



**“Dhampur Sugar Mills Limited  
Q4 FY2022 Earnings Conference Call”**

**May 31, 2022**



**MANAGEMENT:**      **MR. GAURAV GOEL - MANAGING DIRECTOR,  
DHAMPUR SUGAR MILLS LIMITED  
MR. SUSHEEL MEHROTRA - CFO, DHAMPUR  
SUGAR MILLS LIMITED**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Dhampur Sugar Mills Limited Q4 and FY2022 Earnings Conference Call, hosted by SKP Securities Limited. 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 '\*' then '0' 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, sir.

**Navin Agrawal:** Good afternoon, ladies, and gentlemen. It's my pleasure to welcome you on behalf of Dhampur Sugar Mills Limited and SKP Securities to this financial results conference call. We have with us Mr. Gaurav Goel, Managing Director and his colleague, Mr. Susheel Mehrotra, CFO. We will have the opening remarks from Mr. Goel, followed by a Q&A session. Thank you, and over to you, Mr. Goel.

**Gaurav Goel:** Thank you so much. I will now ask the CFO to just go over the key points of my FY '22 results.

**Susheel Mehrotra:** Thank you, sir. Ladies and gentlemen, welcome once again to our Q4 and FY '22 earnings call. As you know, post the process of demerger we are holding the call for the first time. So first of all, I'd like you to update on the status of the demerger of the company. As you are aware that the scheme of arrangement between the company and Dhampur Bio Organics Limited was approved by the Board on 7th of June 2021. And the final hearing was held by honorable NCLT on 19th of April 2022. And the order was reserved which was finally pronounced on 27th April, and a certified copy of the order was filed by both the companies on 3rd of May 2022 with the Registrar of Companies Kanpur, and consequently the scheme became effective from that date. The appointed date of the scheme was 1st April 2021. With the scheme becoming effective, the shareholders of Dhampur Sugar Mills Limited will get shares of Dhampur Bio Organics Limited in the ratio of 1:1. And for this purpose 17th May 2022 was fixed as the record date.

Now I would briefly take you to the rationale of the demerger, the underlying spirit of the scheme was to create opportunities for independent growth and expansion strategies to unlock the value of each of the manufacturing units to create strong and distinctive platform with more focused management, which will allow greater flexibility in pursuing the long-term objectives and independent business strategies and to create a framework for succession planning. Subsequent to the demerger, the management of both the companies has been segregated.

Now coming to perspective on the sugar sector, the sugar production in the current season is expected to be 35 million tonnes net of estimated sugar sacrifice of about 3.4 million tonnes in favor of ethanol. Sugar exports that are expected to be 9 million tonnes have successfully helped to balance the domestic sugar market. As a result there are no upward or downward spikes in sugar prices. As per ISMA estimates the total sugarcane production in the season '21-22 will be record 430.50 million tonnes which is higher by 57.04 million tonnes than the average production of 373.46 million tonnes.

Coming to performance of the company. We had the Board Meeting to approve the Q4 and annual results on 29th of May and I'm sure you would have had the opportunity to go through the results. The company's performance has been stable during the year of demerger, the company has crushed 35.83 lakh tonnes of sugarcane and produced 3.71 lakh tonnes of sugar. Our recovery has been 10.37% net of sugar sacrifice for B-heavy and syrup diverted for ethanol production. The gross recovery has been 12.16%.

Sugar inventory is presently as of 31st March 2.05 lakh tonnes valued at about 30,300 per tonne. Sugar sales have been 3.21 lakh tonnes this year and our inventory at 2.05 lakh tonnes is higher than last year inventory of 1.41 lakh tonnes. The value there of will be unlocked in the next quarter. Our average sugar realization in the year has been upward of 34,200 per tonne. And I'm happy to inform you that our Dhampur plant continues to crush sugarcane till date and has crushed 2.43 million tonnes of cane till yesterday, which is highest ever crush by Dhampur unit. This year the company

commenced to produce ethanol from the sugarcane syrup as well and 1.04 lakh tonnes cane has been diverted to ethanol production from syrup. Ethanol produced from syrup was 83.37 lakh liters.

The company has embarked upon expansion plan for its distillery capacity which will be enhanced by 130 KL per day on C molasses and which will have the dual feedstock capacity of 100 KL per day on the grain. So post that expansion the total distillery capacity will stand at 500 KL approximately on the B-heavy molasses, including 100 KL per day on the grain. The cost of project is expected to be around INR 160 crore of which the debt financing will be to the tune of about INR 120 crore, and the project will be implemented before the start of ethanol supply year '22-23.

Currently, the progress of the project is as per plan and very much on the track. Now, considering the potential of ethanol business and focus on chemical business, we have identified ethanol and chemicals as separate segments for the purpose of our financials from the rest of the distillery operations.

I would now like to take you through the financial highlights of the company for the year. Now, overall, we are glad to report a stable performance. As I said even during the year of demerger our revenues from the operations during the year stood at INR 2,208.7 crore. EBITDA at INR 304.9 crore, which is higher by 5.5% over the previous year. EBITDA this year is 13.8% of the revenue versus 12.8% in the previous year. PBT is INR 204.5 crore which is higher by 2.9% over the previous year, and PBT to revenue this year is 9.3% versus 8.9% previous year, profit after tax at INR 146.9 crore is higher by 2.4% over the previous year. Our current ratio stands at 1.12 times.

Now, let me take you through the business wise performance. Our share of revenue from sugar business is 54.1% this year as against 66.4% last year from the power business this is nearly same as last year, that is at 7.9% vis-à-vis 7.8% in FY '21, from ethanol business 15.9% versus 15.3% last year and from chemicals 10.4% versus 6.4%. Potable spirits is 10.8% versus 3.3% last year. Our share of profit from sugar business is 19.7% versus 18.7% of the total profit, from power business it is 28.3% versus 27.2%, from ethanol it is 45.2% versus 44.9% and chemicals it is 6.7% which is marginally lower compared to last year.

Potable spirits have shown improvement by reduction in the segment loss. The company has made repayment of long-term loans of about INR 118 crore during the year, the long-term debt as of 31st March stands at INR 263.9 crore. These are our financial numbers on a broad level.

We'll be happy to answer any questions that you may have. We would like once again to thank you all for taking time out for this conference call. If you have any further queries, you may please visit our website [dhampursugar.com](http://dhampursugar.com). Thank you.

- Moderator:** Thank you. The first question is from the line of Aman Kr Sonthalia, an Individual Investor. Kindly proceed.
- Aman Kr Sonthalia:** Yes. Good afternoon, sir. Sir, first of all congratulations for a new company I think after the demerger I think both the company will grow higher and higher. Sir, what was the closing inventory and what was the valuation?
- Gaurav Goel:** So the closing inventory as of 31st March was 2.05 lakh tonnes at a value of INR 30.8 per kg.
- Aman Kr Sonthalia:** Okay, sir. And what it was last year?
- Gaurav Goel:** Last year our closing inventory was 1.41 lakh tonnes which had 1.03 lakh tonnes of white sugar which was valued at INR 29.5 and our raw sugar which was INR 37 was valued at INR 29.5 also.
- Aman Kr Sonthalia:** Okay. And what is the gross recovery sir this year and last year?
- Gaurav Goel:** So, as of 31st March our gross recovery is 12.16% which was almost the same as last year.

- Aman Kr Sonthalia:** And for the season sir, sugar season?
- Gaurav Goel:** For the season as of now, Dhampur plant is still running the Dhampur plant should shut by tomorrow, we should be on an average about 0.03% lower than last year.
- Aman Kr Sonthalia:** Okay, sir. And what was the last year gross recovery?
- Gaurav Goel:** Last year for the whole year if I see for Dhampur and Rajpura it was about INR 12.1%. This year it will be about INR 12.07% is where we all will close.
- Aman Kr Sonthalia:** 12.07%
- Gaurav Goel:** Yes. So, if you will see that in UP an average drop has been anything from 0.25% to 0.4%, while Dhampur has been able to manage with the same as what it was last year.
- Aman Kr Sonthalia:** And sir, what is the scope of liquor business whether it will grow from here or it will be more profitable or it will be very much like the same?
- Gaurav Goel:** See if I talk about our liquor business that was basically done to take care of the levy that we had to give to the liquor manufacturers, which was at a very, very cheap rate. So, we all said that why don't we also enter into it, but we do believe that our volumes and margins should grow in the year '22-23, but again the margins there will be limited because of the transfer pricing that we do of ENA. So out there you will see a growth in volumes, but as far the margins go, they will be almost flattish.
- Aman Kr Sonthalia:** And sir, what about this distillery with the grains how profitable it will be?
- Gaurav Goel:** See as of now, again, it is all dependent on the price of grain and of DDGS. DDGS is basically the biproduct which is used for cattle feed. But as of now, the numbers that we have done, if we get grain at the right price even though grain prices we all know have gone up slightly over the last two or three months. But see grain for us will always be an option as to seeing the price of grain and the DDGS how much of sugar we want to divert and put into ethanol. So that will be a great option that Dhampur will have, but as of now, seeing the present price of grain and of DDGS it does make sense for us to run our grain plant also at least for the year '22-23.
- Aman Kr Sonthalia:** So, it will be profitable, not very much, but it will be profitable?
- Gaurav Goel:** No, the profit as of now on grain is almost the same as that we have on the side of B-heavy or on syrup. So yes, grain is in profit as on date. But obviously seeing the amount of grain plants which are coming up in UP and in India, we all do believe that over a period of two to three years the grain prices will go up and then we'll have to sort of assess as to how much of diversion we want to do to our grain plant. But for us it is an option whether I run the 480, 500 KL only on syrup and on B-heavy or out of that I run on grain also. So that will be an option that Dhampur will have.
- Aman Kr Sonthalia:** And sir, one last question whether we are going for any capacity expansion in the sugar processing capacity and whether we are seeing any increase in the cane planting also in our area?
- Gaurav Goel:** Yes. So basically '22-23 there is no expansion plan on the sugar side, the Rajpura plant of ours there the land area is a lot and that is one area that we need to sort of explore and to exploit to grow more cane. As soon as the cane growth in Rajpura plant goes up which surely is expected, then Rajpura plant will be the one which will go in for expansion hopefully in the year '23-24.
- Aman Kr Sonthalia:** Okay, sir. And what about the cane next year, is there any scope for cane growth we can crush more with the same capacity?
- Gaurav Goel:** Yes for surely. So, basically we all at least in Dhampur also we are expecting slightly higher cane, but it's still early days. Perhaps in the call of July I'll be able to answer that better once the survey is done in June as to what is the sort of cane availability that we expect in both the plants, but for surely planting has been healthy in both the plants.

- Moderator:** Thank you. The next question is from the line of Devesh from Omkara. Kindly proceed.
- Devesh:** Yes sir, I just wanted to know what is the plan in the chemicals business with the new MD coming in and you are segregating the chemicals business separately?
- Gaurav Goel:** So, basically, as you all are aware, we even informed the stock exchange that we have hired a new CEO who is coming from a company which is into specialized chemicals. Devesh now, the next area of growth that we all are seeing is apart from ethanol which for surely will stay as a growth area for Dhampur, but I for surely believe that going into some other forms of chemicals is where we all are going to go next. Exactly, we all have not made our plans as I was just saying is that we have hired a CEO who comes, his background is from a specialized chemical company is to try and see as to what we can do over the next 18 months in that sector.
- Devesh:** Okay, sir, what is the ENA and ethanol volume we expect for the coming year once the new capacity kicks in?
- Gaurav Goel:** Yes, so, basically our ethanol expansion that we just spoke about that from 250 KL PD plant that we have, this year will go up to 380. So we will get a partial impact of that in the financial year '22-23 and the full impact in the year '23-24.
- Moderator:** Thank you. The next question is from the line of Sanjay Manyal from ICICI Securities. Kindly proceed.
- Sanjay Manyal:** Hi sir. I have a few questions, firstly regarding the sugar sales. So in current year, what would be the export volume out of the total sales we have done which is almost 3.21 lakh tonnes?
- Gaurav Goel:** So we had done a contract of 25,000 tonnes pre-31st March. And we have done one more contract of 35,000 which has gone in the month of May, but that will be the total export that Dhampur will do for this sugar year 60,000 tonnes will be the total raw export that Dhampur has done for the sugar year out of that 25,000 went prior to March 31st and 35,000 has gone in May of 2022.
- Sanjay Manyal:** And if I heard you talking about the closing inventory it's 2.05 lakh tonnes, at the rate of INR 30.8, am I right on that number?
- Gaurav Goel:** Yes, yes, you are.
- Sanjay Manyal:** Okay. Just on the distillery part. The CAPEX you're taking so you mentioned about 500 KL capacity on the B-heavy and which will be 380 on the C-heavy side, would it be right to assume that you'll be doing anywhere between 11 crore to 12 crore liters?
- Gaurav Goel:** Yes. So that is the plan for next year is about 12 crore liters is what we plan to send to the OMCs and the balance will go for ENA and chemicals.
- Sanjay Manyal:** And this is FY '23 or this will be sugar year?
- Gaurav Goel:** It will be sugar year. So it will be partly as the expansion will come on stream as of 31/10. So we'll be able to send a part of it in FY '23 and the full in FY '24.
- Sanjay Manyal:** Okay, okay. And the crushing capacity what would be the crushing you would be looking to do in the next season?
- Gaurav Goel:** So that is again what I was saying was even to Aman I answered that in the July call I will be able to give you all a better number, but for surely we all believe it will be higher than what we have done in FY '22.
- Sanjay Manyal:** Okay. And if I can get the debt situation, how the debt repayment will take place in next one year, the current debt situation how the repayment will take place in next one year? And what is your understanding of the domestic quota we are getting inventory liquidation means according to the inventory liquidation what will be the debt position in say next one year's time?

- Gaurav Goel:** On the debt side I will allow my CFO to answer that, but on the quota side see we do believe that India is going to produce 35.5 million tonnes this year and assuming an export of 10 million tonnes we will be around 25.5 million would be available for Indian sugar. Seeing an opening stock of anything from 8 million to 8.5 million tonnes as of 30/9 I believe the closing stock should be around 7 million to 7.5 million tonnes will be the closing stock for India.
- Susheel Mehrotra:** On the debt side as of now we have long-term debt of about INR 296 crore and we would be making a repayment of about INR 40 crore during the year and we will raise the fresh debt for the purpose of our distillery expansion. So, if I add up the numbers it will be in the range of about INR 370 crore the long-term debt and the working capital of course, I mean this will all depend on the liquidation of the inventory cycle.
- Moderator:** Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Kindly proceed.
- Sanjeev Kumar Damani:** Thank you very much for the opportunity given and congratulations for excellent set of numbers. Sir, I have been fan of Dhampur since many years because your presentations are all very clear and very, very explanatory so no question remains as such. But I have few questions which will be in the form of yes or no. So kindly advise me whether we are fully covered as to incineration up to 500 KL per day are we fully covered with incineration because without that pollution issues can come up so that is why I'm asking this?
- Gaurav Goel:** Yes we all are like fully covered on that we have ordered a new boiler of 55 tonnes, which will also come up by 30/9 so we are fully covered on burning our spent wash for the 500 KL.
- Sanjeev Kumar Damani:** Sir, what is the current price we are selling at that is on 31st May and from 1st June are we raising the sugar prices in domestic market?
- Gaurav Goel:** See as of now the prices have been ranging between INR 34.5 to INR 35.5 per KG is the price as of now. Even in June I believe the prices to be almost the same I don't believe there will be too much of tweaking of prices even in the month of June. The prices are healthy and they've been stable. So INR 34.5 to INR 35.5 is the price which I see even for the month of June.
- Sanjeev Kumar Damani:** Thank you sir. And one more question sir that as to how much in this season we have already crushed up to date something like that, can we get some figure?
- Gaurav Goel:** Yes, so as on date.
- Sanjeev Kumar Damani:** In both the units?
- Gaurav Goel:** Yes, so Rajpura plant shut in the second week of April there we crushed 123 lakh quintals of cane. Dhampur as on date has crushed about 243 lakh quintals of cane and it will also shut in a day or two. So, there we will touch about 244 lakh quintals of cane.
- Sanjeev Kumar Damani:** Thank you, sir. And one more question sir, one fact that you are heading for 500 KL refinery and you just now confirmed that either you can use grain or molasses that is alternatively can be used or fully can be used with molasses, it fully can be used with grain. Am I right, sir, my understanding is correct?
- Gaurav Goel:** Yes. So, like, we have the option of 100 KL that we can divert from sugar to grain so that is the option that we have.
- Sanjeev Kumar Damani:** Okay. Only 100 KL as such option not entire 500 KL which will come up in the days to come. So now my next question is that you have crushing capacity of 23,500 metric tonne per day. So now when you start the next season, for how many days you can run the syrup straight away to the ethanol making?
- Gaurav Goel:** So basically as of now the plan is to run syrup for about 180 days. So that is the plan as of now. But for surely as I said, that seeing what is the price of grain that we get at that

point of time, that number might come down, but it'll be about 180 days is the plan to run on syrup next year.

- Sanjeev Kumar Damani:** Sir, so 180 days syrup, I mean to say that directly from juice we are going to make ethanol without making any sugar?
- Gaurav Goel:** No, no, so only a part. So basically, again, only a part of the total crushing of Dhampur would get diverted into syrup. So if we were to crush 13,000 tonnes of sugarcane per day, about 6,500 would get diverted to syrup with the balance I'll still make sugar.
- Sanjeev Kumar Damani:** Okay. And since we do not have facility at Rajpura, so all Rajpura material needs to be -- all molasses from Rajpura being transferred to Dhampur. So I mean, is there no plan to set up any facility at Rajpura?
- Gaurav Goel:** See as of now with the current capacity and with the expansion that we all are doing, there is no need for us to put up a new plant in Rajpura as of now. We need to grow the cane in Rajpura. So that is the next big target is how do we take up the cane and crush in Rajpura from the 123 lakh quintals that we have done to 200 lakh quintals, as soon as we touch about 160 lakh that will be the time for us to think of a new plant there.
- Sanjeev Kumar Damani:** Gaurav sir, I have a very personal question, if you are kind enough, you can reply. Now, what more working hands are we going to get from the family of Gaurav Goel's family?
- Gaurav Goel:** No, the whole group itself is a family, so as of now, as I just said, is that we've hired a CEO. So the CEO is going to join us at the end of June. So he will be joining us. So that will be a new change.
- Sanjeev Kumar Damani:** Sir what I only meant was, I mean, your sons have they joined or they are likely to join in coming days the same domain or something like that?
- Gaurav Goel:** My daughter has joined the business about three years back, and my son is still young, he's only 21 he'll finish college.
- Sanjeev Kumar Damani:** Okay. My whole idea was to get the strength of the management, this is the one which I look at as a very important part of the management, that way. That's why I was asking.
- Gaurav Goel:** Yes. So as of now, the plan is that my son graduates next year, and then he likely will also join Dhampur. I mean, as of now, that is the plan.
- Moderator:** Thank you. The next question is from the line of Udit Gupta, an Individual Investor. Kindly proceed.
- Udit Gupta:** Good afternoon. Sir my question is, after the expansion is complete, sir, how many liters are we expected to produce in ethanol?
- Gaurav Goel:** So basically, seeing that we'll do about 400 KL to 500 KL a day, ethanol contract that we want to do for FY '22-23. Ethanol year will be about 12 crore liters.
- Udit Gupta:** Okay. And for FY '24?
- Gaurav Goel:** It will be 12 crore liters see I'm talking about this is not FY this I'm talking about all the tender year.
- Udit Gupta:** Ethanol year.
- Gaurav Goel:** Yes.
- Udit Gupta:** Okay. So like post completion, it's about 12 crore liters.
- Gaurav Goel:** Yes.
- Udit Gupta:** Right now we are doing about 8 crore?
- Gaurav Goel:** Yes. As of now we all are doing it.



- Udit Gupta:** Okay. And sir this ethyl acetate sir I just saw your presentation. Sir, it seems very low margin business in your numbers. So could you elaborate a little bit on that?
- Gaurav Goel:** Yes. So this has been a plant which has been with us for the last 25 years. Earlier if you recall, I mean, this is long time back where we used to also make acid and from acid we used to make ethyl. But now what we do is, is that we import the acid and we blend it with SDS to make ethyl acetate. So it's more of a tolling business, but it is making money for us and we have the plant so that is why ethyl acid is there.
- Udit Gupta:** Okay. Sir these are not the chemicals that you're looking at like when you told us that you're looking at speciality chemicals the CEO is joining...
- Gaurav Goel:** These are all basic chemicals. We all want to go out of the basic and get into specialized and that is the next 18-24 months plan.
- Udit Gupta:** Okay. And sir the input for that would be ethanol kind of products?
- Gaurav Goel:** No idea as of now, Udit, it's very, very early days, we all are still on the drawing boards, lots of options are there. So I'll be able to answer that you perhaps in about six months once we have sort of finalized our plans, but our drawing board is very sort of full with lots of options. So I really can't say as to what will be the feedstock in that.
- Udit Gupta:** Okay. And sir this potable spirits business, like you just said that it's a very low margin business and everything. Sir is it more innovative than giving away the molasses?
- Gaurav Goel:** Yes, yes, it is.
- Moderator:** Thank you. The next question is from the line of Hari, an Individual Investor. Kindly proceed.
- Hari:** Good evening, sir. Thanks for a good set of numbers. The first thing sir regarding this excise duty if I'm not mistaken, there is some sharp difference in the previous year and current year one?
- Gaurav Goel:** Yes. So the excise duty is levied only on the sale of country liquor because our volumes in that went up in the year FY '22. So, that is why the excise duty was higher, on my any other products, there is only GST. So that is why that amount is higher.
- Hari:** Okay. And second question is regarding for our existing capital structure, are we planning a huge diversification or is there any plan for buyback because the company is too undervalued? For getting the true valuation is there any buyback plan or diversification into high growth segments?
- Gaurav Goel:** So as of now, Hari, there is no plan for a buyback because as I just said that we have lots of plans in hand. So, we will see exactly what sort of numbers we have in FY '23 and then seeing whether to give a dividend or to do a buyback we will for surely see over the next six months. As it was said earlier, we have an expansion on right now of the ethanol plant. So we will see as to whether we want to do a buyback or we believe that we can create more shareholder value by doing certain new things.
- Hari:** Another question sir, regarding this power price, is there any plan for renegotiation with the state government or to sell in the open market, is there an option for that?
- Gaurav Goel:** No, so UP there is no option on that you have to give everything to the grid, under our PPA there is no option that we can sell it under the open access route.
- Hari:** Okay. And the last one sir, is the export more profitable or the domestic price for sugarcane for sugar?
- Gaurav Goel:** See for sugar I think that as you already know that government last week banned any further export out of India. So we have done a fair bit of export and we do believe that north needs the most amount of sugar. So, we exported what we thought was right and the balance we plan to sell as of now in India itself. But exports have been great because



if India had not exported the 10 million tonnes India would have been in a very surplus position we would have had so much of sugar in India, it would have been tough to keep anywhere. So I think that the export policy and the export program for the year, FY '21-22 is now almost over and now we will see what happens in '22-23 year.

**Moderator:** Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Kindly proceed.

**Sanjeev Kumar Damani:** Sir actually I wanted to ask about the electricity only and one more possibility that are we going into making of any IMFL in days to come since we are already in country liquor? So are we thinking of getting into those businesses?

**Gaurav Goel:** No as of now, no plans whatsoever to get into the IMFL side. We did study that about two and a half years back. We also tried to launch our own brands, but we didn't really do too well on that it is just a game to distribute and to market. It's a very, very tough market. They're all the leaders which are there like USL, Wallace, Khaitans. So we all tried it but we didn't do too well on that, so as of now there is no plan to get into the IMFL segment.

**Moderator:** Thank you. The next question is from the line of Udit Gupta, an Individual Investor. Kindly proceed.

**Udit Gupta:** Sir, thanks for taking my other question. Sir, my question was that sir we are already around 10% of blending in ethanol. Sir so what's like the future, as the ethanol keeps increasing sir, how is the government trying to utilize it?

**Gaurav Goel:** So basically ethanol blending has been raised to 11, in the sugar states where there is a surplus. And as you would have just read a few weeks back that the policy of E20 blending which the PM had made a full plan for 2030 has been preponed to 2025. So on the demand side, I don't see any issue at all, OMCs are all geared up to do more and more blending. So on that side by 2025 the PM has said that I need blending to be at 20. So I think that we all are on the right path we have three years only left to reach 20. So we all have to work hard on that both on the side of supply and demand. Demand there is no issue, supply side is where we have to work on.

**Moderator:** Thank you. The next question is from the line of Shivani Sharma from Powerbull. Kindly proceed.

**Shivani Sharma:** Good afternoon, sir. Congratulations sir for good set of numbers, I actually need to ask about the difference between the A, B and C heavy molasses ethanol, because is there any qualitative difference? And if it is, then why actually there is a difference between the prices?

**Gaurav Goel:** Quality is exactly the same whether you make it out of C-heavy, B-heavy, or out of sugarcane juice/syrup. Quality is exactly the same. The whole reasoning why the government made this program and made a price is basically to link it to the price of sugarcane is to the amount of sugar that I have sacrificed. So on C-heavy I don't sacrifice any sugar I make as much sugar. Out of the juice and B-heavy, I sacrifice about 1.2% of my sugar into B-heavy, which gives me a higher yield. But I sacrifice sugar in that and obviously if I make it out of juice or out of syrup, I don't make any sugar at all. So, this is just to sort of take care of the total cost because the cost of ethanol changes with all the three products.

Now in case we want to go up to E20 blending, which is the plan of government and which is a great plan seeing the oil prices and to get self-sustainable on that the only way it can be done is in case we divert B-heavy or we divert sugar and not making sugar but making ethanol out of that. So that is the reason that you are seeing difference of price between C, B, and syrup.

**Shivani Sharma:** Okay, sir one thing more I need to ask after burning bagasse is there something left or is it salable further, is it further salable?

**Gaurav Goel:** Yes. So, bagasse itself is used for the manufacturing of paper. So if you have surplus bagasse, which you don't need to burn in your boiler that can be sold to third parties.

- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Gaurav Goel for closing comments.
- Gaurav Goel:** Thank you so much. I would like to thank you all for taking out your time to join us for Dhampur's FY '22 call. If you have any further questions, please feel free to contact us either by phone or by email. You can also visit our website [dhampursugar.com](http://dhampursugar.com) and post any queries that you may have. Thank you again for your time.
- Moderator:** Thank you. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.