



“Dhampur Sugar Mills Limited Q1 FY2023 Earnings Conference Call”

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Moderator: Good day ladies and gentlemen, welcome to Dhampur Sugar Mills Limited Q1 FY2023 Earnings Conference Call. As a reminder, all participant lines will be on listen-only mode. There will be an opportunity for you to ask questions after the opening remarks by the management. 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 Mr. Agarwal.

Navin Agrawal: Good afternoon, ladies and gentlemen. It is 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 colleagues, Mr. Anant Pandey CEO, Mr. Susheel Mehrotra, CFO, Mr. Vineet Gupta, AVP, Finance and Mr. Akshat Kapoor, AVP, Finance. We will have the opening remarks from Mr. Goel, followed by Q&A session. Thank you and over to you Mr. Goel.

Gautam Goel: Thank you. A very warm welcome to all of you at Dhampur’s Q1 FY2023 earnings call. I will now ask our CFO to go over the key points of Q1 FY2023. Over to you.

Susheel Mehrotra: Thank you Sir. Ladies and Gentlemen, a very warm welcome once again to our Q1 FY2023 earnings call. First of all I would like to brief you about the current industry scenario. As per the latest ISMA estimate of July 2022, current estimate of the sugar production is 36 million tonnes, net of estimated sugar sacrifice of about 3.4 million tonnes in favor of ethanol in current sugar season 2021-2022. The government allowed export only through a permit and fixed the maximum quantity of 10 million tonnes for the entire season on May 24, 2022, and subsequently we expect approval of 1.2 million tonnes for further export very shortly.

The sugar exports have helped balance the entire sugar market and as a result, there are no upward or downward spikes in the sugar prices. The estimated sugar stock will be about 6.73 million tonnes at the end of sugar season as on September 30, 2022, which is equivalent to about 3 months of consumption of the Country.

4.5 million tonnes of sugar production is expected to be diverted to ethanol from the cane juice and B heavy molasses route in the sugar season 2022-2023 as compared to about 3.4 million tonnes estimated in the current season. Therefore, after accounting for the reduction of this 4.5 million tonnes in the sugar production through cane juice and B heavy molasses route, the sugar production in season 2022-2023 is estimated at around 35.5 million tonnes and the sugar consumption would be around 27.5 million tonnes, therefore keeping a surplus of about 8 million tonnes which will be available for the potential exports in the next season.

Now coming through the performance of the Company we had our Board Meeting to approve the Q1 FY2023 results yesterday i.e July 27, 2022, and I am sure you have had the opportunity to go through our results. The Company had crushed 7.18 lakh tonnes of sugar cane and produced 0.57

lakh tonnes of sugar in Q1 FY2023 as against 7.89 lakh tonnes in the previous year corresponding quarter and 0.88 lakh tonnes produced in the same quarter.

Now I am happy to inform that Dhampur plant crushed 244.29 lakh tonnes of cane in this year, in this season which is the highest ever crushed by the unit; our recovery has been 7.93% net of sugar sacrifice for B heavy and syrup diverted for the ethanol production. The gross recovery has been 12.65% in Q1 FY2023. The sugar inventory is 1.39 lakh tonnes including raw sugar of 0.04 lakh tonnes valued at about 30850 per tonne. Sugar sales has been 1.22 lakh tonnes including raw sugar of 0.31 lakh tonnes in Q1 FY2023 and our average sugar realization in the quarter has been upwards of Rs. 34520 per tonne and the raw sugar realization has been Rs. 33470 per tonne. The Company produced ethanol from the sugar cane syrup as well and 1.76 lakh tonnes of the cane was diverted to ethanol production from the syrup. The ethanol produced from syrup was 148.71 lakh liter

The Company's proposed distillery expansion plan is progressing as envisaged earlier and as informed in the last call, this will be enhanced by capacity of about 130 kl per day on C molasses which will have a dual feed capacity of 100 kl per day on the grain. Post expansion, the total distillery capacity will stand at about 500 kl per day on B heavy molasses including 100 kl per day on the grain. The financial closure for the project has already been achieved.

I would now like to take you through the financial performance of the Company for the quarter ended June 2022. Our consolidated performance: the revenue has been about 828.9 Crores which is higher by 52.32% over the corresponding quarter last year. EBITDA has been 86.9 Crores, higher by 23.3% over the corresponding quarter. The PBT is at 57.4 Crores, which is higher by 35.7% over the corresponding quarter. The profit after tax is at 39.3 Crores which is higher by 26.4% over the corresponding quarter. The cash profit is 60.3 Crores as against 47.6 Crores which is again higher by 26.6%.

Our standalone performance: the revenue from operations during the quarter stood at 819.5 Crores which is higher by 50.6% over the corresponding quarter. EBITDA is 83.3 Crores, higher by 18.1% over the corresponding quarter. PBT is 53.8 Crores, higher by 27.2% over corresponding quarter. Profit after tax 35.7 Crores higher by 14.8% over corresponding quarter and cash profit is 56.7 Crores as against 47.6 Crores which is again higher by 19.1% over the corresponding quarter.

The company's performance improved mainly due to higher sugar sales by 0.37 lakh tonnes which is at 3.69 lakh quintals for the current quarter and higher sugar realization from Rs. 32479 in the previous year corresponding quarter to about Rs. 34520 per tonne in this quarter. Our current ratio now stands at 1.26 times and long-term debt to equity is 0.25.

Let me now take you through the business wise performance. The standalone performance: our share of revenue from the sugar business is marginally higher at 56.4% as against 54.8% in the corresponding quarter last year. From power business, it is slightly lower at 4.5% versus 7.2% in the last year, ethanol business is 14.8% versus 15.6% in Q1 FY2022, chemicals is 9.4% versus 9.7% and potable spirits have higher again revenue at 14.2% versus 11.8% in the corresponding

quarter of the last year. Our share of profit from the sugar business in the current quarter is 32.2% against 8.8%, power is 20.9% versus 23.6%. Ethanol is 32.8% versus 52.2%. Chemical is 13.4% versus 15.9%. Portable spirits have shown improvement by reduction of the segment loss.

The company has made a repayment of long-term debt of about 10.2 Crores in this quarter and the long-term debt outstanding as of June 30 is 254 Crores. So these are our financial numbers on the broad level. Thank you so much and we will be happy to answer any questions that you may have.

Moderator: Thank you very much. Our first question is from the line of Nimish Sheth from GT Advisory. Please go ahead.

Nimish Sheth: Good afternoon and congratulations this is your first set of results and conference call after the subdivision of the company into two. I have a couple of questions. First of all, your presentation was very exhaustive so thank you for that. It did not contain any details of your debt so if you could provide with some information on your debt long term, short term, what part of it is under the interest subvention etc. The second question is on ethanol your plant is expected to be commissioned 130 KLPD before the season starts, the ethanol season during the upcoming season that is 2022-2023 will this plant produce about 14 Crores liters through the molasses route apart from whatever additional it produces from the grain route is that a fair assessment?

Gaurav Goel: So ask all of them and I will answer them.

Nimish Sheth: The last question is on cane what is initial outlook for cane in UP and in our command area in particular. Are we looking at degrowth, substantial growth I mean whatever, it is a bit early but still? Thank you.

Gaurav Goel: Thank you so much Nimish, so I will start with your first question. Our long-term debt is 254 Crores as of June 30, 2022, as far as working capital goes as you know that varies Q-on-Q so obviously Q3 and Q4 perhaps is the highest up. Q1 becomes slightly lower but as of June 30, 2022, our total working capital drawn was 550 Crores is our working capitals drawn which obviously will come down once we have finished Q2. On your other question on our expansion, our expansion will be ready by January 01, 2023, so we will lose out on about two months and that was mainly because of certain issues on commodity prices that happened in March, April, May because of which our project got delayed by about a month so first of January is when the expanded capacity is expected to come on stream. On the cane side as of now the rainfall seemed to be normalish so we expect our cane to be slightly higher than what it was last year but in the Q2 call I will be able to inform you better with numbers because surveys are still on, as we speak.

Nimish Sheth: Okay. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

- Sanjeev Kumar:** Sir congratulations for very good set of numbers and thanks for exhaustive presentation but for the first time I noted that you have not mentioned the valuation of the sugar inventory otherwise in your presentation you always give the rate per kg as you assess for the closing stock on the quarter so can I know the rate at which it is being valued on June 30.
- Gaurav Goel:** Sorry I think that we missed that point. From Q2 we will make sure that is there, so our valuation of sugar stock as June 30 is Rs. 30.85.
- Sanjeev Kumar:** Thank you very much Sir. Now I want to learn from you when we crush one tonne of sugar cane we get how much liters of syrup and how much liter of syrup this one kg cane can make ethanol directly so I know the percentage can vary on the yield basis but can you give some rough estimate so that we can take it into our calculations.
- Gaurav Goel:** Basically, what you should assume in case the pol in cane or the total sugar what I would get is 10%, the yield on ethanol out of syrup I will get is about 650 liters.
- Sanjeev Kumar:** On one tonne of cane.
- Gaurav Goel:** On one tonne of cane basis that includes sugar I would get at 10%.
- Sanjeev Kumar:** And in this case you are not deriving any sugar, when you directly use syrup to make ethanol you are not recovering any sugar from this syrup. Secondly in the closing stock you are not mentioning molasses as on date the molasses that you hold. I mean the valuation of molasses can be assessed and we do not know exactly how much liters of ethanol you are still going to make in the next quarter and the quarter thereafter so because of the stock of the molasses if you have sufficient then you can run for six months, so can I get some more idea about it.
- Gaurav Goel:** Again, you have to realize that we do not have to run from June 30 for six months. We have to only run for four months after that my plant will start that new molasses will come back to us so we have got sufficient stocks to run through the whole year.
- Sanjeev Kumar:** You had some closing stock of 12 lakh liters of ethanol right now as per the presentation so how much more you are going to make and will that be suffice to complete the obligation of last contract that we have taken with OMC.
- Susheel Mehrotra:** We have sufficient stocks to run our plant for the next 4 months till the time we start our next season. Meanwhile we have B heavy molasses of 0.69 lakh tonnes in stock.
- Sanjeev Kumar:** So how many more ethanol liters that we are going to make in this next 4 months. That we have got already.
- Gaurav Goel:** We will do about 2.1 Crores liters is what will supply over the next 4 months.

- Sanjeev Kumar:** Next 4 months 2.1 Crores will be net more supply from July 1 onwards.
- Gaurav Goel:** Yes.
- Sanjeev Kumar:** Coming to the last question about potable spirits. You have inventory of 18903 cases. So here also our obligation supplying on based on our levy quota is it over or you are still going to supply more in the next coming quarter after June.
- Gaurav Goel:** It will still be more and it will be done even in the next 3 months also.
- Sanjeev Kumar:** Then the entire levy which we were supposed to give to them will be fully utilized.
- Gaurav Goel:** Sir I hope so Sir.
- Moderator:** Thank you. The next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.
- Shailesh Kanani:** Good afternoon, Sir. Thanks for the opportunity. I had couple of questions on international front. Recently we have witnessed that raw sugar prices in the last 10 to 15 days have seen quite a lot of correction in spite of Brazil production not looking that great, can you throw some light on those figures and your view on the same.
- Gaurav Goel:** We have also seen in the last 10 to 12 days we have seen New York really coming down and that is the reason of two so one is that crude prices have started to come down that is why people believe that Brazil will start to produce more of sugar because crude being down that is one of the reason secondly it has also been because India is seeing a very big crop for 2022-2023 so these are the two reasons why we are seeing sugar prices globally dropping over the last about 10 days.
- Shailesh Kanani:** Just carrying on with the same question. When you say that we have seen a good crop for 2022-2023, what are the estimates or the market expectation from that front.
- Gaurav Goel:** See as we have spoken about earlier that about 7.5 to 8 million tonnes of sugar is what we believe will be in surplus in India in FY2022-2023, that is sort of quantity that India will have to export next year, so we are in touch even government is aware of all these numbers. We are in dialogue. We have been very proactive as you all know for the last 3 or 4 years about exports, about blending so we are very sure that they will come out with an answer as to how India will evacuate this 8 million tonne next year.
- Shailesh Kanani:** Just drawing a picture I think right now the rates are around 17.4 hovering around 90 for the last couple of days so that will not be remunerative either for landlocked players in UP or in coastal region be it Maharashtra or Karnataka so what other eminence do you think we have just in case if the international prices would not improve from here on, what are the different avenues for reducing these 7 to 8 million tonnes whatever the figure maybe going ahead of excess inventory.

Gaurav Goel: Shailesh you know we have seen this for about three and half years right. Right now it is early days to say whether New York will go up or not when we start to export at that point of time, but as I said if you see apart from last year when there was no subsidy given by government to us, the previous year too if you talk about 2020-2021 they gave us 6000 per tonne to export and the year prior to that they offered us 8300 so they are also very proactive in seeing what is the global price, what is our COP at that point of time so I am sure that we will come out with an answer but there is no option for India but to export 8 million tonnes in FY2023.

Shailesh Kanani: Because I was in belief that export subsidy is no longer going to be prevalent given the WTO ruling do you think that can still come in.

Gaurav Goel: See there are lots of ifs and buts but as I said that we are still very early in the year right now. Exports will only start from Q4 of FY2023. Let's see what the pulses are. The world needs Indian sugar whether they need from us 6 million tonne, 7 or 8 anyone's guess. Even for 2021-2022, India has already done exports of about 10 million tonnes and 1.2 further is what we will do exactly and a year back when we would not have ever expected India to export as much to what we have done, so there is global shortage. We will have to wait for about a month and half more to see what is the final crop of Brazil and then we will know how much of sugar India can export next year. Six million tonnes is still a global shortage which only India can meet.

Shailesh Kanani: Right. Second on realization front and domestic front we have seen flattish for Q-on-Q any colour you can throw on that. What is the outlook obviously prices shaping up domestic market?

Gaurav Goel: See I have said earlier in my earlier calls. I believe the prices to stay pretty much stable. We are right now at about 34.5 to 35. I would see just about one buck for me I do not expect prices to drop down to 32 and I am talking about North India as of now not about west, so I expect it will stay within that range of about 34 to 36 is the price range that I see for the next three to four months.

Shailesh Kanani: Okay fair enough. Sir last question from my side. I believe in some regions we have already reached around 11% of blending so just how has been the uptake from the OMC's side.

Gaurav Goel: Very, very good. I think that the push we have got from government and from OMCs have been very, very good. We are already speaking about taking it higher as of now. As of June 30, the average blending has been about 9.8 for India wide, which is excellent, for the same, we have already allowed going to 11. Now we were also speaking about going to 12 next year because as you know expansions are happening both on the side of the sugar side and also grain so to achieve 20 by 2025, this has to be a gradual increase which we have to do. I think we are all geared up now to reach 20 by 2025.

Shailesh Kanani: Sir what is the current ethanol production capacity India wise and how has it been for last year. How is it in terms of growth?

- Gaurav Goel:** For FY2021-2022 ethanol has been about 450 Crores liters is what is for FY2021-2022. For 2022-2023 we expect to go up to about 550 Crores liters.
- Shailesh Kanani:** Okay so that is what you are talking about blending.
- Gaurav Goel:** Yes, that is what will go to OMC.
- Shailesh Kanani:** My thing was that I wanted to know the stock India wise. What is the installed capacity of ethanol and how is that shaping up, what kind of capacities are coming up.
- Gaurav Goel:** Currently it is 450 Crores liters next year it will grow to 550 Crores liters.
- Shailesh Kanani:** Thanks Sir.
- Moderator:** Thank you. The next question is from the line of Pratiksha Daftari from Aequitas Investment. Please go ahead.
- Pratiksha Daftari:** Thank you for the opportunity so my first question is regarding ethanol profitability so we have seen some dip there so just wanted to understand what is the transfer price for molasses this quarter vis-à-vis last quarter.
- Susheel Mehrotra:** Transfer price for the feedstock I mean it is basically computed considering the market potential and last year the price was about Rs.800 per quintal and this year it is Rs.1350.
- Pratiksha Daftari:** Would this be the key reason for profitability impact or is there anything else.
- Susheel Mehrotra:** Yes, you are right this is impact.
- Gaurav Goel:** It is basically on transfer price where we actually see two things cost of cane and the price of sugar that we can get out of sugar itself and on that basis, we finalize the transfer price.
- Pratiksha Daftari:** Understood and if you could just give the detail of the volume exported during this quarter and average realization for export in this quarter.
- Susheel Mehrotra:** We have exported about 32,000 tonnes in this quarter and realization has been about Rs. 33470.
- Pratiksha Daftari:** Okay thank you.
- Moderator:** Thank you. The next question is from Nimish Sheth from GT Advisory. Please go ahead.
- Nimish Sheth:** Hi just a follow-up question. In your presentation in the last slide, core strength etc you talk about growth focus ethanol and chemicals so on ethanol yes you have clearly specified everything your expansion plan, what are your plans on the chemical side are there any plans you wish to discuss or share with us?

- Gaurav Goel:** Still slightly early days I will be able to perhaps give you better light on that but I think that chemical side is one thing that we have been now studying for the last few months as to what next for Dhampur as a Company. We have been doing basic chemicals for the last 20 years but now what next so that is the plan that how do we get into specialized or we do not so that is a study that we are doing as we speak. We are hiring experts on that to try and help us if we really believe that is the field that we want to go into. So specialized chemicals is one area that Dhampur wants to explore over the next 6 to 12 months. That is why as you also know that we have hired a new CEO whose expertise is on that side and we hope that he will help us plan the future for us on that front.
- Nimish Sheth:** Thanks.
- Moderator:** Thank you. The next question is from the line of Talla Varun Reddy from SR Industries. Please go ahead.
- Talla Varun Reddy:** My question is Dhampur Sugar Mills belonging to Dhampur Bio Organics and Dhampur Sugar Mills so could anyone tell when Dhampur Bio will be listed in the stock market and what is the dividend, you did not mention any dividend that you are going to provide to the investors?
- Gaurav Goel:** So, on Dhampur Bio because it is separate company now. I can probably say that all papers have been filed with the stock exchanges and we hope it is done shortly but we cannot offer an exact time but we do believe it can be.
- Susheel Mehrotra:** On the listing of Dhampur Bio the in-principal approval has been received from the stock exchanges now the request letter has been filed with SEBI and in the normal course they would take anything up to month so it is expected by third week of August it will get listed.
- Talla Varun Reddy:** And what about the dividend for the June quarter.
- Gaurav Goel:** Are you talking about Dhampur Bio?
- Talla Varun Reddy:** No Dhampur Sugar Mills.
- Gaurav Goel:** Q1 we have no dividend that was proposed or approved by the board for dividend in Q1.
- Talla Varun Reddy:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Ashram Motwani an individual investor. Please go ahead.
- Ashram Motwani:** Congratulations on a good set of numbers. I just had couple of questions. One is I wanted to understand what is the pricing for power. I see there is a small dip in realization from 3.75 to 3.59 in the current quarter and my second question is in terms of pricing of raw sugar in the international market, I wanted to understand what is the cost of production. If you would give me an idea of cost

of production of raw sugar in Brazil vis-à-vis what the current pricing is so if you could just throw some light on that.

Gaurav Goel: Thank you. Power price is slightly lower because as you know that we have got two plants which supply power to the grid. Rajpura plant the power rate there is 4.1 per unit and then in Dhampur plant it is 3.1 per unit. Our Rajpura plant because it shut slightly earlier than last year that is why you have seen a slight dip on overall price of power that we got for Q1. On the raw side Brazil, the sugar prices is half of ours so that is why their costing is exactly half of ours. So, our costing of raw comes to about 28 to 28.5 per kg, Brazil is at about 20 to 21. I am taking about as per own rates not as per Real.

Ashram Motwani: Would you have a sense in Real what would be the costing.

Gaurav Goel: Because see Real has also fluctuated a lot right so Real has depreciated a lot in the last two and half years, so I really do not have that exact numbers but I can have it worked out for you.

Ashram Motwani: Thanks.

Moderator: Thank you. The next question is from the line of Rajya Sonthalia from Astralit Investments. Please go ahead.

Rajya Sonthalia: Congratulations on good set of numbers Sir. My question is on industry side and this led to the recent order from the government on capping exports. My question is considering how much ethanol is being diverted, how much of a sugar production is being diverted towards ethanol and this was said a few years ago sugar production on yearly basis is going to massively decrease and the overproduction of the carrying inventory is going to eventually decrease, the company or the industry as a whole should carry so although this 10 million tonnes was anticipated as non-event can we still see that thing playing out where eventually in two to three years the industry would not have enough sugar to export and whether it is banned or not banned and we will only be left with our buffer stock for the next four or five months till our plan does not stop?

Gaurav Goel: The government banned exports only after India exported 10 million tonnes. Prior to that OGL exports were happening. Government had a slight sort of an issue that India should not fall short of sugar for next year. They got convinced and that is why they are now saying that yes about 1 to 1.2 million tonnes of further exports can happen. I for surely believe that India because we have sugar cane vis-à-vis the excellent monsoons that we are seeing all over India. We have a great crop even for FY2022-2023, 3.4 million tonnes was diverted this year which should improve. They should go up to about 4.5 million tonnes next year. Even if we reach 20 almost close to about we do believe that the diversion, which will take place will be almost close to 10 to 12 million tonnes and once we get that done and assuming that the cane crop will not be higher India will be self-sufficient where we will not need to export too much even after three years.

Rajya Sonthalia: And not exporting too much will not make a difference to the companies operating?

- Gaurav Goel:** Yes exactly. The basic reason that India exports or is exporting is because we do not have any other avenue as on date. Once the ethanol capacities go up we can divert more and more sugar cane into that area and that much of lower export is what India will then need to do for years to come.
- Rajya Sonthalia:** Thank you for answer Sir. Two more very quick questions, one is probably rumors about the government trying to try ethanol with aviation fuel, shipping, is there any truth to these rumors Sir and can we see that happening in the future.
- Gaurav Goel:** Globally it has already started to happen. India is also doing their own trials but as of now that is slightly far ahead in the future because we need first of all blending for our two wheelers and for four wheelers but yes aviation fuel, shipping fuel, the world over is being tried upon and I do believe there is a success story which has started happening there obviously India will also take up to that challenge as soon as we have that much of capacity in place.
- Rajya Sonthalia:** Sir my last question is on the ethanol production front when we reach it can see in there with the crude oil our dependence on crude oil and the crude oil imports affecting the rupee have you seen a drastic change in the mindset of the government in terms of increasing the focus on renewable source of energy like ethanol or there has been no impact whatsoever?
- Gaurav Goel:** No. I think there has been a huge impact I think that the government what we are talking about blending to two years back we did about 200 Crores liters. We have already touched 450. Next year we are talking about 550. We are talking about close to 1.3 billion liters in the next three years. I think that we are totally on the right track. We have also now started talking about flexi fuel so why stop at 20 why not go up to 100 or E85 so FFE have also been now a dialogue so FFE are already there. We have had meetings with auto guys by FY2024 FFEs will start to come into India also so by April 1, 2023, all two wheelers will be ready to blend up to 20% FFE as what my understanding is from the auto guys that they will start to supply FFEs from FY2024-2025.
- Rajya Sonthalia:** So FFE are classified over 20% if I am not mistaken.
- Gaurav Goel:** So FFE are classified as of now in India it is classified up to 85% but we are also now speaking to them why to stop at 85 why not do FFE up to 100 but as of now the current rule in India is FFE are up to 85.
- Rajya Sonthalia:** And most of the cars can accommodate like fuel.
- Gaurav Goel:** So only the new ones. The new ones will start to come up as I said from 2024-2025 they can do up to 85. Vehicles which will start to come from April 1, 2023, will be fully compliant for blending up to 20.
- Rajya Sonthalia:** And Sir going ahead let us say just at Dhampur if we target 50% blending say by 2030 at about 1500 Crores liters and how much percentage do you see of that 50% blending coming from sugar vis-à-vis grains.

- Gaurav Goel:** Again, extremely hard to answer right now but India sugar mills have capacity to do as much but we have to also see we have sufficient amount of sugar so it will always be a balance. This will happen year on year that is why our own expansion that we are doing, we are also putting up a grain-based plant just in case India needs more sugar. Our ethanol plant would not shut and we will divert 100 kl through grain so I think everyone will try and do that.
- Rajya Sonthalia:** Let us say the whole process of grain-based production of ethanol versus sugar cane within sugar cane is way more profitable.
- Gaurav Goel:** That is an option that sugar mills will have so that is a great opportunity so you see you have an edge in case you see sugar cane being lower you can go to grain. If you see cane begins higher stick to cane so this is an optional edge that sugar mills will always have.
- Rajya Sonthalia:** Can we assume that the majority will be from sugarcane and not grains.
- Gaurav Goel:** See for sugar mills it will always be from cane. For the grain guy obviously they have no option but to do from grain only.
- Rajya Sonthalia:** My question is let us say 1500 Crores liters the government says in 2030 we will need 1500 Crores liters of ethanol can we assume that 60% at a minimal level of course it is very hard to assume will be from sugar cane-based ethanol and others can be grain based or would you say the balance should be more 50:50.
- Gaurav Goel:** See again very hard to say as of now. Take any number you like it can be in that range, 50 to 60 will come sugarcane balance will be out of grain.
- Rajya Sonthalia:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.
- Sanjeev Kumar:** Goel sab this is just to acknowledge that you have been very, very kind and we are thankful for getting our answers and Sir I salute you for your Excellency and I wish you all the best and, in your leadership, Dhampur will reach very big heights. This is what I wish. Thank you, Sir.
- Gaurav Goel:** Thank you so much for your kind words but thank you Sir.
- Moderator:** Thank you. The next question is from the line of Udit Gupta, an individual investor. Please go ahead.
- Udit Gupta:** Good afternoon, Sir. My question is what is the processing cost of ethanol per liter?
- Gaurav Goel:** It comes about 7 bucks.

- Udit Gupta:** Sir does that include transportation cost.
- Gaurav Goel:** This is I am speaking about COP. If I do not take my feed stock into it then it is about 7 per liter.
- Udit Gupta:** And Sir like the cost that we have to incur to send the ethanol to OMC is that separate.
- Gaurav Goel:** Yes, the transport they will pay us, but if we go to certain areas which are slightly far or slightly closer there, I might lose about 30 to 80 paise depending or I may again 10 paise but not too high.
- Udit Gupta:** It is not a big figure I get it. And Sir you say that expansion of distillery will be complete by January 2023. Sir how many liters we are expected to produce after the expansion, is it about 10 per liter.
- Gaurav Goel:** We are right now at 250 kl on C. We will work to 380 on B heavy and on syrup we will be close to about 500 so assuming that we get about 10 months for the full we will do about 14 to 15 Crores is what we expect to sell to the OMC in the whole year of 2023.
- Udit Gupta:** I was talking about FY2024 if we take. Like when the entire production is there.
- Gaurav Goel:** So FY2024 you can expand it by about 1.5 Crores more so about 16 Crores is what we will do for the whole year of 2024.
- Udit Gupta:** And Sir this excludes our levy molasses and all that.
- Gaurav Goel:** Yes, so that is over and above that. Udit I just want to answer that one more, so 16 Crores that I said I am so sorry it includes levy also so levy would be minus out of this.
- Udit Gupta:** Okay Sir it would be roughly how much Sir?
- Gaurav Goel:** See as of now levy is at 18 so our export will be about 14 and 2 will go for levy.
- Udit Gupta:** Okay 14 and 2 is for levy.
- Gaurav Goel:** Again, levy rate are changing every day. Right now we are at 18, last year we were at 12, next year they are talking to increase every year so I am just offering you a ballpark.
- Udit Gupta:** Yes, Sir ballpark is about 14%.
- Gaurav Goel:** Yes.
- Udit Gupta:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nimish Sheth from GT Advisory. Please go ahead.

- Nimish Sheth:** You gave us an answer of the long-term debt as on June 30, 2022, that is 254 Crores how much of this is the debt that is under subvention I mean the lower interest debt.
- Susheel Mehrotra:** It is all based on further project but some debt which we had raised last year is in the range of about 6% to 7.3% so that adds up to somewhere around 150 Crores so that is outside of this and balance is all under subvention.
- Gaurav Goel:** And the new loan of 120 that we are taking right now that will be also under subvention debt.
- Nimish Sheth:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.
- Shailesh Kanani:** Thanks a lot for the opportunity again, Sir. Just continuing with the answer, you replied our production facility is getting delayed by two months because of commodity prices. Can you just elaborate I did not understand that, how the pricings have impacted the delay?
- Gaurav Goel:** The prices did not impact us, so even though our capex was finalized earlier but as you know during the month of March, April, May the steel prices went through the roof and that is where the suppliers had lots of issues to procure steel and most of our own input cost for our capex is mainly steel whether it is stainless or mild steel, these are the two major components so because of that they were not able to book the steel and that is why our project got late about a month to a month and half.
- Shailesh Kanani:** Just to understand further this. These are fixed price contracts.
- Gaurav Goel:** Yes ours is all fixed price but we have to appreciate practical right that in case a person who you place an order to if his own cost goes up by almost 30 to 40% he will always come back to us for a higher price so we were all in that wait and watch mode so that is why we have to be fair on both the side, prices of steel just went up. If it is a small gap here or there, we all can handle it.
- Shailesh Kanani:** Can you just let us know the involved parties who are the suppliers for the steel facility.
- Gaurav Goel:** Ethanol expansion is happening from this firm in Pune called Excel and our boiler is from ISGEC and turbine is from Siemens.
- Shailesh Kanani:** Thank you and best of luck Sir.
- Moderator:** Thank you. That was the last question. As there are no further questions, I would now like to hand the conference over to Mr. Goel for closing remarks.

Susheel Mehrotra: Thank you ladies and gentlemen once again for joining our call. We appreciate all your support and interest in our results and we look forward to meet you again around the next quarter. Thank you so much.

Moderator: Thank you very much. On behalf of SKP Securities Limited that concludes the conference. Thank you for joining us and you may now disconnect your lines.