

Date: May 04, 2023

**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 Investor Conference Call/ Analyst Meet held on April 27, 2023

In compliance with the regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of Investor Conference Call/ Analyst Meet on Audited Financial Results for the quarter and financial year ended March 31, 2023, held on Thursday, April 27, 2023.

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 FY 2023 Earnings Conference Call
April 27, 2023



MANAGEMENT: **MR. GAUTAM GOEL, MANAGING DIRECTOR**
MR. SANDEEP SHARMA, CHIEF OPERATING OFFICER
MR. NALIN GUPTA, CHIEF FINANCIAL OFFICER
MR. MUKUL SHARMA, CHIEF OF STAFF

MODERATOR: **MR. NAVIN AGRAWAL**
HEAD INSTITUTIONAL EQUITIES, SKP SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Dhampur Bio Organics Limited Q4 and FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing 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 at SKP Securities Limited. Thank you and over to you, Mr. Agrawal.

Navin Agrawal: Good afternoon, ladies and gentlemen. It is 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 his colleagues Sandeep Sharma, COO, Mr. Nalin Gupta, CFO and Mr. Mukul Sharma, COS. We will have the opening remarks from Mr. Nalin Gupta and Mr. Gautam Goel followed by a Q&A session. Thank you and over to you, Gautam.

Nalin Gupta: Hi everyone, I will be starting with my remarks on the financials. So, Namaskar, ladies and gentlemen. I am Nalin Gupta, CFO. We welcome you to our Q4 and FY '23 earnings call. I will start with the key highlights of the quarter and the year that went by.

Our revenue from operations for the quarter increased from INR505.86 crores to INR917.48 crores. For the year, revenue increased from INR1,564.09 crores to INR2,648.60 crores.

The key drivers for this are an increase in the quantity of sugar sold, increase in ethanol sale and additions from our new country liquor production. Sugar sold increased from 3.3 lakh tons to 4.53 lakh tons in this year, which included 0.7 lakh tons of refined sugar which was exported this year against export of 0.38 lakh tons last year. Ethanol sold increased from 436.57 lakh bulk liters in FY '22 to 885.21 lakh bulk liters in FY '23. We sold 11.6 lakh cases of country liquor during this year.

PBT for Q4 FY '23 increased to INR94.13 crores from INR82.8 crores in Q4 FY '22. PBT in FY '23 increased to INR135.78 crores as against INR129.74 crores in FY '22. Profit after tax in FY '22 increased to INR112.02 crores from INR104.05 crores in FY '22.

In Q4 FY '23, our sugar segment reported a revenue of INR812.41 crores as compared to INR490.59 crores last year in this quarter. EBIT in sugar segment stood at INR86.35 crores in Q4 FY '23, as compared to INR77.35 crores in Q4 FY '22. For the financial year, sugar segment reported a revenue of INR2,252.47 crores in FY '23 versus INR1,456.18 crores in FY '22. EBIT in sugar segment stood at INR101.70 crores in FY '23 as compared to INR108.88 crores in FY '22.

Our sugar realization for FY '23 increased to INR36.68 per kg against INR35.13 last year. Our inventory as on 31, March '23 stood at 1.47 lakh tons of sugar which has been valued at INR33.93 per kg. Our inventory as on 31, March '22 stood at 2.58 lakh tons which was valued at INR33.91 per kg.

Now moving to biofuel and spirit segments, our revenue increased to INR283.46 crores in Q4 FY '23 as against INR112.73 crores in Q4 FY '22. In FY '23, our revenue from biofuel segment increased to INR839.39 crores as against INR274.83 crores in FY '22. EBIT in FY '23 increased to INR110.21 crores to INR64.68 crores in last year. Our total sale of ethanol of 885.21 lakh bulk liters in FY '23, 408.01 lakh bulk liters of ethanol was derived out of syrup against 119.6 lakh bulk liters last year. While ethanol derived out of B-heavy molasses in FY '23 was 467.2 lakh bulk liters as against 274.75 lakh bulk liters last year.

ENA sale in FY '23 stood at 10 lakhs BL against 42.22 lakhs BL last year. As we consumed a substantial portion of our ENA for country liquor manufacturing. Our average relation of ethanol stood at 60.83 in FY '23 against 55.14 per bulk liter last year. Another driver for the increase in revenue is the sale of country liquor in the current year. Revenue from country liquor in FY '23 stood at INR275.6 crores and INR131.7 crores in Q4 FY '23. We sold 11.62 lakh cases of country liquor in this year at an average realization of INR250.14, this realization is net of excise duty. It is pertinent to note that excise duty component included in the turnover in this segment is INR246.9 crores in FY '23 and INR117.78 crores in Q4 FY '23.

We generated 34.53 crores units in FY '23 against 31.75 crores units in last year. We exported 14.67 crores units at an average relation of INR3.3 per unit in FY '23, as compared to 14.03 crores units at an average relation of INR3.18 last year.

Coming to the borrowings, our interest cost increased to INR40.74 crores as against INR29.66 crores in comparison to last year. Higher interest cost is on account of higher utilization of working capital in H1FY23, drawing fresh term loans of Rs. 140 crores for the CAPEX undertaken by the company during this year and increase in Rate of Interest. Working capital as on 31, March '23 stood at INR460 crores vis-a-vis INR664 crores last year.

Working capital utilization substantially dropped in last quarter due to sugar exports. We made repayment of long term loans of INR62.08 crores during FY '23. Our long term loans stood at INR246.31 crores as on 31, March 2023.

Long-term and short-term ratings of our company continue to be assigned at A+ with stable outlook by CARE.

During FY '23 in terms of Ind AS 108 operating segments, sugar and biofuel and spirit have been identified as operating segments pertaining to the group's operation and segmental information, including further previous periods have been accordingly compiled and stated and disclosed in the results. These were broad numbers.

I would request our Managing Director Mr. Gautam Goel to share his perspective on the industry and performance of the company in this quarter. Over to you, Gautam.

Gautam Goel:

Thank you Nalin. Ladies and gentlemen, I am pleased to share our key operational performance for the quarter and the year. For the quarter we crushed 23.11 metric tons of cane versus 21.10 lakh metric tons crushed and the crushing for the year stood at 43.22 lakh metric tons as against

40.34 lakh metric tons for the previous year. We diverted 5.99 lakh metric tons of cane for syrup derived ethanol versus 1.53 lakh metric tons during the previous years.

Sugar sales during FY '23 stood at 4.53 lakh tons, including exports of 0.7 lakh tons as against the sugar sale of 3.30 lakh tons for the last year. As mentioned during previous call, I am pleased to report that we successfully fulfilled our entire export obligation through fine-grain refined sugar exports. We have established ourselves as a reliable, high-quality producer and we delivered our fine-grain refined sugar to the exchange and to customers in 23 countries across Asia, Middle East, Africa and Europe.

Ethanol production doubled this year to 980.59 lakh bulk liters, as compared to 460.46 lakh bulk liters. The company sold bagasse of INR50.53 crores as against bagasse of INR24.7 crores last year. As mentioned during our previous interaction, our drop in gross recovery was compounded due to the severe pest infestation in our Asmoli and Mansurpur units. The gross recovery for the year is lower by 0.42% as compared to last year.

We have intensified our cane development activities to reverse this falling recovery. We mitigated a substantial portion of the loss from reduced recovery by higher bagasse and ethanol sales. Additionally, our successful commissioning of pharma-grade sugar resulted in better realizations. Within five months of us commencing our country liquor business, we have become a top 10 country liquor supplier in- UP, and we continue to hold this position by this quarter end. We hope to fulfill most of our levy obligations of molasses for the year from the sale of country liquor.

Sharing my perspective of the macro scenario, the net sugar production for the current season is expected to be around 32.8 million tons with a diversion of 4 million tons towards ethanol. Exports from India till now have crossed 5 million tons as against an export quota of 6 million tons. Sugar production in North India including UP is up by 4% with a 9% drop of sugar production being witnessed in western states. This year, the OMC's tendered for a total of 600 crores liters of ethanol as against 459 crores liters last year.

Till date, the OMC's have executed six tender cycles and a total of 518.4 crores liters has been awarded. The total quantity lifted till 16th April stood at 208.7 crores liters i.e. 40% of the finalized quantity and the average blending stood at 11.59%. Till date, the sugar sector was allocated 377.43 crores liters comprising of 142.82 crores liters derived from sugar syrup and the balance quantity is predominantly derived from B-heavy molasses.

The grain sector continues to grow exponentially. This year, this sector has so far contracted for 140.92 crores liters as against 81.48 crores liters last year and 47.46 crores liters two years ago. They are expected to further increase their quantity and proportion during the next tender cycle. The Indian sugar production is estimated to drop by 2.5 million metric tons as per the latest ISMA estimates. The expected production should be in the region of 32.8 million metric tons out of which 31.1 million metric tons of sugar is already produced till 15th April.

Maharashtra has recorded a drop of 3 million metric tons and Karnataka, 0.5 million metric tons. UP has produced 9.66 million metric tons till 15th April and 77 factories are still operational

and is estimated to produce 10.5 million tons during the full season, a marginal increase from 10.2 million metric tons produced last year.

As mentioned earlier, out of the 6 million metric tons of sugar permitted for exports, 5.4 million metric tons has already been exported and the balance is expected to be shipped by 31st May, 2023. The government has released 18.05 million tons of sugar for the domestic quota till May 23, which is 2% higher than the 17.7 million tons released till May last year. Domestic prices look firm on account of lower production and on news of weak monsoon. The prices have moved up by 7% in April from the previous month. The government released an additional 2 lakh tons of quota for the month of April. The current prices are in the range of INR3,350 per quintal to INR3,400 per quintal in Maharashtra and INR3,600 per quintal to INR3,650 per quintal in UP. Refined sugar continues to get a premium ranging from INR50 per quintal to INR80 per quintal over the regular LQW.

The global outlook of sugar remains extremely tight and bullish. The three main producers, India, Thailand and EU are expecting a shortfall in production, further resulting in a tightness. Due to this, the world market has rallied over 20% in the last four weeks alone.

Indian production is short by 2.5 million tons as compared to last year they supplied 10.7 million tons of sugar to the world market and current year the supply is capped at 6 million tons and trade believes it could go down to 0 million tons to 2 million tons over next year.

Thailand production estimates for the current year have been revised to 9.8 million tons from the initial estimates of 11 million tons. Projections for next year have been revised down to 8.5 million tons.

EU production estimates are around 15.5 million tons, which makes them a net importer of sugar. They are expected to have dry weather which will lead to reduced yield in the beet planting, which means the scope for next year is also not good.

Brazil seems to be the only origin which can fill this deficit. Brazil is estimated to produce 38.5 million tons of sugar, this is 49% sugar mix. The total cane crush is expected to be around 600 million tons. Brazilian mills are priced for the current crop and there is a huge pressure on margins, mark to market on them which can lead to further price movement in case they are forced to start unwinding. Also the ethanol parities are around \$0.19 today versus the sugar price of \$0.26 which would make them want to maximize their sugar.

Considering the shortfall in all major origins, the sugar balance sheet is extremely tight which is getting reflected in the international sugar prices which are at the highest level in the last decade.

This concludes our synopsis for the quarter and the year gone by. We look forward to answering any questions that you may have. Thank you.

Moderator:

Thank you very much. The first question is from the line of Nimis Sheth from GT Advisory. Please go ahead.

Nimis Sheth: Yes. Hi, Gautam, Nalin. Good evening, guys. Your results are very timely and very well appreciated.

Nimis Sheth: And your maid a dividend of INR3.5 is also well appreciated. It is a 21% payout, so thank you. Promoters now own more than 50%, which is also well appreciated. You have announced the sugar capex, 4,000 TCD, so that is something we were looking forward to. I have a question on ethanol, but I will ask that along with the cane. Just one comment. Your presentation was uploaded at 2 o'clock, 2 hours before the call. If you could please upload it a few hours earlier for the previous day that helped investors.

Now the questions, actually. The first one is on the cane side. You already spoke about the cane situation. So when will we see improved results on the cane side? What are the steps the management has taken or is taking to improve farm yields and also factory recoveries? And the second question related to this is, once you have your cane availability improvement, are there any thoughts on any ethanol-related capex?

Management: So should I answer the queries, Nimis?

Nimis Sheth: Yes, please. And then there is one more on the accounting side, which I will ask later.

Management: Okay. Thanks. Thank you for your compliments, Nimis. Much appreciated. Now on the cane side, and noted on the presentation, we will definitely make sure our presentation is uploaded at least a day in advance. As we have been mentioning for some time, the cane area remains to be a major focus area. We seem to be successful in increasing our overall throughput.

Over the last two years, we continue to crush a little higher than the previous year. This year, too, we are going to crush higher than the corresponding period last year and for the entire season. The big focus, of course, now continues to be recovery. We have been working extensively to contain the pest-related damage in two of our units. These two units comprise about 70% plus of our cane crush.

We have been calling the best scientists. Our team has been working pretty much day and night. And we are finding some encouraging results over there. Along with that, we are also working hard to replace and bring in new varieties which should give both higher yields and higher recoveries. But variety replacement is a little time and it's a little long drawn affair. We hope to start seeing some better results of this maybe two years from now. That is the results from the variety replacements. The results on account of the containment of pests, we hope we can start seeing the results from next year itself. We hope it will result in further improvement of recovery and further increase in cane crush.

One of the principal reasons for announcing the expansion of our Meerganj unit is because we are encouraged by the increase in cane acreage. And again, development efforts should also increase the cane roll. So, I was sort of encouraged and I'm feeling bullish on this segment. On the increase in ethanol capacity, that is definitely being worked out. We are definitely looking to increase our ethanol capacity. We are still at the level where ideally the next big increase will

come in our Meerganj unit. And we are working and studying the optimum time to announce this.

Because we have to have both the raw material supply and now dual feed cane distilleries have also become an option. So, we are studying on both these accounts and hopefully we should have some news sooner than later. Thank you.

Nimis Sheth: Okay, thank you. And just two accounting questions, just clarifications actually. If you see your consolidated results, the table on page 16, which you gave two days ago, your other expenses have increased from FY'22, INR176 crores, this is the annual basis, to INR272 crores in the current year. So, what exactly is other expenses?

Nalin Gupta: So, Nimis, hi Nalin this side. Thanks for your appreciation and definitely take note of your suggestion for uploading a presentation a day before. Nimis, as you might have noticed, there is a substantial increase in production of ethanol. Ethanol production has almost doubled, and so there are two parts of it. INR176 to INR270, the difference is around INR94 crores. So, out of INR94 crores, INR21 crores is on account of consumption and packing due to the higher volume ethanol segment and addition of country liquor production.

Another important part of the increase in expense is export logistics. Out of this, INR64 crores is on account of the transportation of the sugar from factory to the port. So, these are the two heads, otherwise we are good on other.

Nimis Sheth: Yes. I think that explains everything. And one, just one more clarification, please, Nalinji. On the next page, page 17, your segmental results, item two, under there, there's un-allocable items for the year, it's INR41 crores for FY23 versus INR14.46 crores for FY22. Again, what is this other un-allocable items?

Nalin Gupta: So, Nimishji, there are certain heads which are not overloaded on the cost of production. So, last year, if you remember, we got demerged from Dhampur Sugar Mills Limited in April last year. So, accounting was happening in the undivided company. So, a couple of expenses were part of the Dhampur Sugar Mills Ltd till March '22, which mainly accounted for the managerial remuneration, which was part of Dhampur Sugar last year, which has come now into DBO. And so, considering that, a lot of expenses were there, which have become part of DBO now. So, run rate is going to be like this.

Nimis Sheth: Okay. And one last clarification. Gautam mentioned that 76,000 or 75,000 quota has been completed, export quota. In your presentation, you mentioned that in FY23, 70,000 tons have been exported. So, I'm just assuming it means 6,000 is being done in this quarter.

Management: It's already been exported. Our entire export obligation is fulfilled.

Nimis Sheth: That's what you had mentioned. Okay. Perfect. Thank you so much. And wish you all the best for the coming year. And.

Management: Thank you, Nimish.

- Nimis Sheth:** Thank for a nice dividend. Yes. That's a nice start. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.
- Sanjeev Damani:** Sir, one small thing that I heard in the presentation from your side today in this con-call is regarding Bagasse. If I'm not mistaken, so kindly give me two, three information on Bagasse, whether we entirely sell our Bagasse or we consume it. And is there substantial improvement in realization of Bagasse in the market this year as compared to last year? And can you quantify the tonnage also, that how much tonnage we sold and how much we are producing, consuming?
- Management:** Sanjeevji, So, our Bagasse future is on two accounts. The principal usage of Bagasse, of course, is to run the sugar factory. And balance, we need our Bagasse and we need to save some of our Bagasse to operate our distillery during the off-season. Both during season and off-season, our distilleries are running on the Bagasse as the principal fuel. And when the sugar is not crushing, then we need to make adequate storage of Bagasse for our off-season operations. See, this year also, if you notice, our overall cane crush for this cane crushing season has been higher, resulting in overall higher Bagasse production. And last year, we had undertaken various Bagasse saving measures.
- So, our Bagasse saving measures which we undertook, they have resulted in an increased saving in Bagasse, which has resulted in us being able to sell more Bagasse than we did last year. Last year, we sold about 1 lakh tons of Bagasse and this year we have sold 1.5 lakh tons of Bagasse. And we have also been lucky this year, the rates of Bagasse have been higher as compared to last year. So, this increased contribution from Bagasse, which you are seeing, is both on accounts of 50% additional quantity sold and the higher rate for our Bagasse. We are continuing to invest and further increasing our Bagasse saving as the years go by.
- Sanjeev Damani:** Okay, sir. Can I just know the current prices of Bagasse that we sell at?
- Management:** So, Bagasse prices, current prices of Bagasse are about, you know, are specified by different regions, but the ones which we do in our region is 300 to 350 per quintal of Bagasse.
- Sanjeev Damani:** Okay, sir. Thank you very much, sir. I am satisfied. And all the best to you, sir.
- Management:** Thank you, Sanjeev.
- Moderator:** Thank you. The next question is from the line of Udit Gupta, an individual investor. Please go ahead.
- Udit Gupta:** Good afternoon, sir. Sir, my question is, sir, like the processing cost of ethanol per liter, sir, what would it be for our company?
- Management:** Sorry, come again. Cost of production, you are talking about Udit or?
- Udit Gupta:** Sir, both, sir.

- Moderator:** Sorry to interrupt you, Mr. Gupta. Please use the handset mode, sir. Your audio is not clear.
- Udit Gupta:** Sir, my question is, sir, the cost of production and the processing cost of ethanol?
- Management:** So, the cost of production on the syrup derived ethanol is around INR54 a liter, and B-heavy it is around INR45 rupees a liter, and conversion cost is around INR6 to INR7 rupees a liter, in both the cases.
- Udit Gupta:** Sir, the conversion cost, does it include the depreciation of the interest or anything of the sort?
- Management:** It includes.
- Udit Gupta:** Yes, sir. And, sir, how many crores liters of ethanol can be produced in the next financial year, so like the current financial year? Goes as per planned?
- Management:** Sir, as the government says, our license capacity, our distillery has operated, we can produce about and sell a little less than 11 crores liters i.e. 10.92 crores liters is the total amount of ethanol, we are permitted to produce and sell.
- Udit Gupta:** Sir, does this include the levy molasses or is it like, I am talking about the sale to the OMCs?
- Management:** The total, from our distillery, the alcohol production quantity is restricted by the government, by UP government, Excise Department. Now, if we have to supply ENA to our distillery, to our country liquor plant, this will be part and parcel of this 10.92.
- Udit Gupta:** Okay. And, sir, I was trying to say like if we deduct the levy molasses portion from this part, so how much are we normally left with?
- Management:** Supply to the oil companies, you are referring?
- Udit Gupta:** Yes, sir.
- Management:** You see, the levy molasses is a little bit work in progress because, you know, it is difficult to say. Our current estimate as per the current levy, UP's current levy obligation requirements, we will have about 9 crores liters to the oil companies, OMCs. And 1.9 balance quantities would be earmarked for the ENA, towards ENA and country liquor.
- Udit Gupta:** Thank you so much, sir.
- Management:** Thank you, Udit.
- Moderator:** Thank you. The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.
- Hiten Boricha:** Good evening, sir. Thank you for the opportunity for this question. Sir, I have a couple of questions. So, my first question is on the capex side. So, we have been spending on two plants, mostly from the Meerganj unit, and secondly, also expanding the liquor cases. So, can you help

me with the exact amount, what is the total amount of capex we are spending. And if you can give me a break up of both the capex fronts?

Gautam Goel: Yes, I think, actually, we are not really expanding, we have already expanded our country liquor segment. There is no further expansion plan. Now, the entire expansions for this year will be towards Meerganj unit expansion, some energy efficiency related matters, and things like this. But Nalin, would you like to give some?

Nalin Gupta: So, Yes, as Gautam mentioned, like, country liquor expansion has already completed last year, we have completed carbon dioxide plant also. So, we spent INR214 crores as capex last year for various measures.

Hiten Boricha: Sir, actually, my question was how much we have spent on liquor and what are we planning for Meerganj, the breakup of that capex?

Management: Hitenji are you talking about last year or are you talking about for the coming year? I am a little confused.

Hiten Boricha: I am talking about in general, in total how much are you going to spend for liquor.

Management: Liquor, as I told you, Hitenji expansion for liquor and expanded capex for liquor, we don't expect to do any more expenditure there.

Hiten Boricha: Sir, total capex, how much has been spent on it? That is my question, sir. What you have spent on liquor.

Management: Last year for putting up this plant, we spent INR18 crores of capex for this capacity of 4.2 million cases per year.

Hiten Boricha: And how much were you going to do in Meerganj, sir, in total?

Management: Just give us one minute. The total capex planned this year for Meerganj, we are planning to spend about INR65 crores rupees, sir. But there are some further capex's planned for steam saving and all these things. So, as of now, the board has finalized and we have a plan to spend towards Meerganj and energy efficiency and some other, you know, normal depreciations. So, for Meerganj we are planning to spend about INR65 crores.

Hiten Boricha: And my second question is on the prices of the Bagasse. As you mentioned, the prices have went up. And we also sold 50% higher volume than last year. Just wanted to understand what were the prices last year? You have given around 300-350 per quintal of Bagasse this year. So, last year, what were the prices, sir?

Management: 250 around, last year, it was 2500 per ton Bagasse on an average for the last year quantity we sold.

Hiten Boricha: Yes. This is the same area, UP, which you have given 300-350.

Management: Right? Same area.

Hiten Boricha: Okay. So, I have a couple of questions. I will get back in the queue, sir. Thank you. Thank you.

Moderator: The next question is from the line of Sunil from Nirmal Bang Securities. Please go ahead.

Sunil: Yes. Congratulations on good numbers, sir. My question relates to can you repeat the volumes of export in this quarter?

Management: So, Sunilji, total we have exported till 31st March 0.7 lakh tons against our export quota of 0.76 lakh tons. In this quarter, we have exported 0.58 lakh tons.

Sunil: And what was the realization in exports?

Management: Realization is around INR40 per kg net of expenses.

Sunil: Okay. And domestic realization, if you can say, excluding export in this quarter?

Management: In this quarter, realization is around 35.7 per kg for the domestic quantity we sold.

Sunil: Okay. And now you are talking about the realization of domestic UP realization of 36-36.5. So, for us, it will be higher than that or what?

Management: Normally, this is the price that we spoke about the plantation-wide or low-quality-wise. Refined sugar generally gives an INR50 to INR80 premium. And so we hope we should be able to realize that or some more.

Sunil: Okay, fine. And in this last one quarter, how much more production we can do?

Management: So, it was Sunilji 100% refined sugar we are selling in the market. No sulphitation sugar is being sold in the market.

Sunil: So, you get higher realization of around INR80 per quintal?

Management: Depending on the time and the season, the average, let's say, fluctuates between 50 to 80. So, we get more than the normal price.

Sunil: Yes. And another thing is how much more production we can do in Q1?

Management: That is a little premature for us. That will be a little bit more forward-speaking statement. So, we will refrain from answering that, sir.

Sunil: Okay. But all the three plants are running, right?

Management: As of today, two of our plants have stopped threshing. Our Mansurpur plant is still running.

Sunil: Okay. Fine. And the last thing is about the industry. Do you expect inventory to be lower than last season in this sugar season?

- Management:** Yes, sir. We definitely expect a drawdown of inventory. You will see all the government statistics and government data. About 32.8 million tons is the production. The estimated consumption should be in the region of about 28 million tons. And 6 million tons have been exported. So, you should have an inventory drawdown of 1.5 odd million tons this year.
- Sunil:** So, my point was that sugar has increased a bit in the recent past. And as the price increased, immediately the government came up with an additional quota. So, what is your view on the further price increase of sugar in the industry?
- Management:** As you know, you have all been in this industry. There are government-related controls. But we don't see any reason to think the prices will go down. The balance sheet remains tight. The international prices are also firm. But the domestic balance sheet remains tight and firm. And we see prices to remain steady. Maybe go up a little bit. But we don't see any downward pressure at this point.
- Sunil:** Yes, that is there. And last question, sir. Next year, any indication how the crop is likely? Or production, I guess?
- Management:** Sir, you know, I am sure you read the reports. The planting data for Maharashtra and Karnataka. And it is a little early to say because there is a lot of topic about monsoons. But for us, we can say that our cane development efforts we are feeling quite enthused and excited. And that is the reason why we are doing the expansion of our Meerganj unit. And we expect our capacity utilization should only improve in the coming years.
- Sunil:** Okay. Great. Thank you very much. And all the best for future.
- Management:** Thank you, Sunil.
- Moderator:** The next question is from the line of Prashant Baliyan, an individual investor. Please go ahead.
- Prashant Baliyan:** Hello. Good evening and congratulations for such a good set of numbers. Just wanted to ask a small question. Do you expect this El Nino to somehow impact the total sugar inventory in India, one? And the sub-question would be, do you see the prices shooting up in India because of this phenomena? And what is the expectation at your end that El Nino definitely would occur? Because we have seen in the last cycles of 2016, 2004, 2011, these kind of things were usually predicted beforehand. So this time, what do you think about it? So I framed a kind of comprehensive question. So whichever way you want to answer it, please?
- Management:** So, Prashant ji, this is a very million dollar question. The whole world is talking, the whole sugar industry is talking about El Nino. But the probability of El Nino that everybody says is considerably higher. They say that latest data says it's about 70%. That would be my assessment too.
- Prashant Baliyan:** Do you see the prices of sugar or your sugar realizations going up in case the El Nino sets in?
- Management:** So see, now this is the most important aspect. See, now the fundamental, my belief, this is my personal belief, the first, El Nino, if you see, fundamentally has a negative impact on rain,

especially in the western side. And if we see in India, there is always a drier spell, there is no reduction of water in Maharashtra especially. Normally these drier spells mean lower yields across board. And sometimes it also results in higher recovery.

So the overall impact on the sugar, generally in North India, the sugar cushion goes down, the recovery goes up, the sugar balance sheet remains maintained. West, generally the recovery goes up also, but the quantity of cane that goes down is generally more than what can get compensated by recovery. Let's also remember this year there was 4 million tons of export out of India. So in the event of deficit production or lower production, the key question is, will there be a shortage in India? I don't think so. I don't see the production dropping to less than 4 million tons. But once again, the market should remain bullish, should remain firm. That would be my assessment.

Prashant Baliyan: All right. That answers my question. Thank you.

Management: Thank you.

Moderator: Thank you. As there are no further questions from the participant, I now hand the conference over to Mr. Goel for closing remarks.

Gautam Goel: Thank you all. Thank you very much, and thank you for all the advice you've given us and the compliments you've given us. We appreciate it greatly. And as we mentioned in the past, please feel free to ask any questions that may arise in due course. You can e-mail it to us and we will try to respond promptly. Once again, thank you very much and have a wonderful day.

Management: Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines. Thank you.