

DHAMPUR SUGAR MILLS LIMITED

Investors Con Call- 5 Feb 2019

- **MODERATOR**

- Ladies and gentlemen good day and welcome to Dhampur Sugar Mills Limited Q3 FY19 Earnings Conference call hosted by Prabhudas Lilladher Private Limited. Before we begin I would like to mention that certain statements in the call could be forward looking in nature and are subject to risk and uncertainties which could cause actual results to differ materially from those anticipated. Such statements are based on the management's belief as well as assumptions made by information currently available to the management. 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 * and then 0 on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Biyani from Prabhudas Lilladher. Thank you and over to you sir.

- **MR. PRASHANT BIYANI - PRABHUDAS LILLADHER PRIVATE LIMITED**

- Hello everyone. On behalf of Prabhudas Lilladher I welcome you all to Q3 FY19 results of Dhampur Sugar Mills Limited. I would thank the management of Dhampur Sugar Mills Limited for taking the time out for today's concall. From the management's side we have Mr. Gaurav Goel, Managing Director, Mr. Vineet Gupta, Chief General Manager (Finance), and Mr. Akshat Kapoor, General Manager (Finance). I would request the management to discuss about the Company's results and key industry highlights for 3Q. And then we can start with Q&A. I would now like to hand over the floor to the management. Thank you and over to you sir.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you. Good evening and a very warm welcome to all at Dhampur's Q3 and 9 months financial year '19 earnings conference call. I would like to begin by sharing my perspective on the sugar sector by discussing the Company's operational performance following which Mr. Akshat Kapoor will take you through the financial highlights of the Company for the Q3 and 9 months for FY19.
- For the current sugar season 2018-19, revised estimates suggests that sugar production to be around 31 million tonnes in India. The domestic sugar consumption stands around 26 million tonnes. Domestic sugar realisations are currently ruling around 31.5 per kg ex-field.
- Going into the current sugar season 2018-19, all our 5 sugar plants have started crushing operations in the November 2018. We have crushed 21.26 lakh tonnes in Q3 FY 19, against 25.38 lakh tonnes same quarter last year. Sugar recovery has improved from 10.60% in Q3 FY18 to 10.98% in Q3 FY19.

- As you all are aware that we are making ethanol from B heavy molasses at our Dhampur unit. If we were to take the sugar loss, the group recovery for 2018-19 will be 11.40%. Overall we are glad to report a healthy performance wherein all segments reported positive margins during the quarter 3 and 9 months for FY 2019. Sugar realisation for Q3 FY19 stood at 31.72 per kg as against 35.94 per kg in Q3 FY18. Sugar sales for Q3 FY19 stood at 1.76 lakh tonnes including export of 0.21 lakh tonnes against 1.77 lakh tonnes in Q3 FY18. In terms of inventories, the total inventory as on 31st December '18 stands at 2.90 lakh tonne of sugar valued at an average cost of 30.20 per kg.
- Our ethanol chemical division performed well. The company sold 206.31 lakhs worth litre of ethanol at an average realisation of 41.85 per litre during the quarter. The company during the quarter also sold 21.75 lakh kg of chemical at an average realisation of 71.21 per kg. The company in this business continues to utilise its capacities to produce and sell either ethanol or chemicals or rectified spirits that offer better margins. However ethanol supplies will provide better margins due to lower molasses prices.
- During the quarter ended December '18 Dhampur in its power segment generated 20.22 crore units of power against 24.44 crore units in same period last year and exported 11.33 crore units against 14.62 crore units in same period last year. Average realisation for the quarter stood at 5.16 per unit as against 4.98 per unit in Q3 FY18. The company has made repayment of long term loans of 41.44 crore units during the Q3 FY19 and 81.40 crore in 9 months FY19. The long term loan as on 31st December '18 stood at 687.48 crores including soft loan of 266.22 crores.
- I would now like Mr. Akshat Kapoor to take you through the financial performance of the company. Thank you.
- **MR. AKSHAT KAPOOR – GM FINANCE, DHAMPUR SUGAR MILLS LIMITED**
- Thank you sir. Good evening and thank you once again for joining us on the call. I would now like to take you through the financial highlights of the company for the quarter 3 and 9 months ended December 31st 2018. Our total revenues, EBITDA and PBT for the quarter stood at 798.51 crores, Rs. 120.52 crores, and Rs. 89.01 crores compared to revenue of 778.14 crores, EBITDA of 136.95 crores and PBT of 99.72 crores in Q3 FY18 respectively.
- Our total revenues, EBITDA and PBT for 9 months FY19 stood at 2065.69 crores, Rs. 288.36 crores, and Rs. 182 crores, as compared to revenue of Rs. 2474.57 crores, EBITDA of 355.08 crores and PBT of 220.98 crores in 9 months FY18 respectively. EBIT for all the segments was positive during the quarter. Our interest cost was lower at Rs. 15.02 crores as compared to Rs. 21.22 crores in the corresponding quarter last year.
- Profit stood at Rs. 82.05 crores in Q3 FY19 against Rs. 74.73 crores in same period last year. During 9 months FY19 profit after tax stood at Rs. 142.13 crores as compared to Rs. 160.30 crores in 9 months FY18.

- Let me now take you through business wise performance. For the quarter ended 31st December 2018 the sugar division reported revenues of Rs. 663.75 crores which contributed to 65.64% of our total revenues, as compared to 72.64% at Rs. 760.46 crores in the same period last year. EBIT in this segment was at 19.77 crores as compared to Rs. 37.83 crores in the corresponding quarter of last year.

The ethanol chemical operations continued to contribute positively to our earning performance. Revenues from ethanol chemical business for the quarter stood at Rs. 103.09 crores against 72.53 crores in the corresponding quarter last year. EBIT for Q3 FY19 stood at 35.98 crores as against Rs. 15.67 crores in Q3 FY18. The performance in this segment improved due to high volume and better margins in ethanol. Going forward we continue to focus on targeting business opportunities from the ethanol chemicals, and rectified spirit segment that offer better margins.

- During the quarter under review, power revenues stood at 166.70 crores and EBIT for the quarter stood at 67.19 crores. Power realisations stood at Rs. 5.16 per unit as against Rs. 4.98 per unit in the corresponding quarter last year.
- These are our broad level numbers. On the overall basis we are very much pleased by our performance. We believe that we have built a strong operating platform making us well-placed to deliver sustainable results and our outlook for the future remains optimistic. Thanks once again for joining us on this conference call. We will be happy to answer any questions that you may have. Thank you.

- **MODERATOR**

- Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question at this time may press * and 1 on your touch tone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. To ask a question please press *, 1 now.

- We have our first question from the line of Nikhil Vaishnav from VD Investments. Please go ahead.

- **NIKHIL VAISHNAV – VD INVESTMENTS**

- Thanks for the opportunity. Just want to know how much is our cane arrears in this quarter till now?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Our total cane arrears as on date is about Rs. 245 crores.

- **NIKHIL VAISHNAV – VD INVESTMENTS**

- Okay.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Last year's cane dues are paid
- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Sorry?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Last year it is all clear. For 2017-18 there are no cane arrears.
- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Okay and also under export I just want to know what is the picture of China? Like how much we exported to them? And what was our export obligation and how much we met.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So our total obligation of MIEQ is about 1.1 lakh tonnes. We have done contracts for the full 1.1 lakh tonnes. During this quarter ended 31/12, 21000 tonnes has been exported. The balance will be done, a large part will be done in Q4 and the small part will flow over to Q1 of FY20. So we will complete our total export by April of 2019.
- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Okay. Could you brief me about how much you exported to China?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No see there has been no export even though we have done one contract with one of the largest importers into China. But as far as my information goes none of our sugar has gone to China. The sugar that we have sold I think is going mainly to Bangladesh but that can change in the March and April shipment. But as far as I know none of our sugar has gone to China right now.
- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Okay. And what was the realisation export? Export realisation?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So our average for 1.1 lakh tonnes the realisation that we will have is about 22.5 per kg.

- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Okay. And this quarter the other income was lower when we compare to year on year.
- So what was the reason for the same?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Basically in the last year this time we had got REC which we had sold. During this quarter we have not sold our REC and that is why that income was lower this year.
- **NIKHIL VAISHNAV – VD INVESTMENTS**
- Okay, okay that's it from my end. Thank you.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much Nikhil.
- **MODERATOR**
- Thank you sir. We have the next question from the line of Yash Agarwal from JM Financials. Please go ahead.
- **YASH AGARWAL – JM FINANCIALS**
- Hello?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah hi Yash.
- **YASH AGARWAL – JM FINANCIALS**
- Hi. What was the subsidy received on this export sir per kg?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So as of now there is no on this export or the money that we will all get from government of India that is expected to come any time after June or July because that is on your total cane crushed. So our factories will finish our cane crush in April to May. So then after that you will apply showing exactly how much you have crushed. And out of your total cane crush you will get 13.88 per quintal of cane. So this money is expected only around June or July, not earlier than that.

- **YASH AGARWAL – JM FINANCIALS**
- Okay. So this will be accounted on cash basis right? Right now we are not accounting for this.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- We have done till 31st Dec. we have accounted for that money that I have to get from government of India into 31/12. The balance I will account for in March and then in April.
- **YASH AGARWAL – JM FINANCIALS**
- Sure. What is the process for this accounting
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So my accounting policy is based on compliances of conditions.
- **YASH AGARWAL – JM FINANCIALS**
- Sure, sure. I got it, I got it. And what is the closing stock forecast at the end of this season for India?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yash it's a very tough questions. As you know that our closing stock as on 30/9/2018 was 10.7 million tonnes. We expected to produce about 31, assuming exports of 3 million tonnes we would still be adding about 2 million tonnes to our opening stock. So I expect Indian stock to be anywhere in the range of 12.5 to 13 million tonnes as of 30/9/2019.
- **YASH AGARWAL – JM FINANCIALS**
- So would that create a scenario where sugar prices would be under pressure as we move forward in the crushing season?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- See the change that has happened last year vis-à-vis any other year in the past is that a minimum selling price of sugar has been fixed at 29 per kg. We are hopeful for this price to go up even further. So I do not believe, so now 29 has become the base price and then north India always rules about 1 to 2 bucks higher than that on western and southern part. So I think that will be the sort of sugar price. Obviously the carrying cost or the amount of inventory that you will be holding will be higher. Fortunately for our part as you know we have committed to our full export of 1.1 lakh tonnes but we are also doing B heavy in one of our plants. So we will be producing less sugar there and we will be allowed more quota to sell. So overall for Dhampur we believe our stock should be far, far lower than that of an average of India.

- **YASH AGARWAL – JM FINANCIALS**
- Also your inventory values are Rs. 30.2 kilo. Would that broadly be the cost of production till now?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah so basically it had been valued in different forms and shapes. So our white sugar cost right now is at about 31. the raw sugar that is lying at port we have valued it at 21.8. And the raw that we have lying in our factories we have valued it at 29. So that is why a composite has come to 30.2.
- **YASH AGARWAL – JM FINANCIALS**
- Got it, got it. Last question sir. How is the international prices and supply-demand moved in the past 2-3 months? Any update on that?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- New York global prices have been really volatile. For about 3 months back they had gone up to a high of about 13.9 cents and then almost about 5 weeks back they fell to below 12 cents. Right now they are at about 12.8 cents is what has been the price. About 12.5 to 12.9 cents has been the price for the last about 2-3 weeks. And I do believe that that will be the sort of a price range that we can think over the next 2 months.
- **YASH AGARWAL – JM FINANCIALS**
- Got it. Alright sir thank you so much for answering my questions.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you Yash.
- **MODERATOR**
- Thank you. Anyone who wishes to ask a question may press * and 1 on your touch tone phone now. We have the next question from the line of Narendra Bansal from **PANTOMATH**. Please go ahead.
- **NARENDRA BANSAL – PANTOMATH**
- Thank you for the opportunity. I just wanted to check a few things. We have shown decent performance in the distillery segment. What could be the reason why the EBIT margins are lower for us in the distillery segment in this quarter?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- The main reason for that is one. As I said in our Dhampur unit we are doing B heavy to produce ethanol for the OMCs. The transfer pricing that we have done for that is higher than what we had done which is there from C heavy. And that is why you are seeing lower margins but that has been transferred onto the sugar segment. So that is why in this segment you have seen slightly lower profits than last year for Q3 vis-à-vis last year.

- **NARENDRA BANSAL – PANTOMATH**

- Okay because last time you know on the concall we were discussing and you mentioned that you could achieve an EBIT per litre of nearly 30 on the ethanol side; which seems plausible to you going ahead?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yeah we all do believe if we see on the C heavy, the EBIT margins will range about 25 to 30. And on the B heavy side they will be around Rs. 17.

- **NARENDRA BANSAL – PANTOMATH**

- Okay. And what could be the composition of B and C in our production going ahead?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So basically only in Q4 we will be doing B heavy in Dhampur. Then from Q1 of FY20 we will again go back to C there. So you will see a large part of our supply in Q4 being B heavy. About two-thirds will be B heavy and one-third would be C Heavy.

- **NARENDRA BANSAL – PANTOMATH**

- Okay, okay, okay. You know the income tax rate also was very low this time. Any particular reason for that? Was there any deferred tax which was there, past tax which was there?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yeah so we had deferred tax assets and we have carried forward losses which have now been wiped out. and that is why because higher tax was provided for the first 6 months, that is why that was just put right in Q3.

- **NARENDRA BANSAL – PANTOMATH**

- Okay. Any particular reasons why the quantity of distillery was lower this quarter? I think it was nearly 2.06. Your realisations were good at 41.85. But the quantity was a bit less. I think 7-8% less compared to quarter on quarter.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Absolutely right. One of our other plant, was closed for about a period of 24 days. And that was the main reason. From there the supply are lower. But that we will make up in Q4.
- **NARENDRA BANSAL – PANTOMATH**
- Okay, okay. And what could be the update for the enhanced capacity which is coming up for 100 klpd?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So the 50 klpd of Dhampur is expected to start soon. We are just waiting for one clearance. The plant is fully ready. The 50 klpd expansion at Asmoli unit will come on line around the 3rd to 4th week of April
- **NARENDRA BANSAL – PANTOMATH**
- Okay. So next quarter we can assume that you will run the entire 300 klpd plant plus this 50 klpd right?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes so 300 plus 50 will come now in the next month and the other one will start surely in May. So in this quarter you will see a part of the 350 and the full 350 in Q1 of FY20. And part of the 400 in Q1 of FY20.
- **NARENDRA BANSAL – PANTOMATH**
- And no stoppage of work expected in this quarter?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No stoppage of work is expected.
- **NARENDRA BANSAL – PANTOMATH**
- You know there is a book keeping question which I was just wondering if you may help me. You know I was just reading out Balrampur numbers as well. So the EBIT margins what they do on distilleries is as high as 75%. And what we have done in the past you know if I just assume that this was an abnormal quarter because of stoppage and all, so we do between say 40-45%.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- For this quarter apart from the lower volume the biggest difference of our margin would be the valuation rate of B heavy because they don't do any B heavy. They all only make ethanol out of C. So that is the main difference.

- **NARENDRA BANSAL – PANTOMATH**

- Okay, okay. So they will always command 70-75% margins and we will be at say 40-45%. Right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yeah. But then like that our advantage is that we are going to make lower amount of sugar because we have got excess capacity. So we all actually buy molasses from outside. So this has given me more of my own captive plus I will get a higher quota for sale month on month.

- **NARENDRA BANSAL – PANTOMATH**

- Got it. Has the molasses prices started moving up? What's the latest update on that?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- As of now the prices are still quoting at the same rate about 100-200 per tonne is the price right now also. Because see we have to realise that these prices can go up in the future. But right now those extra capacities have not still come up. I mean they will take anything from 1 to 3 years for extra capacities to come up in the state of UP and that will be the only reason that these prices will go up. But right now there is still so much of surplus so I don't expect prices to go up at least in this year itself.

- **NARENDRA BANSAL – PANTOMATH**

- Not even in FY 20?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Again early days. We will see how much of added capacity does come out by FY20. See that is the only reason why these prices will go up right?

- **NARENDRA BANSAL – PANTOMATH**

- Got it. And when are you expecting any update on the MSP prices at all from the government if it comes?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Anybody's guess. Anybody's guess as of now. There has been a lot of dialogue that we have had in government of India on this. So hopefully that they will take a call on this sooner than later.
- **NARENDRA BANSAL – PANTOMATH**
- Well thank you so much and good luck.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you Sir. Participants who wish to ask a question may press */1 now. We have the next question from the line of Amanjit Singh from Pantomath Asset Management. Please go ahead.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Yeah hi sir. So this quarter you mentioned that we had 11.4% recovery rate. So for the full year what is the expected recovery that we are expecting and what would be the cost of production for estimated for this current sugar season?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- See the plant cane has just started to come right now. The ratoon crop was very, very good and that is why for Dhampur we are 0.8 higher year on year. After we have taken the loss that we have sugared on the B heavy side. Plant cane as of now the yields seem to be slightly lower. The recovery seems to be almost okay. So I would assume that we should be at least 0.4 to 0.5 higher than last year.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay. And sir on cost of production sir?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- It should be around again we will have to wait till March on that. As I said the white sugar was valued at 31 as of 31/12. By March we do plan, we all do hope it will come down by at least 1 buck.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay, okay. Sir you mentioned there was a difference in transfer price of molasses. So what is it between B and C?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So on C our transfer price is 200 per tonne. From B heavy it's 7250 per tonne.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Oh that's a big difference.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah it's a huge difference. And that is why again the earlier questions on margins come into play.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- So because of this the sugar EBIT will be higher on this quarter sir?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Correct, correct.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay, okay. Sir one last question is that just in the trend of purchase of stock and trade it seems a little higher this quarter compared to previous quarters. Anything there?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Which one are you speaking about?
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Sir purchases of stock and trade.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Vis-à-vis last year?
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- So basically 71 crores in this quarter just is there anything higher in this quarter? And whether any impact of that on gross margins.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No, no, no, no, no.

- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- It won't have any impact at all on that.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay. Because on a YoY basis the percentage is higher. So just wondering what that was. Okay thank you sir. That's it from my side.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you. We have the next question from the line of Paresah Shah from Odeon Securities. Please go ahead.
- **PARESH SHAH – ODEON SECURITIES**
- Hello?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes Mr. Shah.
- **PARESH SHAH – ODEON SECURITIES**
- I wanted to know what is the situation regarding MSP which was expected on sugar.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Sir the MSP has been in the news for the last almost now 4-5 weeks. We are in dialogues with government of India asking them to at least increase it as per the cane prices have also gone up. So we are hopeful that they will take some call on that in the next couple of weeks.
- **PARESH SHAH – ODEON SECURITIES**
- Okay. What is our position regarding our export obligations?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So our total export obligation was 1.1 lakh tonnes. We have done the contract for all of it. About one-fifth of that has got exported till 31/12. Almost 80% will get exported till 31st March. And the balance 20% by 30th of April

- **PARESH SHAH – ODEON SECURITIES**

- And how do you see the export for the sector as a whole with other mills are they going ahead? Because we are getting some news that some mills are not keen on exporting given the current prices of sugar in the international market.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See as of now the reports are showing that about 1.4 million tonnes of contracts have been done. Out of 5 million tonnes that India should be exporting which are seeing how much of sugar that we are going to make and our closing stock. Government has to take very strict actions against the erring mills. Only then I feel exports will take place. Otherwise I don't expect more than 2-2.5 million tonnes of export happening out of India.

- **PARESH SHAH – ODEON SECURITIES**

- Because last year also there was a 2 million export quota and hardly couple of UP mills fulfilled that quota. Most of them just backed out and then there was no penalty charged on the other mills. Will it happen this year also that people will be allowed to get away only people like Dhampur and Balrampur will be doing the actual exports?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I hope that some action is taken because I do believe that India has to be an exporter for the next at least 1-2 more years until and unless there is some act of God. That is why very strict measures have to be taken by government to ensure exports out of India. I mean action should happen on them. So I agree with you that without action I don't see too much of exports happening even in the future.

- **PARESH SHAH – ODEON SECURITIES**

- The point I am asking is last year we did export but at a loss because of the obligations. But you know hardly couple of mills fulfilled this contract and the rest got away scot free. They didn't have to bear the loss.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No see I mean the time that Dhampur entered into contracts we were extremely well aware about what is the scenario that India is going to see over the next 12-24 months. Even as on date the

export contracts that Dhampur has done, we won't have a loss on our export also. And plus point is that that much of sugar is out of my system. So I really don't understand that why other sugar mills are not or are shying away from exports because what government is offering you the package etc., for everything, I think they have been extremely fair and sugar mills should come forward and export. I mean we cannot be greedy and try everything that we want a higher price. We have to look at the future.

- **PARESH SHAH – ODEON SECURITIES**

- Okay that's it. Last question if I may ask one more is that if we do a comparison between Dhampur and Balrampur on the ethanol division, the margins of Balrampur are consistently very high. Is there any difference in the accounting methodology of Dhampur or Balrampur?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I think it is just the transfer pricing of molasses. That is the only difference that I can see.

- **PARESH SHAH – ODEON SECURITIES**

- What is the price at which Dhampur is transferring it?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So on the C heavy we transfer it at 200 per tonne and on the B heavy we transfer it at 7250 per tonne.

- **PARESH SHAH – ODEON SECURITIES**

- Okay. But I think Balrampur is at 150 per tonne for C molasses and they don't do B molasses.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yeah so that is why this quarter you have seen a bigger difference because we do B heavy. So we will be doing two-thirds of my supply to OMCs will be from B even in Q4.

- **PARESH SHAH – ODEON SECURITIES**

- But corresponding B molasses should give higher margins right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- It is again on transfer pricing. Like from our side we all have seen that what would be my loss on sugar as sugar that I have lost on making B that is the price that I am transferring it. I mean if I don't take that loss then my sugar loss will go up and my this distillery profit will go up.

- **PARESH SHAH – ODEON SECURITIES**
- Okay thank you so much.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you. We have our next question is from the line of Yashpal Madan from Mainstream Consulting. Please go ahead.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Going by current trend can we expect that you would be selling around 12 crores litres of ethanol in chemicals? Will it reach that number?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- That is the target for sure that we will have for like ourselves for FY20.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- For FY20? Not this current sugar season you are saying basically right?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No. So this is basically as I said that our 100 klpd expansion 50 kl will start in the march and my other 50 kl expansion will start around first week of May. So that is why we will not be able to get that advantage for this financial year. But this will happen in FY20 where my full 100 klpd expansion will be in place as of 1st May.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- So in this year we can expect around 10 or more?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes about 10.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Around 10.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah. Around 9.5 to 10.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Okay and any further expansion plans in ethanol side?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Not right now sir. After my 100 klpd plan is done we will wait for the new biofuel to be out and we will have to wait and see what is going to happen for next year on the B heavy side because as of now these are all one year policies. So 400 klpd is a very good size for us. So any further expansion we will be seeing after we see the new biofuel policy for India.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- So you have doubts that these kind of policies may continue for another 3-5 years? You have that kind of opinion?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- See again you will have to realise that B heavy and sugarcane juice will always be there as long as sugarcane is in surplus.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Right, right.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- But we cannot plan our expansion just on that basis. So we have to take an informed view of that. So even on 400 klpd I am still a buyer from outside.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- So how much you will have to buy from outside?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- We have to buy about 1.2 lakh tonnes from outside.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- So that would be what percentage of total molasses consumption?

- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Around 10%.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- It will be about 20. 20-25%.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- So 80% you will get internally and 20% you will be buying from outside basically.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Correct. And that is right now. Next year when our full 400 klpd will go up then my outside need will become higher.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Right, right, right. So let's say if this year you take as if you are not doing through B heavy molasses, then your recovery is expected to go up by how much for this sugar season?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So as of now as of 31/12 we are higher by 0.8. If I were to take the sugar loss that I have done. For the whole year still as I said it's very hard to comment right now because the plant cane has just started to come only in the last week. So we have to try and see as to how much of increase we can get on that vis-à-vis last year. But a 0.4 to 0.5 increase should happen for sure. It can be higher but shouldn't be lower than that.
- **MODERATOR**
- Thank you very much sir. We have the next question from the line of Chaitanya Shah from Aditya Corporation. Please go ahead.
- **CHAITANYA SHAH – ADITYA CORPORATION**
- Hello sir.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Hi Mr. Shah.

- **CHAITANYA SHAH – ADITYA CORPORATION**

- Sir I wanted to understand have you done any calculation regarding what would be the optimum percentage of B and C in the coming years which would maximise the revenues of the firm?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So that we've even for this year that is exactly what we all did when we all took the call we are one of the only very few companies in India who has taken a call on doing B heavy. The price that you saw on B heavy vis-à-vis the carrying cost of sugar and the sugar price we all do believe that B heavy is going to be of benefit to Dhampur. We will have to see for next year what is the sort of pricing of B heavy that is finalised and then on that basis we will take a call how much of B heavy to do. We can also go more on B heavy. As of now we are only doing it out of our one unit. But next year we may do it out of our 2 or 3 units.

- **CHAITANYA SHAH – ADITYA CORPORATION**

- Sir is it plausible that the percentage of alcohol coming from B heavy would be around 50% or 60% of the total ethanol production that we do or is that a very large number?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No that is not a large thing at all. That is something that we ourselves have been debating on. As soon as we know what is the price of B heavy for next year we surely will do about 40-50%.

- **CHAITANYA SHAH – ADITYA CORPORATION**

- Okay. And sir my second question is regarding the non-integrated mills in the country. So do you think are they facing any working capital issues as in the funding stocks from the banks and that is affecting their cane crushing and sugar production?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Mr. Shah I would not like to comment on other sugar mills. But surely the non-integrated players will be facing more pressure because of the fact that the biggest margin that you are seeing for any sugar mill coming from the other two segments, ethanol and power. And you know that I think will be in the future also. So surely they should be facing more pressure on that side.

- **CHAITANYA SHAH – ADITYA CORPORATION**

- Okay sir thank you. That's it from my side.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you so much Mr. Shah.

- **MODERATOR**

- Thank you sir. We have the next question from the line PVK Mohan from Principle Mutual Funds. Please go ahead.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Hi Gaurav.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Mohan jee how are you?

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Good, good, doing fine. Just couple of questions. First is with this talk about increasing this minimum selling price, I mean in some sense would it not act against this thing to export? People are not exporting and if that goes up will that not further force them to hold back unless you expect some penal action for not exporting.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See without penal action I don't expect exports to happen even if the MSP stays at 29. So from that perspective that won't happen even if it is 29 or 30 or 31. So till the time government will not start to take very strict penal action against the erring mills, exports won't happen. Out of the 5 million tonnes, only 1.4 million tonnes of contracts have taken place. And the way the things are going I do not see without penal action more than 2-2.5 million tonnes of exports actually happening this year.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Okay. And where are these laggards? Is it Maharashtra or is it still all across? In terms of not adhering to the export target.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I think it's everywhere. If we see out of 5 million tonnes only 1.4 million tonnes of contracts have happened. So I would believe that it is pan India. It is not just that North India has exported. Even in north India, western part, southern part, there are lots of mills who are not wanting to export right now.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Okay. This other question is on outlook. I know maybe it's a bit early but I think in this Balrampur call Mr. Saraogi alluded that he expects a fall probably in the next year. I mean do you also think that way? I mean I am talking of 2019-20.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Mohan again anybody's guess. There are so many factors as of now we really have no idea. Western part of India is one area where we really don't have any sort of an idea as to how much of sugarcane will be planted. We were hearing stories of drought which happened last year. About 3 months back Maharashtra was talking about 8.5 million tonnes and now we are already up to 10.5. So that is still early days but I mean anybody's guess right now.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- When would you get a sense of that?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- By July we should have a first round of sense as to what should be the India number for 2020.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Okay. Fine. And the other final on this B heavy C heavy you mentioned that it's annual. So I mean is there some timeline by which this gets finalised and then which allows you to plan ahead? I mean when would this be notified?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I think in August is when they will come out with their tender. So I think July-August will be the time when we will actually know what will be next year's policy on B and C.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- And just if I take a scenario let's say next year for whatever reason 2019-20, the output is dropping to some 27 million tonnes or something like that, for a minute assume that just. So does this B heavy, C heavy then go out of the window that time?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Not really.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Because the cycle itself will be strong or I mean do you think it will still be an integral part of the policy?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Even if India does 27 million tonnes assuming in FY20, with a closing stock of close to 13 million tonnes India has 6 months of demand in their stock right now. And even if we say 27 million tonnes, we are not going to bring down our stock. So it clearly will stay a story surely for FY20. It is after FY20 that we will have to see that what will happen in say FY21 if India was to drop to 21 or 22 million tonnes. Next 18 to 24 months I don't see any change in the B heavy policy.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Okay and therefore let's say I mean if your opening stock continues to remain at this level therefore will you still need this export this government support for export for the industry to be do reasonably okay? is that something we should keep banking on? Or is there you used to have those at times certain couple of years when the cycle itself was strong enough on its own to and the prices went up you didn't need these government interventions.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See if they take the MSP up to 35-36, and make exports compulsory, then we don't need any money from them. Then we will offset that loss through the higher selling price. That is up to government whether they want to keep sugar price low and then incentivise sugar industry because the cane prices is fixed by them right?

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- Correct, correct.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Cost is a cost. The other thing is that if by any chance global prices go up. But otherwise they will have to keep on supporting the sugar mills.

- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**

- I am just trying to say whether this whole cycle whether the industry can do well on its own strength without this government support. Erstwhile you used to have some good years and of course some very bad years also but you know without this government support you know if the prices move up for whatever reason then you don't need these government subsidies. Or you are saying this 12-13 million tonnes is too high that it will require government support to keep the industry afloat.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- See there are only 2 ways. One is in case my total India selling price of sugar is increased so that I can offset that loss of export. Or the other thing is if the sugar price low then they will have to support the industry.
- **PVK MOHAN – PRINCIPLE MUTUAL FUNDS**
- Okay got it. Fine thanks a lot. Thanks a lot Gaurav. Appreciate. Good luck for the future.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much Mohan.
- **MODERATOR**
- Thank you sir. We have the next question from the line of Nitin Shah, an individual investor. Please go ahead.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Hello sir. My question is regarding the sales quota for sugar that we get every month. Sir this month our sales quota has come down to 45.5 thousand tonnes compared to last month when the overall sales quota announced was very low. So ideally one would have expected around 55-56 thousand tonnes. Sir any particular reason why it has come down so much?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes actually that is a very good question because I myself went and met with everybody in food to understand the reason why my quota was lower than last month even though India quota and UP was higher. So we've asked to represent so a letter to that effect is being sent to government that our quota has been wrongly finalised for February. So I am hopeful that in the next week to 10 days it should be rectified.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay sir, okay. And sir second question is regarding the amount that we pay to farmers. Now because of B heavy our recoveries would have come down by around 0.5 to 0.8 as you said right?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah.

- **NITIN SHAH – INDIVIDUAL INVESTOR**
- So 2.7 per quintal that we are supposed to pay for every extra 0.1% recovery, will it be considered on the amount that is 0.8 higher or the actual one that we are getting right now?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- There is a forum which has been prescribed to basically how much is your sugar loss. So as you know we are a SAP paying state so for us that really doesn't matter right now. But yes the sugar loss will be added if we were to do it on FRP terms.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay but for now because we are paying 315, it won't affect us right?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Correct.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay. That is second one. And the third question is sir in the last quarter many times government has announced even via NITI Aayog as well as some of the ministers have come and announced regarding the methanol production that they want to do similar to ethanol and the price quoted are less than 50% of what is prevalent for ethanol right now. So if they do it say they want to target 10-20% blending, how will that affect the ethanol economy as a whole.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Still very, very early days Mr. Shah. As of now it is not even in a pilot stage. So it will take a couple of years for us to even come to any sort of level on that. So I don't think that the ethanol program will get impacted due to that.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Ethanol price is fixed on the basis of sugarcane price.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So there can always be a difference in the two.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay. But as of now for next few years you don't see anything material happening on that front.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Very true, yes.
- **NITIN SHAH – INDIVIDUAL INVESTOR**
- Okay sir. Thank you so much sir. That's it from my side. Thank you.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you sir. We have the next question from the line of Narendra Bansal from Pantomath Asset Management. Please go ahead.
- **NARENDRA BANSAL – PANTOMATH ASSET MANAGEMENT**
- Sir I had one or two questions left. You mentioned about the bio ethanol policy. When can we expect this? Which month does it come? Just to keep an update on that.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- I think it will be out by July or by August for sure. Because in August is the time when they float the tenders for the OMCs. So I think July-August is the time when you can expect that.
- **NARENDRA BANSAL – PANTOMATH ASSET MANAGEMENT**
- Okay. Sir a hypothetical question because a lot has been talked about ethanol and of course the current sugar production globally as well and good days for the entire sector. With whatever your knowledge and experience is, do you think that the company can report the highest ever profits in the next one or two years coming ahead?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Surely I would like to say that what has happened in the last 12 months it has been historic. Firstly if we see there was not ever a MSP for sugar. For the first time that has happened. There was no policy for B heavy and for sugarcane juice. That has happened. So I think that from Dhampur's perspective B heavy will be a great future for us because we are very high capacity. We are always buyers of molasses. So from that perspective we have got a new avenue or a new product with a fixed price. So I surely believe that things will surely seem brighter than what they were 6 months back.

- **NARENDRA BANSAL – PANTOMATH ASSET MANAGEMENT**

- Got it sir. No, no that's good because you know last 2 years when we reported some 220-230 crores profit that was majorly because of sugar. But now things have changed a lot. And I think the ethanol story is much stronger than the sugar story which is coming in. So that impetus if it continues, which I think all of us are hopeful that it will continue whichever the government is in the place, then surely in the next one or two years we could report or the industry could report good profits higher than what was reported in the past.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Very, very true. I think now as I have been telling to my own team sugar for me has become the by-product.

- **NARENDRA BANSAL – PANTOMATH ASSET MANAGEMENT**

- The focus is ethanol.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes.

- **NARENDRA BANSAL – PANTOMATH ASSET MANAGEMENT**

- Thank you sir. Good luck to you and the team.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you so much.

- **MODERATOR**

- Thank you sir. We have the next question from the line of Amanjit Singh from Pantomath Asset Management. Please go ahead.

- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Yeah. Sir what is your conversion cost of molasses to alcohol from B heavy and C heavy? Is it around Rs. 9-10.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah it is about 9-10 is the right amount for both.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- So 9-10 conversion cost. And in case of B heavy you have taken Rs. 7.2 a litre for your transfer price. So that should translate to an EBITDA of Rs. 35 a litre.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No, no, no. Not the transfer price. The transfer price of molasses has been taken at 7250 per tonne.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Per tonne. So how much would that work up to on a per litre basis?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- It comes to if we do it on B heavy it comes to around Rs. 35 total cost.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Rs. 35 total cost. And in terms of C sir?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- In terms of C it comes to about 17
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Sorry sir I couldn't hear you.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Sorry on C it comes from Rs. 17 to 20
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Rs. 17 to 20. Okay. So in that case our EBIT margin in case of say a 70 for C heavy, would range from 37% to 30-37% right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- It should range about 45% because the C heavy price is 42 right?
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Right. okay.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So it should be about 35 in the case of B heavy. And 45 in the case of C heavy.
- **AMANJIT SINGH – PANTOMATH ASSET MANAGEMENT**
- Okay, okay sir thank you.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you sir. We have the next question from the line of Yashpal Madan from Mainstream Consulting. Please go ahead.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- We were talking about overall recovery increase in this season. So can we assume at least 0.5 for overall?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So that is what I said about 0.4 to 0.5 is what we expect Dhampur to at least increase this year over last year.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- And that should bring down your per kg production cost by Rs. 1.5?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Correct.
- **YASHPAL MADAN – MAINSTREAM CONSULTING**
- Okay sir thank you. Thank you.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you.
- **MODERATOR**
- Thank you very much sir. Ladies and gentlemen that was the last question. I now...anyone who wishes to ask a question may press * and 1 on your touch tone phone. Participants who wish to ask a question may press */1.
- We have the next question from the line of Saurabh Ginodia from Stewart and Mackertich. Please go ahead.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- Hello. Sir sorry for the repetition. If you can just explain the cost structure in B and C heavy once again.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So in B heavy my cost structure will be approximately 34 to 35 per litre. And on the C heavy it will be anything from 17 to 20 per litre.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- This will include cost of conversion?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Everything. Total cost.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- Okay. And one book keeping question, how do we account for the off season expenditure as in do we account for only some quarter or is it spread over quarters? How is the accounting done?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No, on the quarter where the expense happens is charged to that quarter itself.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- Okay. Is it a fixed expenditure over the years? How has the trend been for this?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah it should be around 35-40 crores is expenditure in the off season.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- Okay. And generally in which quarter is it spent?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- This happens mainly in Q1/Q2 and partly it goes to Q3.
- **SAURABH GINODIA – STEWART & MACKERTICH**
- Okay. Okay that's all sir thanks.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you so much.
- **MODERATOR**
- Thank you sir. We have the next question from the line of Sridhar Partha from Versatile Wealth. Please go ahead.
- **SRIDHAR PARTHA – VERSATILE WEALTH**
- Yeah thank you so much. I have one question. Is there an expectation or has there been a demand from the sugar industry for increasing the MSP to 34. Is there a possibility or what is your view whether that will happen?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Mr. Partha again as I said earlier we have been in dialogue with the government on this increase. It looks difficult right now for it to go up that much. But at least 30-31 MSP I do expect or should happen very, very soon. That is what I feel right now.
- **SRIDHAR PARTHA – VERSATILE WEALTH**
- Yeah the reason why I am asking this question is given the fact that we have a fair bit of inventory that is available any price increase could potentially result in the price increase in global markets too. What we have been seeing at least reading is that there is an expectation that the India export will come down from 5 million tonnes to 3 million. And we are seeing some element of price hike. So why couldn't the government just announce this so that the international prices go up to that extent?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- The government is only worried about the facts and that is a fair worry also is that in case the MSP goes up the exports either ways aren't taking place and exports won't take place even more if there was increase of sugar price. So that is exactly a sort of a quandary they all are in. But we have also spoken to them that without very strict penal action against the erring mills who don't export, exports won't take place whether they increase the MSP or not. And either ways even globally now even the world is not expecting India to export more than 3 million tonnes at the highest. So the pricing has already been done. So New York has already priced on the basis of India exporting not more than 2.5 million tonnes.

- **SRIDHAR PARTHA – VERSATILE WEALTH**

- Yeah exactly. So anyway good luck for the future. Good luck for the next quarter.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you so much.

- **MODERATOR**

- Thank you sir. We have next question from the line of Nitin Shah individual investor. Please go ahead.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- Hello

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes Mr. Shah.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- Yes sir. Sir I have one question. Sir how much are we getting benefit in terms of quota because of diversion to B heavy?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So approximately about 8000 tonnes per month.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- Approximately about 8000 tonnes per month right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I mean 8000 tonnes per month.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- 8000 tonnes per month. So sir my question is are we finding it difficult even to liquidate the quota that we have been allotted? Because why I am saying this is last quarter we got a quota of 1.54 lakh tonnes normal plus 0.21 that you exported. So around it comes to around 1.75. The total sales has been around 1.76. So is it that we are not able to even sell the quota that has been allotted to us?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No, no we have sold our full quota month on month. There has been zero lapse in any of our quota. For the month of January the extra that we got out of B heavy even that we have sold. So there is no difference from what I have sold. I mean my quota has been sold every month. There has been zero issue on that side.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- Okay sir. So from the extra quota that we are getting that is from January onwards right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Correct.

- **NITIN SHAH – INDIVIDUAL INVESTOR**

- Okay, okay so it wouldn't be there last quarter. That's it from my side. Thank you sir.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you.

- **MODERATOR**

- Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments. Sir over to you.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- On behalf of Dhampur we would like to thank all of you for taking out your time for this call. If you have any further questions please feel free to contact us either by phone or by email. I will look forward to meeting and speaking to you all very, very soon. Thank you so much.

- **MODERATOR**
- Thank you very much sir. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

END