT margin of 16.53%. Biofuels segment contributed 14% of the revenue, almost same as Q4 FY '23.

Full year revenue for the biofuels segment was at INR521.36 crores as against INR563.76 crores in FY '23. Segmental EBIT was at INR56.44 crores as against INR108.90 crores in FY '23. EBIT margin was at 10.83% in FY '24 as against 19.32% in FY '23.

We produced 93.14 million BL of ethanol in this year out of which 84.39 million BL was derived from B-Heavy, 3.5 million BL was from syrup while the remaining was from the C-Heavy. In FY '23 ethanol production stood at 98.06 million BL with 51.31 million BL was from B-Heavy and 46.75 million BL was derived from syrup. Ethanol sales were at 82.68 million BL of ethanol at an average realisation of INR58.81 per BL in FY '24 as against 88.52 million BL of ethanol sales at an average realisation of INR60.83 per BL in FY '23.

Out of total sales, 74.35 million BL were from B-Heavy at an average realisation of INR60.02 per BL against 46.72 million BL at an average realisation of INR58.74 per BL last year. Sugar syrup derived ethanol sales stood at 5.22 million BL in FY '24 which was primarily done in Q1 against 40.80 million BL in FY '23, as there was no diversion of sugarcane towards ethanol in current season.

ENA sale stood at 11.2 million BL including outside sale of 3.1 million in FY '24 as compared to 5.2 million bulk litres including outside 1 million BL sales of ENA. Ethanol stock as on 31st March '24 stood at 7.74 million BL of ethanol as against 5.54 million BL as on 31st March '23.

Coming to the country liquor segment, we reported a revenue of INR147.67 crores in Q4 FY '24 as against INR131.47 crores in Q4 FY '23. Segmental EBIT stood at INR2.18 crores as against INR33 lakhs in same quarter last year. EBIT margin stood at 1.48% in Q4 FY '24 as against 0.25% in the corresponding quarter of last year. EBIT margin based on the revenue net of excise stood at 13.63% in Q4 FY '23 as against 2.41% in the corresponding quarter of last year.

Full year revenue for the country liquor segment was at INR594.37 crores as against INR275.63 crores in FY '23. Segmental EBIT for the full year stood at INR9.48 crores as against INR1.31 crores in last year. EBIT margin stood at 1.59% in FY '24 as against 0.48% in FY '23. EBIT margin based on revenue net of excise for the full year is 14.72% as against 4.56% in FY '23.

We sold 25.04 lakh cases of country liquor in this year as against 11.62 lakh cases in FY '23. Average realisation was at INR281.51 net of excise per case as against INR250.14 per case in FY '23.

Coming to our debt position. Working capital utilisation has been higher as compared to previous year on account of higher inventory. Net fund based working capital utilisation as on 31st March '24 stood at INR804 crores as against INR460 crores as on 31st March '23. Long term loan as on 31st March '24 stood at INR241.44 crores as against INR246.32 crores as on 31st March '23. We paid long term loans of INR78.28 crores in this year and availed fresh term loans of INR72.33 crores for the capexes.

During next year we don't foresee major capexes except for the capex for annual maintenance and part conversion of existing distillery into grain-based distillery. Company continues to be rated at A+ by CARE. With that I would request the moderator to open the floor for the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Sanjeev Damani from SKD Consulting. Please go ahead.

Sanjeev Damani: Sir, my question is that how much cane was crushed in the last season that is SS 22-23 as against in this year up to March and year after also are we running all our mills or some of the mills have closed down. This I would like to understand first sir? Thank you.

Nalin Gupta: Mr. Damani, last year during this season we crushed 42.7 lakh quintals of cane.

Gautam Goel: Last sugar session we crushed we crushed 42.7 lakh tons of cane. This sugar season we should be crushing about little less than 38.5 lakh tons of cane. For the financial year, the number also will not be much different.

Nalin Gupta: Financial year we crushed 41.44 lakh tons in this financial year against 43.22 lakh tons last year.

Gautam Goel: 43.22 lakh tons for the financial year last year, sir and 41.44 lakh tons for the financial year this year. For sugar season 42.7 lakh tons and 38.5 lakh tons

Sanjeev Damani: No. Actually, for sugar season only I wanted the figure. So, for the season I am taking as 42.7 lakh tons last year and this year 38.5 lakh tons.

Gautam Goel: Yes. And as your second question sir Our Mansurpur unit is still running. We should probably be shutting down operations in the next couple of days.

Sanjeev Damani: The rest of the mills are closed, sir?

Gautam Goel: Yes, sir.

Sanjeev Damani: Crushing is stopped at all other mills. So now coming to can you give a small commentary about some extra efficiency that you could generate or extra cane procurement you could do unit-wide? You know, a small commentary on that. I think we have some three or four locations of sugar mills. So can you make a small commentary on it so that we understand which had good availability of cane this year and what are the likely prospects in next season also, sir?

And as to some red rot or any other problem is likely to occur or are we out of that because we understood that in some of the area in western UP this problem had emerged in certain areas so kindly give your reply? Thank you.

Gautam Goel: Sanjeevji, as you correctly mentioned, so let me first give you on the cane. We have sugar factories; we have three basic districts. The three districts are Asmoli is the biggest sugar factory which is in the Sambhal district. Our cane reduction in Asmoli, last year we had crushed 17.4 lakh tons of cane. This year we will be doing just a little less than 15 lakh tons of cane. 14.9 lakh tons is the cane crush this year in Asmoli.

Asmoli saw a 14% cane drop in cane crush. In this region our neighbouring factories have seen a cane drop to the tune of anything between say 25% to about 30%. The factories in our neighbouring areas or our colleagues have seen about a 25% to 30% cane drop and our cane drop has been restricted to 14% odd.

The second biggest factory in Mansurpur, which is in west UP, our cane crush last year was 14.6 lakh tons of cane. This year we should be crushing about 13.7 lakh tons of cane. Our cane drop here will be just about 5.5% odd, which is commensurate with our other colleagues in this area.

The third factory Meerganj, last year we crushed 10.5 lakh tons of cane and this year we have crushed 9.5 lakh tons of cane and our cane drop is 11%. Again, over here the average drop of

all our neighbouring factories is in the region of 20%. As a group our average drop is about 11% odd, 10.5% to 11% and in our neighbouring areas in our region the average drop that we see is amongst all the groups and the peers that we compare ourselves with is about again 17% to 18%. Some of them are higher than 20%.

As Nalin and we were mentioning our net recovery and gross recovery is higher this year. In the financial year we are higher by a gross recovery before diversion is 0.37% higher during the financial year. Please keep in mind this is also because most of the factories shut down in the peak recovery area.

Peak recovery because they were shut down so in spite of that the net recovery is higher. We believe if we had a normal season this recovery could have been 0.45% to 0.50% higher than last year. With regards to red rot I don't think West UP is completely out of the woods. We are making all out intensive effort towards containment of red rot not to allow it to spread. Eradication of infected bushes and replacement of varieties into CO11A 15023.

I do believe our cane development efforts that we have been talking about for the last two years. We do believe we are able to get some sort of sustained results because our cane crushing recoveries have improved and our crushing drop has not been as drastic. As compared to next year again, what we don't foresee we are not seeing an excessively high increase in cane acreage.

And this is also validated by our colleagues and everybody else in the region. The cane acreage in UP we are not really seeing any increase. There are two basic reasons, because again during peak planting time lot of factories are shut down so there could be lesser availability of seed. But internally we don't see any drop in area. One or two of our factories will see a marginal increase in area. The final survey reports will only come out in end of June, early July.

Apart from that we do hope we will have better yields. Again, the cane development activities are working really hard to increase yields, increase the overall yields in our area. And hopefully with La Nina coming in and better monsoons and better spread of monsoon that could become an improvement factor. Also let's keep in mind because factories are shut earlier so historically the ratoon crop is better at the year.

Sanjeev Damani: Next year crop will be even better than now because we have closed our factory early.

Gautam Goel: That is what has been the trend in the past that generally when the ratoon will have a little bit more time for growth. So generally, there is an improvement in yield. Lot of things will have to happen between now and then. Monsoons have to be good.

Sanjeev Damani: I have other questions also. Maybe some more people will be in the line. So, I will rejoin the queue. I have some more questions on Molasses stocks of B and C. And recently government has allowed B heavy to be remade. So are they giving some increased prices or not? All this is there. So I will come in the queue sir.

Gautam Goel: Thank you Sanjeevji.

- Moderator:** Thank you. We will take a next question from the line of Vivek Gupta from Novus Capital. Please go ahead.
- Vivek Gupta:** Good afternoon, sir. This is Vivek here. I have a couple of questions. I will just maybe ask two of them. Regarding this pharma grade sugar, we understand that the primary market is export market. For the pharma grade there you will get better margins. But with exports not being there and you having to sell in the domestic markets, is there any differential or lower margin which you are seeing in the pharma grade sugar?
- Gautam Goel:** So would you want to ask both the questions Vivek? Then we can answer both of them.
- Vivek Gupta:** Yes. And just a smaller question. So in your Asmoli plant, the refining capacity, they are separate? Like the pharma capacity and regular refining sugar capacity, they are separate? Or they are constraining each other?
- Gautam Goel:** So coming to both your questions, thank you Vivek. So you are right in an assessment that generally very often we see that the pharma grade international prices do tend to be higher. Apart from being higher, a greater volume is able to be exported. But we are also seeing a steady increase in demand in the domestic sector.
- So as I was mentioning in our presentation, because of the lower cost and also because of better product mix and better quality, we are able to see a steady increase in our margins. So a pharma grade facility allows us to make sugars of different grain sizes to get the different market requirements. We hope this will help us continue to increase our value addition in this segment.
- With regards to our Asmoli capacity, our refining capacity we have, it is next to our existing refining capacity. We have about 1,800 tons of per day refining capacity in Asmoli. Out of which 600 odd tons is able to produce pharma grade sugar and 1,200 will produce normal refined sugar. I trust this answers both your questions.
- Vivek Gupta:** Yes, so basically the total, it cannot be added?
- Gautam Goel:** Sorry, I didn't understand that.
- Vivek Gupta:** So the refining capacity is actually, the pharma grade is a subset of the refining capacity?
- Gautam Goel:** So 600 tons is the capacity which is able to produce pharma grade sugar, which is basically there are certain IP certified, you have different kind of some additional equipment there. And 1,200 tons can only make conventional refined sugar.
- Vivek Gupta:** Okay, got it. So just one more question I had. Is the country liquor, the quantum of sales, is it enough to meet the molasses obligation or is it lesser, higher?
- Gautam Goel:** So this year, the way our current growth is right now, the ENA we had to sell was obviously that we were falling short of our overall obligation. But going forward, we are very confident we should be able to meet pretty much our entire, give or take at least 90% plus of our entire

obligation should come in from our own brand. This is our ,we do believe we should be able to get that to at least this level, if not meet our entire quantity, our entire commitment.

Vivek Gupta:

Okay, sir. And are there any plans of new products like biochemicals or CBG?

Gautam Goel:

Well, we are waiting for the, see first and foremost, we are already this year, we are in the process of converting our existing distillery into a dual feed distillery. Let the CBG policies and everything else becomes more crystal. But at least for the next six months, we don't see any major capex decisions. We'll wait and watch when the next year numbers, cane price, sugar price, MSP and everything becomes more clear.

Vivek Gupta:

Will the grain-based ethanol be having good margins or marginal?

Gautam Goel:

Well, we hope they'll have good margins. Apart from that, they will help us in getting interest, let us have better capacity utilization. And our Asmoli unit is also, there is a lot of maize in this area, so we do believe we should have a good steady margin there.

Vivek Gupta:

Will you rely more on locally procured maize rather than government maize?

Gautam Goel:

Again, whether we buy it through the government or wherever the prices are cheaper, we'll get it from there everything.

Vivek Gupta:

Okay, sir. Thanks a lot. These were the questions I had.

Moderator:

Thank you. We have our next question from the line of Karan Mehta from Nirzar Securities. Please go ahead.

Karan Mehta:

Yes. Thank you, sir, for giving me this opportunity. So my first question is, how much is the revenue that we generated from branded sugar and what's our market share in this and what are our plans to grow this business?

Gautam Goel:

So, our market share isn't very high on this, Karan. The exact revenue number, Nalin will just give it to you shortly. We are, at this point of time, not looking to be very aggressive in rolling the branded play. We do believe in medium term; we do believe there could be an opportunity here.

On the immediate short term, that is for the next six months, I don't think we will have a greater volume, but we are doing some inroads and making some studies into both the kind of products we can offer and become multi-product, but it's still at a very early stage. We are still at the drawing board stage.

Karan Mehta:

Okay. And secondly, sir, what's the impact of change in ethanol policy on our financial?

Gautam Goel:

See, this had, as we were mentioning, Karan, two things. First and foremost, we do believe we would like to give ourselves a pat on the back. We timely took certain decisions which were

deferring Meerganj Distillery when we started looking at the monsoon and the different kind of numbers coming out.

Secondly, we do believe, going forward in UP at least, we do believe B-Heavy probably will be a more viable option. We have adequate capacities there. The ethanol policy, as I was mentioning, with adequate, comfortable sugar stocks, and we don't see a big, big downside in the coming year.

The overall numbers which are coming out, we could see some sort of 7% to 8% drop in overall raw sugar production, but we are comfortably placed with opening stocks and everything else. So we do believe the ethanol policy should be more favourable towards diversion. Whether the government will allow it in its entirety or whether they will be a little bit cautious, I guess as the season and the months unfold and the monsoons and all the other data starts coming out, we'll get a better handle.

Karan Mehta: Just getting a broad picture, like for H2, what is the impact that we faced?

Gautam Goel: Sorry, I didn't hear that question clearly. Could you repeat that?

Karan Mehta: For H2, what is the impact that we have faced due to the change in ethanol policy?

Gautam Goel: Because of the government restricting the diversion of sugar into ethanol, we all had to go towards C-ethanol so we obviously will not have enough raw material available for the entire off-season. Our grain-based capacity is still not on stream. It will only come on to stream somewhere during Q3. So we do estimate that we will have some idle time in our distillery during the next four to five months.

Karan Mehta: Okay. And, sir, just a broad question over the ethanol thing. If we are to put up a greenfield sugar ethanol or a grain ethanol distillery, then what is the capex and asset turnover that we will be looking at?

Gautam Goel: See, we are right now only looking to convert our, we have about 40% of our capacity to a dual feed capacity. So our capex is going to be considerably, it's only a marginal capex. We do hope it will be a little lower than INR60 crores. And we are eligible for the interest subvention scheme of the government of India for this set capex.

And we do hope this will, what this will do is it will help us achieve maximum capacity utilization and give us the flexibility to do further value addition. Whether we go in for B or we go in for C and where do we believe we'll have a better value add, we will be able to play that game.

Karan Mehta: Sir, this question was just to understand the industry dynamics. Like if any company wants to put up a sugar ethanol or grain-based ethanol distillery, then what's the asset turnover that they will be looking at? Just to understand the industry dynamics.

- Gautam Goel:** Again, very difficult. This is a very broad-based question which will have regional implications, capacities that people are going to look at. So there is no off the cuff number. You'll have a different number for 100 KL versus 300, 500 KL and which part of the country somebody is looking to put it up at. Honestly, I think this is going to be a little bit, if I give you any number, it will be really, I would be very cautious in putting up a greenfield distillery at this point of time.
- Karan Mehta:** Okay. Fine, sir. That's it from my side. Thank you for all the clarification.
- Nalin Gupta:** Mr. Mehta, just to answer your question on the branded sale, we sold 31,000 tons of branded sugar this year, which accounts for around INR120 crores of turnover in our total sugar turnover.
- Karan Mehta:** Okay. For FY'24?
- Nalin Gupta:** For FY'24, yes. That's true.
- Karan Mehta:** Okay. Thank you, sir.
- Moderator:** Thank you. We have our next question from the line of Rajakumar Vaidyanathan, an individual investor. Please go ahead.
- Rajakumar Vaidyanathan:** Yes. Good afternoon, gentlemen. Sir, I have three questions and one clarification. So should I go in and ask everything at one go or should I ask one by one?
- Gautam Goel:** Please ask all three. We are writing it down and it will be easier for us to answer. Thank you.
- Rajakumar Vaidyanathan:** Yes. Thank you, sir. So our first question is, I would like to know what is the expected production for the current ongoing quarter, because last year in the same quarter, you produced about 50,000 tons. So I just wanted to know what would be the expected production for the current quarter? And also, do you expect the sugar quotas to go up in the upcoming months and quarters?
- Gautam Goel:** And do you have a third question, sir, or are these the only two questions that you have?
- Rajakumar Vaidyanathan:** No, just two more questions, sir. So one housekeeping question and then one question on buyback.
- Gautam Goel:** Okay. On the sugar quota, Rajkumarji, historically, if you see, the quotas in the month of May and June are generally higher. Then during monsoon, they come down and then they become a little higher during the festive months. And this is also the election sort of time. So we do expect May and June quota to be on the higher side, at least. I would not be surprised if they are 4% to 5% higher than last year. That seems to be the trend for the last one or two months also. Now, on our sugar production for the current quarter, 2.75 lakh quintals is the sugar that we estimate to produce in this quarter.
- Rajakumar Vaidyanathan:** Sorry, sir. What is the number?

- Gautam Goel:** So 27,500 tons, 2.75 lakh quintals is what we expect to produce this quarter.
- Rajakumar Vaidyanathan:** Okay. And, sir, just, next one is on the housekeeping question. So if I see the cost line items, the employee cost and other expenses for the current quarter vis-à-vis last year's similar quarter, we are showing a significant drop. So just want to know are there any one-offs or just if you can give some colour?
- Nalin Gupta:** Rajkumarji, this drop in cost only because of the betterment and recovery. See, there was an increase in cane cost, which has been partly offset by the increase in recovery. So our cost has increased by INR76 a quintal.
- Rajakumar Vaidyanathan:** Okay. No, I'm asking on the P&L side if you see the numbers, the absolute numbers. Employee cost for the current quarter is about INR22.8 crores, which will be INR33.79 crores. So the question is, if you see the employee cost for the current quarter, it is INR22.81 crores, the standalone financial, which will be INR33.79 crores for the same quarter previous year?
- Nalin Gupta:** So, employee cost. Mr. Rajakumarji, if you see the total cost, because it being a seasonal industry, so total employee cost for the year is INR93.94 crores as against INR105 crores.
- Gautam Goel:** So also, employee cost, Rajakumarji, I would imagine because the factory, some of the factories close earlier than last year, so the seasonal people are paid off and therefore you generally find a reduction in employee cost when the factory operations shut down, because of the seasonal nature.
- Rajakumar Vaidyanathan:** Okay. Got it, sir. And similarly, other expenses, the drop is significant, INR122 crores last year, vis-à-vis INR77 crores.
- Nalin Gupta:** A reason for that is because in last year, this quarter, there was export, logistic cost on account of exports. That was a major contributor in other costs. And this year, we don't have any exports.
- Rajakumar Vaidyanathan:** Okay. Got it. And so the last question is, sir, any plans for buyback because you deferred your, the expansion plans on the distillery side. That is one. And I, again, extending the same question, is there any difference between your unit vis-à-vis Dhampur Sugars? Because if I see capacity-wise, everything is more or less similar, but Dhampur Sugar is commanding better valuation in the market. So is there any reason? And again, on the name also, why we are having Bio Organics as a suffix to the name? So is there anything unique we have compared to other sugar companies?
- Gautam Goel:** See, I will not be in a position to really talk about why the valuations and all. We are continuing to do our best and we hope we will, our market cap and everything else improves as the performance continues to improve over the years. Bio Organics, as you understand, this was part of the overall Dhampur Sugar Mills group.
- We do believe in the last two years since de-merger, our overall average capacity utilization and cane crush has gone up. This year has been an aberration, but again our drop has been lower than our peers. I would not like to mention names and I would not like to compare. This is not the right forum for that, not the way we would like to operate.

Lastly, on the Bio Organics, Rajakumarji, our vision and we have always been talking about, we do believe long-term it will be worthwhile for the company to explore the entire end of value additions with this sector, the opportunities this unfolds. So ethanol, of course, is a big part.

As they were mentioning, we continue to monitor and watch the bio-CNGs and the bio-fertilizers and other bio-organic chemicals. This is part and parcel of what we are continuing to monitor and visualize. And whenever the times are opportune, we would like to get into some of these businesses. But as of now, we do not have anything concrete to announce.

We do not have any plans for the immediate future to do a share buyback. Let the top line and the money come into the balance sheet and then we will, only after the money is realized and the money is realized in our balance sheet, then we will look at the best way to utilize this money, whether it is through buy back or to do look at some other expansions or opportunities, acquisition opportunities.

Rajakumar Vaidyanathan: Okay. Thanks a lot, sir. I have two more questions. I will join back with you.

Gautam Goel: Thank you Rajakumar.

Moderator: Thank you. We will take our next question from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: And thank you for this opportunity. Sir, firstly, if you could, you outlined 60 crores capex for retrofitting at our Asmoli unit. Other than that, what are the capex we have outlined for the other segment or for the whole year as a whole what have we chopped down?

Gautam Goel: So, Saketji, our rest of the normative capexes are the bottle-necking replacement of worn-out plant and machinery, depreciated equipment. We do believe our capexes should be in the region of INR35 crores plus minus 5 crores is what we are projecting for the current off-season.

Saket Kapoor: But, sir, there is no capacity augmentation for any segment. It is all maintenance capex?

Gautam Goel: Sir, we don't need capacity augmentation. We already crushed 4.27 crore quintals of cane, 42.7 lakh tons of cane last year. And looking at the cane numbers, we don't see a big jump in the coming year. So, there is no need to do any major capex augmentation. When the cane crop goes up we will have two of our units where there is potential for increase in cane crop and we will try to time it accordingly.

Saket Kapoor: And the retrofitting work we are doing, when will that get commissioned?

Gautam Goel: We are targeting to have it ready in this calendar year for sure.

Saket Kapoor: Sir, when we look at the government policy for the country liquor, it seems that maize will be the preferred crop for liquor, for country liquor going ahead and biofuels will be the molasses part. So, are we also working on the same thought process that the feedstock for the crude segments should be different and there would be a stable policy on the same going ahead?

Gautam Goel: Saketji, I think for UP molasses we do believe even in the near future will continue to be the preferred feedstock for country liquor. About more than 95%, 90% of the sale in UP is in country liquor is in from molasses-based country liquor.

And the price for maize-based country liquor is still higher than the sugar-based country liquor. So, we don't see much of a market switch happening there in the near future. So, therefore, we believe the opportunity will be to provide more grain-based ethanol towards the biofuel segment and probably some part of our sugar-based alcohol will go towards country liquor as our market share improves. That seems to be our understanding for the coming years. But, of course, if a better opportunity awaits, we would like to grab it immediately.

Saket Kapoor: Sir, for FY24 our average realization for ethanol was lower than last year. Can you please explain to me?

Gautam Goel: Because syrup quantity has also been lower, the B-Heavy and C quantities have come in and there is a higher ENA percentage. ENA is sold at INR19.50 towards country liquor that is the price which UP government has sort of given a mandate for.

So, therefore, if that percentage increases because they have increased the ethanol ENA ratio, the ENA percentage has been the country liquor obligation has been increased on all sugar factories. So, coupled with a reduction in B and syrup-based alcohol. Syrup-based ethanol commanded a premium of about INR5 over B and it commands over a 15% premium over C.

Saket Kapoor: Sir, please come again for the last part I missed.

Gautam Goel: Last year we had a substantially higher syrup-based ethanol, and the balance quantity was B ethanol. And the ENA percentage was lower because the obligations were lower.

Saket Kapoor: Sir, this sugar season also the obligation is 19% only the percentage has been kept same for the country liquor?

Gautam Goel: Yes, this year the obligation remains at 19%, but last year 19% on B, 26% on C. But last year if you recollect, they increased the obligation towards the second half of the season when the factories shut down. So, the bulk of, so they had increases from retrospective effect. So, bulk of that impact that increased impact actually did not come in the previous financial year, it came in this financial year.

Saket Kapoor: Thanks. And two small points and I'll join the queue. Firstly, on the branded sugar part you mentioned about revenue of INR124 crores. So, for the full year. So, how should we look at the margin profile? I think we did around INR1600 crores closer to 9% we have done from the branded sugar and what kind of margins we attribute to the segment and also going ahead what can be the incremental sales from the branded sugar going ahead, how is the acceptance and the price point if you could give some more understanding?

Gautam Goel: See, branded sugar market continues to remain very competitive, but we want to, we don't want to discount our sugar and sell. Therefore, the volume we do, but we do see incremental volume growth. It will probably be a sort of low double digits.

I am not at this point of time very; I mean we don't want to discount our sugar and squeeze our margins. That's not the game we want to play. So, going forward also we do expect our branded sugar business to continue to increase in a normal organic manner and sorry the other question was apart from branded sugar, I think that was it. That's what we see in the branded sugar.

Saket Kapoor: This was the only question, but what kind of growth can we see? We will be diverting more of the sugar into the branded part since we are commanding a premium. We just wanted to...

Gautam Goel: See, our capacity is there Saketjit as the demand keeps on coming up and if our distribution system as it keeps on improving. But, too early to predict a big growth number. We, I mean, if you look at historical trends about 10% to 15% growth will probably be the right number for our own brand.

Saket Kapoor: And sir pharma-based how much contribution is coming and how we are seeing the growth in this I think we have alluded to the fact that that's also a high margin segment?

Gautam Goel: Pharma market as we understand it's a long-term play. To make inroads I mean compared to last year we will see an increase in volume. We will have a couple of maybe about 25,000, 30,000 tons of sugar will go towards this segment in different players. But this is a business it takes time to develop and grow with certain institutions and pharma they have a big lengthy qualification process. They have lengthy processes, but this is again a growing market. We do hope we will see double-digit sort of growth numbers here.

Saket Kapoor: What was the last year sales number for the pharma-grade sugar?

Gautam Goel: Last year was our first year and 90% of our sugar went for exports. So, we didn't have much quantities in the domestic market. We had about 10,000-odd tons last year.

Saket Kapoor: For the closing remark, I will come join the queue. Please do give an opportunity. Thank you.

Gautam Goel: Thank you Mr. Kapoor.

Moderator: Thank you. We'll take the next question from the line of Devendra Chawla from Prasun Exponentials. Please go ahead.

Devendra Chawla: Hi, thanks for taking my question. I'm a bit new to this talk, so I just wanted to get a sense. What's the management's long-term vision for this business and what are the challenges they see coming up in the next couple of years to getting towards where they want to go?

Gautam Goel: Hi, Devendra. Sorry, I couldn't completely, there was a little disturbance your voice we got lost. Would you repeat the question, please?

Devendra Chawla: Sure. So, there's two parts. One is, what's the management's vision for this business because it seems like there's a lot of lines of business in the company currently. And the second is what are the challenges that the management is seeing in this business over the next couple of years to get to where it wants to go?

GautamGoel: Devendra we've always been very clear that we are looking to increase, enhance profitability and have sustained growth. We've been focusing very extensively in augmenting our cane acreage and cane area. So, prior to this year we did see a jump about 10% over the last two years in our cane growth and cane crushing.

This year, unfortunately, because of various weather-related factors the cane growth numbers for UP in our parts were down by about 15% to 20%, but we do believe we did a good job by limiting it to about 10%. As we spoke about in the previous years, we are looking at continuous value addition and by-product utilization.

So, ethanol capacities have been streamlined. Now, we are looking at grain because we believe we have certain strategic advantages and able to source grain at a cheaper price, increase value there and now we are seeing a certain amount of value addition play which could come in as our businesses and institutions here and pharmacies develop, maybe branded play develops going forward.

We could see some better value addition in our country liquor business. So, those kinds of things will come into play and we will be prudent with our, we will grow, we would like to grow, but grow cautiously and prudently that has been our sort of mantra since the de-merger. We have been sort of sticking to that.

Devendra Chawla: All right. Thank you so much.

Moderator: Thank you. We have our next question from the line of Vivek Gupta from Novus Capital. Please go ahead.

Vivek Gupta: Sir, one more question I have regarding ESG. There are various initiatives which is mentioned in the presentation. So, is there a big cost attached to these initiatives or how does it, does it affect the margins?

Gautam Goel: No, see we don't, we as a company do believe in ESG. That is something which we continue to do. But again, we do like to believe it's all very prudently done. We believe long term it will also yield better results in our association with our farmers. We do believe it will also help us with marketing our products to the institutional customers that we are looking to do.

But to answer your question, there is not any, I mean, there is not much the cost structure is not anything significant. And if you see our overall cost, we are trying to be cautious about that. And we don't think we will go overboard in any of these expenditures.

Vivek Gupta: So, one last question on the cane crash. On hindsight, do you think the increase in capacity for cane crash was earlier than it should have been, given that the production has been lower?

Gautam Goel: See, the hindsight is 20-20 as they say. But the best way to look at it is because of this at least some of the last two years if you see we were able to do a steady growth in cane crush. And one of the reasons where our reduction in capacity utilization or our reduction in overall cane availability is 10% is also a factor of having this enhanced crush.

You don't see the season duration increase remaining same. You see the season duration decreasing, but the crushing capacity, the number of days reducing, but you crush the same amount of pain per day. And any of these capex, you don't really do it for a year-on-year basis. There was a weather phenomenon this year. There was certain yield phenomena. Diversion phenomena was substantially higher this year because of certain policy reasons. And we do believe we will bounce back sooner than later.

Vivek Gupta: Okay. So the recovery will be better because of the higher capacity.

Gautam Goel: For sure. Recoveries are better. And overall, even our average utilization will continue to improve. I'm very confident of that.

Vivek Gupta: Okay. Thank you, sir. That's about it.

Moderator: Thank you. We have our next question from the line of Sanjeev Damani from SKD Consulting. Please go ahead.

Sanjeev Damani: Namaskar. Thank you for the opportunity. Sir, I was going to ask you two things. One is Molasses stock of B and C as on 31st March 2024. That is my first question. And secondly, is government going to give an enhanced price for B-heavy now? Because for C, they have revised by INR6-7 intermittently in the last year or in the first quarter of this year. Kindly reply.

Gautam Goel: Mr. Sanjeev, I will give you the second part. Nalin will give you the stock number. Molasses, we are requesting for a revision at the price of B. But personally, if you ask me, I'm not hopeful. Next year, they should definitely see it. We should hopefully see a revision. For this year, maybe not.

Sanjeev Damani: Okay. But still, we are going to supply them made out of B only. Or can we extract the B and fully make it, recover the sugar, and then sell it as C? What would be our perspective?

Gautam Goel: We could have done that. We did some planning last year and our capacity to divert towards C. If you look at, our Meerganj unit did not have any capacity to make C. We had planned for it last year itself and we were able to make C in Meerganj. We were able to make it in Mansurpur-Asmoli as well. But to a little lower, we could not divert entirely, extract the entire sugar. Next year, I do believe B-heavy will be there. But we will be able to play this game a little better because we will be more better equipped. But we don't have to do any capex for this, sir.

Sanjeev Damani: Okay, sir. Now, the stock that we are carrying of Molasses, how many liters of ethanol sale will we get from it? I want to know this because whatever is left out last year, how much more money will we get from the company for those operations? That is my estimate I want to make.

- Nalin Gupta:** Mr. Damani, your last question is linked to the stock of Molasses as of 31st March. So, we have 2,10,000 quintals of B-heavy Molasses and 6,00,000 quintals of C-heavy Molasses as of 31st March.
- Sanjeev Damani:** Right, sir.
- Gautam Goel:** And from this, how much ethanol will we be able to sell?
- Sanjeev Damani:** Mr. Damani, we are getting into tenders as well. How much will come in which quarter? It is a little premature to say because there are ENA commitments as well. So but total capacity, you see, B-heavy's generally industry standard is in the region of 20, anything between 28.5 to 30, 30.5. And C's capacity, generally people think, is between 22 and 24. We work hard to try and see, we are not at a lower length, but looking at the commitments of the government and the obligations of the levy, quarter to quarter, we will not be able to give exact numbers, sir.
- Sanjeev Damani:** Okay. Secondly, sir, if we sell our CO2 and fertilizer, how much revenue do we get annually from that?
- Gautam Goel:** Sir, on fertilizer, we have not made the investment on PDM, but the government is talking about it. We will wait for the elections to be over and for having a complete clarity on policy. CO2 will again be dependent upon the total number of distillery operation days. This year, distillery will not be able to run the whole year because we could not make entire B-heavy quantities. Sir, our number should be - INR3 per kg. Let us get back to you on the exact value. If you give us your email ID, we will just show you the number, please.
- Sanjeev Damani:** Okay. Should I give my email ID right now?
- Gautam Goel:** Yes, please tell us, sir.
- Sanjeev Damani:** Sanjeev, Sanjeev.damani@gmail.com.
- Gautam Goel:** This is very simple, Sanjeev. Thank you.
- Sanjeev Damani:** No. So kind of you, sir. You are very cooperative. And, sir, now we feel that can we give representation to the government that they are taking ENA from us for INR19.50. Then how will we be sustainable, sir?
- Gautam Goel:** Sir, absolutely. This is a monthly discussion point. We hope the government listens to your good advice.
- Sanjeev Damani:** Okay, sir. Thank you very much, sir. Thank you.
- Gautam Goel:** Thank you, sir.
- Moderator:** Thank you. We have our next question from the line of Udit Gupta, an individual investor. Please go ahead.

- Udit Gupta:** Good afternoon, sir.
- Gautam Goel:** Hi, Udit. Good afternoon, sir.
- Udit Gupta:** So I want to ask you, sir, is the worst behind us? So it looks like our recovery is now improving. Crushing is still a problem. But otherwise, it's like on a company level, on the numbers level, is the worst behind us?
- Gautam Goel:** Well, we are feeling. we, I mean, other than the fact that we had lower sales because of lower quota, margins are better, Udit. We do believe we are on the right path and right track. We do see some green shoots in our businesses. So we don't think we have any major capex lined up. So we believe we have a good sort of, we have good times coming. But that would be what we can do. We are doing with it.
- Udit Gupta:** Yes, sir. And, sir, if you compare the June quarter that is now ongoing versus the last year, the molasses and the ethanol will be there in the current June quarter as well, sir?
- Gautam Goel:** We did give you the stock and we are running our distilleries. Now there's a breakup at what time, how much, when it will be B and when it will be C. You know, the tenders are going to be out. So there's a little bit of, little planning which has to be done. Also, we have to take some time out because of our grain conversion. So this kind of fine tuning is happening. But they will, the molasses that we have in stock will be converted into ethanol in this current financial year. Which quarter, how much will get converted? We won't be able to tell you the exact amount.
- But please do keep, please do keep a watch on the sugar prices. You know, we've given you, we've shared our cost of production. You know our stock numbers. And if the MSP increases, which there is, which probably they should after the election, then people who have adequate stock should have that benefit.
- Udit Gupta:** And, sir, what is the current sugar price that we are selling at?
- Gautam Goel:** In the month of March, our average was about INR38.75 per kg for the financial year. In March itself, it was about INR38.5 per kg. In April, the prices are in the region of INR39.5 per kg. Between INR39 per kg and INR39.5 per kg.
- Udit Gupta:** And, sir, our prices are generally higher than the others, from what I have noticed from the others. Sir, would refined sugar be the reason for this?
- Gautam Goel:** Both refined sugar and the value addition which we are trying to do with different institutions and things like that. The product mix and refined sugars.
- Udit Gupta:** Okay. And, sir, this ethanol, that grain you said, we should start in this calendar year?
- Gautam Goel:** That is, we are quite hopeful. We should be able to start in this calendar year.
- Udit Gupta:** And, sir, any other major capex that you are looking at apart from this grain-based business?

- Gautam Goel:** So, what we said, it is normally basically marginal capex to replace old machinery or some de-bottlenecking here. And then nothing major.
- Udit Gupta:** And, sir, these institutional sales or these pharma sugar sales, how much as a percentage of a total sugar are we looking at?
- Gautam Goel:** Going forward, we want to keep on increasing our market share. This year, it probably will be about a 20% market share in this current financial year. We could have about a 20% plus market share. Could be a little higher. But, going forward, we do hope that this again, too early to give numbers. In this FY, this pharma, this entire institutional sales volume started coming in for this sugar season.
- And this sugar season, the new sugar, as per quota, we could only start selling from about December, January. So, we are getting a sizable, we are making inroads. And to give exact numbers and percentages on the quotas is a little difficult at this stage. But every quarter, we will try to give you all some sort of an indication as to how we are faring here.
- Udit Gupta:** Right. Thank you so much.
- Gautam Goel:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I would now like to hand the conference over to Mr. Goel for closing remarks. Over to you, sir.
- Gautam Goel:** Thank you, everybody. Thank you for all your questions and for attending our conference call. Please, as usual, if you have any questions which we haven't been able to answer, please do contact us on our email. And we will be able, we'll answer, get back to you as soon as possible. Thank you very much.
- Moderator:** Thank you, sir. On behalf of SKP Securities Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines. Thank you.
- Gautam Goel:** Thank you.

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