



Dhampur Sugar Mills Ltd

Q2FY18 Earning Concall-9th Nov 2017

- **MODERATOR**

- Ladies and gentlemen good day and welcome to Dhampur Sugar Mills Limited Q2 FY18 Earnings Conference Call hosted by Prabhudas Lilladher Private 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Keyur Pandya from Prabhudas Lilladher Private Limited. Thank you and over to you sir.

- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**

- Thank you. Good afternoon all the participants and I welcome the management of Dhampur Sugar represented Mr. Gaurav Goel and Mr. Nalin Gupta. We'll begin this call with opening remarks from Gaurav jee following which we will open the floor for an interactive Q&A session. Before we begin I would like to mention that certain statements in this call would be forward looking statements and are subject to risks and uncertainties which could cause actual results to differ materially from those anticipated. Such statements are based on management's belief as well as assumptions made by information currently available. I would like now to hand over the floor to Gaurav jee. Thank you and over to you sir.

- **MR. GAURAV GOEL – MD, DHAMPUR SUGAR MILLS LIMITED**

- Thank you very, very much. Good afternoon and a very warm welcome to all at Dhampur's Q2 and H1 FY18 call. India produced 20.2 million tonnes in the last sugar season 2016-17. For the current year 2017-18 early estimates are that India will produce around 25 million tonnes. The off-take for last year was around 24.6 million tonnes and is expected to stay in the same range next year also. Sugar prices witnessed a stable trend and are currently ruling between 36.5 per kg ex-mill. Going into the current sugar season 2017-18 all our 5 sugar plants have started crushing early by about 15 to 20 days. We expect our cane crush to be higher from

last season. Last year the total cane crushed for the company was 56.9 lakh tonnes of sugarcane. SAP for the year 2017-18 has been increased by 10 per quintal, which has now been increased to 315 per quintal from 305 per quintal last year. Ethanol prices for 2017-18 have been fixed at 40.85 per litre.. Overall we are glad to report a healthy performance wherein all segments have seen a positive margins during the quarter and half year ended 30th September 2017. There was an improvement in sugar price from Rs. 35.9 per kg last year to Rs. 37 per kg in Q2 of FY18. Sugar prices were higher from Rs. 35.5 per kg in the half year ended FY17 to Rs. 37.5 per kg in the half year ended FY18. In terms of total sugar stocks the sugar stocks stand at 0.75 lakh tonnes as of 30th September 2017. The average price at which this stock is valued is Rs. 30.66 per kg. The company has sold 112.74 bulk litres of alcohol at an average price of Rs. 38 per litre during the quarter. The company has also sold 14.89 lakh kgs of chemicals at an average price of Rs. 53.9 per kg. During the quarter ended 30th September 2017 Dhampur in its power segment has produced 1.87 crore units of power against 1.36 crore units in the same period last year. Our export of power was 0.91 crores units against 0.73 crores last year. The average price of sugar of the average price of power for the year was Rs. 4.81 per unit. The company has made repayment of long term loans of 147 crores during the H1 of FY18 which has brought down our long term loans from Rs. 617 crores to Rs. 527 crores as of 30th September 2017. We have also availed of fresh loans of 57 crores during this first half year.

- Now I would like Mr. Nalin Gupta to take you through the financial numbers of the company. Thank you.

MR. NALIN GUPTA – CFO, DHAMPUR SUGAR MILLS LIMITED

- Thank you sir. Good afternoon everyone and thank you once again for joining us on this call. I would like to take you through the financial highlights of the company for this quarter and half year ended 30th September 2017. Our Total Revenues, EBITDA and PBT for the second quarter FY 18 stood at Rs.802 cr., Rs.126 cr. and Rs. 86.9 cr. compared to Revenue of Rs. 696.2 cr., EBITDA of Rs.109 cr. and PBT of 60.4. cr in Q2 FY17 respectively. Our Total Revenues, EBITDA and PBT for H1 FY18 stood at Rs.1696.4 cr., Rs. 270.7 cr. and Rs.173.8 cr. compared to Revenue of Rs.1216.9 cr., EBITDA of Rs.216 cr. and PBT of Rs.108 cr. in H1 FY17 respectively. Rise in PBT was primarily a result of sugar sale at enhanced realizations, higher efficiencies, combined with lower interest cost, due to repayment of term loans. EBIT for all the segments was positive during the quarter. Our interest cost was lower at Rs. 28.03cr. compared to Rs.44.1 cr. in the corresponding quarter last year. The Company is utilising major part of surplus earning into repayment of long term debt. Profit after tax stood at Rs. 60.5 cr. in Q2 FY18 against Rs.36.7. in same period last year. During H1 FY18 profit after tax enhanced to Rs.123.1 cr. against Rs.67.6 cr. in H1 FY17.

Let me now take you through business-wise performance. For the quarter ended Sept., 30, 2017, the sugar division reported revenues of Rs. 750.5 cr. on the back of better realizations, which contribute to 89% of the total revenues, as compared to 88% at Rs.620 cr. in the same period last year. Moreover, EBIT in this segment was higher at Rs.121.6 cr. as compared to Rs.92.9 cr. in the corresponding quarter of last year, as a result of higher sales realizations and higher volumes. The Ethanol/Chemical operations continue to contribute positively to our earnings performance. Revenues from Ethanol/Chemical business for the quarter stood at Rs.51.5 cr. against Rs.112.8 cr. in the corresponding quarter last year. EBIT for Q2 FY18 stood at Rs.6.5 cr. against Rs.10.3 cr. in Q2 FY17. Going forward, we continue to focus on targeting business opportunities from the ethanol, chemicals or rectified spirit segment that offer better margins. During the quarter under review, power revenues are lower at Rs.15.5 cr. and EBIT for the quarter stood at Rs.1.6 cr., as we used our own saved bagasse without any purchase of outside bagasse due to higher bagasse price. Power realizations stood at Rs.4.81 per unit. These are all broad financial numbers. Now I would like to invite the questions from the investors please.

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 may please press * and 1 on their touch tone phone. 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. Anyone who wishes to ask a question may press */1.
- We have our first question from the line of Aman Sonthalia from AK Securities. Please go ahead.

- **MR. AMAN SONTALIA – AK SECURITIES**

- Good afternoon sir.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Afternoon Aman jee. How are you?

- **MR. AMAN SONTALIA – AK SECURITIES**

- Fine sir, fine. Sir one question I had in my mind is that in the year 2018-19 everybody is talking of excess production. So do you think that since there is a same government in UP, Maharashtra and Centre, so they will go the way they have done in 2015-16 where they have exported the surplus sugar into the

international market? So the cyclicity of the industry will be not there and the excess production will be exported and the price will not come down.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Aman jee you are very, very right on this that the year after next everyone is expecting sugarcane to be more than what it is this year. We have already started a dialogue with the government. We are extremely happy to inform that both at either central level the government is extremely proactive and we are already starting to make plans for 2019 in case India was to have a very heavy sugar produce as to where the sugar can go to. So the plans for that are being made from now itself. So we do believe that about 2 or 3 million tonnes can be exported out of India if India was to produce 28 or 29 million tonnes in 2019. So if that happens yes I agree sugar prices will stay stable and that is what we are all trying for. So yes the plans are already being made for exports in about 18 months from now.

- **MR. AMAN SONTALIA – AK SECURITIES**

- Okay sir. And second question is that recently I have seen an article where Coke has released an article that for the first time in one year their volume has increased by around 6%. So do we think that the consumption has risen significantly since last year there was demonetisation and now this demonetisation story is over and things are moving in the right direction?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes if you all even see from last year to this year as I said our offtake for sugar for the whole year was 24.6 million tonnes against 24.8 last year. So we saw a 2 lakh tonnes fall for the first time this year which was surely because of that and because of GST. So yes we are expecting the growth of 2 or 2.5 to carry on from next year onwards.

- **MR. AMAN SONTALIA – AK SECURITIES**

- Okay. Since molasses prices which have come down significantly from 4.50 per kg to around 125 or 150 per kg. Since you have excess capacity of ethanol will you buy from outside process which is I think highly profitable?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes we are always buyers because we have as you have said rightly we have more capacity than what we produce. So this year also we will be buying at least 8 to 10 lakh quintals from outside. And the prices are surely lower which should contribute well for us in our chemical segment.

- **MR. AMAN SONTHALIA – AK SECURITIES**

- And one more question regarding interest cost? How much will be the interest cost, estimated interest cost in next 6 months?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See our interest as you have said our long term has come down. But because our working capital need will be higher than last year so depending on how much of sugar sales we are able to do in Q3 and Q4, that will really depend on how much of availability of capital we will do for our cane price. So we expect our interest cost to be almost same level or slightly lower than what it was last year.

- **MR. AMAN SONTHALIA – AK SECURITIES**

- Okay. And sir the last question is regarding the cane price going forward. Whether next year do you expect the cane linkage will be dropping?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Aman jee that's a question which is extremely hard to answer. But we all have seen that both at the state and centre government are extremely proactive. So we are hoping that it gets done soon. But a timeline to be put on that is very, very hard to say right now.

- **MR. AMAN SONTHALIA – AK SECURITIES**

- Because since next year is the election year do you think price will rise significantly there onwards?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See what we all have seen is that government is extremely positive we all are very sure of the fact that high cane price is not the need of the hour. The need of the hour is timely payment of cane price. Seeing that I do not believe there will be a very high increase if any next year.

- **MR. AMAN SONTHALIA – AK SECURITIES**

- Okay sir thank you.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thanks Aman jee.

- **MODERATOR**

- Thank you sir. Anyone who wishes to ask a question at this time may press *, 1. Participants who wish to ask a question may press * followed by 1 on your touch tone phone. We have our next question from the line of Kalpesh Parekh from Prabhudas Lilladher Private Limited. Please go ahead.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Thanks for giving me an opportunity. Sir basically just wanted what you mentioned the need of the hour is timely payment of the cane prices. Sir how has been the scenario in the recent times? Has government been prompt? Has the new government in UP been prompt or how is the scenario can you explain?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- If we see that cane price last year generally was paid on time. Sugar mills have started paying right now because sugar mills have done well. So I do believe and I can speak specifically about Dhampur is even last year our cane price was on time and this year also the plan is to make cane price within the 14 days which is as per law. And I think that a large part of the sugar companies will follow the same.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- But like the other states as such how has been the scenario from UP? How have been the other states? Are they prompt or are you getting any feel from other states?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No. All the other states also if you see that the total cane price arrears in India was almost one-fifth of what it was two years back. So because sugar prices have been stable that's why almost pan India cane price payments have been extremely prompt and that is one of the reasons also that we have seen that sugar which last

year was produced 20.2 million tonnes is expected to go up to around 25 that is mainly due to rains and secondly due to prompt cane price payments.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- And in terms of import as such like last time you had mentioned that probably there could be import to the extent of 5 lakh tonne type of thing. Are you seeing anything on import happening?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No. India doesn't need any imports going forward. So there is no imports expected in this year 2017-18.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Okay. And on export front you did mention about that probably you know it would be there is a possibility they may give green signal. But with the election around that time type of thing that possibility is how you rate that possibility as 50/50 type of thing? Or you probably rate it very high type of possibility?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- When we spoke about exports we spoke for the year 2019. Because you know if that year everyone is expecting cane planting to even be higher, India can produce 28 or 29 million tonnes in 2019. So that year India may have to export. But for the next 12 months there will be no import or export out of India.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Okay.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- India. Is extremely well-balanced right now.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- And in terms of pricing sir you expect this to be a decent like 35-36 is the level where you expect decent stability or probably you expect it to move up type of level?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I frankly again this is just my view on this is that I expect sugar prices to be in the range of 35 to 37 per kg over the next 12 months.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Are there any consolidation opportunity foreseen in your state or somewhere else? Because we heard a lot about the competition. So is there any opportunity for us to go for some acquisition or something?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- I'm sure sir there are opportunities but Dhampur as on date we have no plans to buy any other plants right now. We have sufficient in-built capacities. First we want to extract all of that. So we want to sweat our assets. This year as we said that we expect to crush more than what we did last year. Even after that we believe that we have got sufficient in-built capacity to even crush more in 2019. So till the time we do not fully extract the value out of our own assets we do not plan to buy any plants at this point of time.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Right, right. Good sir, good. Lastly you mentioned we have reduced our long term debt. So any further debt reduction plan possibility from your own from Rs 527 crore type of thing?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- No surely the whole plan is that as we said we do not have any major capex plans right now. So all the extra cash flow which is going to come over the next 6-12 months will be mainly used for repayment of our long term debt.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- My last question, what would be your cost of fund for our debt?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- As on date it is 8.78% is our average cost of our debt.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- And is there a possibility of further reduction of this cost of funds for us?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes we all are because our rating has improved. So we all are going to bring down. And our target is by at least 100 basis points to bring it down over the next 6 months.

- **MR. KALPESH PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Perfect sir. Thank you. Thank you so much for your call sir.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you.

- **MODERATOR**

- Thank you sir. Anyone who wishes to ask a question may press *, 1. We have the next question from the line of Yashpal Madan from Individual Investor. Please go ahead.

- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**

- Hello?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Jee sir!

- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**

- Yeah can you tell me what is the stock position as of end of September?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- It's 0.75 lakhs tonnes as on 30th September.

- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**

- 0.75 lakhs.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Tonnes.

- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- Okay, okay. And this must have got sold in October itself. Or you will be carrying further in the next quarter?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- No. This will all get over. So a large part of it is been sold. And whatsoever is a small amount left it will be sold now. So there will be no carry over stock.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- Okay. And your all factories are crushing at this point?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes all have started and they are at full crush.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- Full capacity! And how much is the initial yield you are getting?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So our average right now for the group is about 10.3%.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- 10.3. That's quite good if in the beginning itself you were getting 10.3.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes it has been good. The crop is extremely healthy. And we would have not expected it to be so high. But good for now.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- I believe last year I remember you had around 9.5 in the initial period right?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yeah so in the starting last year the average for the group was about 9.8 which right now is at 10.3%.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**

- Great, great. So do you expect yield going up by half a percent that to last year overall for the season? Is it a possibility?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yashpal jee very, very early days. It is extremely early days. The prices have just been on for about 10 or 12 days. So when we again speak in January I will be able to give you a better number at that point of time.
- **MR. YASHPAL MADAN – INDIVIDUAL INVESTOR**
- Okay sir thanks a lot. Thank you.
- **MODERATOR**
- Thank you sir. We have our next question from the line of Aman Sonthalia from AK Securities. Please go ahead.
- **MR. AMAN SONTALIA – AK SECURITIES**
- Yeah. And sir what is the present target for the season, and recovery target?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Aman jee early days. But higher surely than last year both on cane crush and that. But January we will be able to give you a very good as to how much we expect.
- **MR. AMAN SONTALIA – AK SECURITIES**
- Okay. And sir one last question is that somebody was telling me that many paper mills have closed down in UP or nearby UP. So bagasse size has come down a lot. So you have surplus capacity of power so whether you will produce power from buying outside bagasse?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- We all are waiting for the new prices to be out. Obviously if it makes sense we will be buying. But as on date there are no plans to buy. Obviously if the prices come down to below 1000 per tonne then surely we will be in the market as a buyer.
- **MR. AMAN SONTALIA – AK SECURITIES**
- Okay sir, thank you.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you.

- **MODERATOR**

- Thank you sir. We have the next question from the line of Varun Agarwal from BOI AXA Mutual Funds. Please go ahead.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Hi sir. I am new to the company and the sector. Just a couple of things to understand the industry better. In terms of acreage for sugar in UP, so how is it now versus last year?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- The acreage is about 9% is the acreage which is higher than last year.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- 9% higher?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- So how do you see that going forward for this year or next year? Do you see the overall acreage improving?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes see acreage is one area which we do believe they will improve further next year. The other improvement which has happened is because of this variety of cane 238, the yield per acre of this is about 1.5 times. So this is the other big increase which has happened. 238 has gone up a lot but there is still a lot more scope for it to go up. So both the acreage and yield per acre we believe the cane crop will be higher in 2018 year also.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- So the improvement in yield, it would change in the seeds we use or the quality of sugarcane? What are the exact reasons for the improvement?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- So basically there is a new variety of cane, 238, which is very high in sugar and also very high yield per acre. So it is in the best interest both of farmer and of the factory to plant this variety of cane. And that is why you all have seen overall if you see the recovery of UP if you see 3 years back the average was around 9.5. This year as a whole state the average is 10.66. And the main reason for that is this variety of cane.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Okay, okay. And obviously I mean if you are expecting better acreages and better yields so going forward within the same thing you expect better production. So that will help us in improving the overall growth and as you said crushing also.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Absolutely. Absolutely right.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Okay. Sir in terms of capacity you said you are not looking to buy any new capacity or add any new capacity. So in existing capacity how much are you looking can we crush given our capacity maximum?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- See right now our own target is how do we increase the number of days. If we see again an average mill 2-3 years back would crush for about 140-150 days in a year. Our target is how do we bring it to over 200 days a year. The target for all our plants is 180 days. So our target now is to increase the days. Because of this new variety of cane we can start as we have started almost 20 days earlier than last year. And we plan to crush for about 15 days more. So we can again next year start our plants 10 or 20 days earlier and go for 10 days more. So the way that we want to improve our capacity is more by the amount of days that we run our plant.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Okay sure sir got it. And you also said that you are not looking to do any capex going forward. But are you looking to do any efficiency improvement like ways to

heat or some other things which will help in improving the overall yield or bring down the power cost or something?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Absolutely. So that work is a continuous process that is done. This year also the capex that we did was on two boilers and two turbines which can burn spent wash which comes out of our chemical units. So to burn that in the boilers. So we spent that money on that to bring down our total power cost in the off season. So next year also we will see what are the new things that we can do to bring down and to improve that. So our only capex will be to debottleneck and not for anything else.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- How much are you looking to spend on capex?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Right now there are no plans. As of now there is no real plans of capex. Our capex plans will get made by January for next year. But it won't be very, very high.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Sure sir. Sir next question is on this ethanol which we are producing. So is there enough capacity for us to increase ramp up the production there or how is it?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes we have,so that is one other area. Right now we have 300 KLPD per day. There we have capacity to make it higher. That is the only one area that we may see for certain expansion next year depending on how this year's tender which is going to and being closed on 10th. Seeing that we will see if we want to take that up by 50 to 100 KLPD. And molasses prices have crashed. So that is a plus for us because we are always net buyers because we use all of ours. So that is one area that we will see for expansion for next year.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- Okay.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Nothing on the sugar or the power side.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- So here we are seeing that the new price which will fix for next year is 1 or 2 rupees higher right?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Yes it is 1.85 higher. So last year was Rs. 39/litre, this year they have fixed it at Rs. 40.85/litre.

- **MR. VARUN AGARWAL – BOI AXA MUTUAL FUNDS**

- You mentioned that in your report in the presentation anyways. Okay, okay sure. Thanks a lot for answering the questions. All the best.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you sir.

- **MODERATOR**

- Thank you sir. We have the next question, a follow-on question from the line of Aman Sonthalia from AK Securities. Please go ahead.

- **MR. AMAN SONTALIA – AK SECURITIES**

- What will be the actual cost of cane for the season including all expenses?

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Cost of what sir?

- **MR. AMAN SONTALIA – AK SECURITIES**

- Sugarcane.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Sugarcane? Our total cost see because a large part of our cane is also early so I would expect our average cost to be if we take all expense on cane which should be around Rs. 330/qtl.

- **MR. AMAN SONTALIA – AK SECURITIES**

- And last year it was 323.

- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Last year was Rs. 323/Qtl.
- **MR. AMAN SONTHALIA – AK SECURITIES**
- 323 no?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Jee.
- **MR. AMAN SONTHALIA – AK SECURITIES**
- Okay then, thank you.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you sir.
- **MODERATOR**
- Thank you sir. Anyone who wishes to ask a question may press *, 1. We have our next question from the line of Keyur Pandya from Prabhudas Lilladher. Please go ahead.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- Thank you for the opportunity. Sir the question is more related to book keeping. So in your results you have mentioned note number 4 that off season expenses for the quarter have been deferred for inclusion in cost of production at a later stage. So sir can you explain what is written, which is the actual treatment what you have done?
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- So even for last year we had done the same thing. So what we do is, is that the off season expenses what we treated are being done for sugar to be produced in the next 7 months. So we basically add that to our cost for sugar stocks in Q3 and Q4 the sugar that we make that is added to that cost.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- So these are the costs which will improve in H2 of FY18.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Right.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- So we had same treatment earlier as well? Or...
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Yes the same treatment has been on for the last 10 years.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- And all the players use the similar treatment? Or....
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- I think there is a break of half and half. Half have done that they do it quarter on quarter and half do it that they do it in the second half. So there are two ways that it's done. So but this process has been on. So those who have been doing it since past will basically treat the expense during the same quarter have been doing the same way. Those who have been doing it to impact the next year's stock have been doing the same way. So not one rule but I think half the companies do either of the two.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- Okay, okay, thank you sir.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**
- Thank you.
- **MR. KEYUR PANDYA – PRABHUDAS LILLADHER PVT LTD**
- Hello? Hello?
- **MODERATOR**
- Thank you very much sir. Sir there are no further questions in the queue. As there are no further questions I would now like to hand the conference over to the management for closing comments.
- **MANAGEMENT – DHAMPUR SUGAR MILLS LIMITED**

- Thank you very much. On behalf of Dhampur we would like to thank you all for taking your valuable time out to join us for this call. If you have any further questions please feel free to contact us either by phone or by email. You can also see our website dhampur.com and post any queries that you may have and we will get back to you. Thank you so much for your time.
- **Gaurav Goel**
- Thank You everyone. For any further clarification or information, please contact nalin. I am also there.
- **Nalin Gupta**
- Thank you everyone for joining us on this call.
- **MODERATOR**
- Thank you so much sir. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.