

11.02.2024

To,
The Manager - Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051
Tel No. 022-2659 8237 /38
Symbol: DHAMPURSUG

The General Manager – DSC
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai: 400001
Tel No. 022-22722039/37/3121
Security Code: 500119

Dear Sir,

Sub: Regulation 30- Transcripts of Earnings Conference Call with respect to Unaudited Financial Results for quarter ended 31st December 2023

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith Transcript of the Company's Earnings Conference Call on Unaudited Financial Results for quarter ended 31st December 2023, which was held on Wednesday, 7th February 2024.

The same is also available on Company's website i.e. www.dhampursugar.com.

Kindly take the information on record.

Thanking you,

For Dhampur Sugar Mills Limited

Aparna Goel
Company Secretary
M. No. 22787



“Dhampur Sugar Mills Limited Q3 FY24 Earnings Conference Call”

February 07, 2024



MANAGEMENT: **MR. GAURAV GOEL – MANAGING DIRECTOR,
DHAMPUR SUGAR MILLS LIMITED**
**MR. SUSHEEL MEHROTRA – CFO, DHAMPUR SUGAR
MILLS LIMITED**
**MR. VINIT GUPTA – VP (FINANCE), DHAMPUR SUGAR
MILLS LIMITED**
**MR. AKSHAT KAPOOR – VP (OPERATIONS), DHAMPUR
SUGAR MILLS LIMITED**

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

Moderator: Good day, ladies and gentlemen. Welcome to the Dhampur Sugar Mills Limited Q3 FY24 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and 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 Agarwal – Head, Institutional Equities at SKP Securities Limited. Thank you and over to you.

Navin Agarwal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you on behalf of Dhampur Sugar Mills and SKP Securities to this Financial Results Conference Call.

We have with us Mr. Gaurav Goel – Managing Director and his colleagues, Mr. Susheel Mehrotra – CFO, Mr. Vinit Gupta – VP (Finance) and Mr. Akshat Kapoor – VP (Operations).

We'll have the "Opening Remarks" from Mr. Goel followed by a Q&A session. Thank you and over to you Gaurav.

Susheel Mehrotra: Thank you. I'm Sushil Mehrotra. Good afternoon, ladies and gentlemen and a very warm welcome to all at Dhampur Sugar Mills Q3 FY24 Earnings Conference Call.

First of all, I would like to give you an update about the equity share buyback program of the Company:

As you are aware that the Board of Directors had approved the buyback of up to 10 lakh equity shares at a price not exceeding Rs. 300 per share through tender offer route. The total size of buyback approved was 30 crores. The buyback commenced on 23rd January 2024 and closed on 30th January 2024. We received offers for over 73 lakh shares. As per terms of buyback, 10 lakh shares have been bought back and the paid-up capital of the Company now stands at Rs. 65.38 crores. The payout to the shareholders for the shares bought back has been done yesterday, i.e., 6th of Feb 2024.

Now coming to the key regulatory changes that impacted this quarter:

As you are aware, on 7th of December 2023 the Department of Food and Public Distribution ordered all sugar mills to stop use of sugarcane juice or syrup and B-Heavy molasses for production of ethanol with immediate effect. Then on 18th of January 2024 the government of Uttar Pradesh announced increase of sugarcane SAP by Rs. 20 per quintal for the sugar season 2023-2024. The impact of that same has been considered by the Company in the financials for December 2023 Quarter.

Let me now come to the “Quarterly Performance and Results”:

First the “Operating Numbers”:

In the sugar segment, the Company crushed 13.46 lakh tons of sugarcane in this quarter versus 12.98 lakh tons in the corresponding quarter last year, an increase of about 4%. The Company diverted 0.96 lakh tons of cane for production of ethanol through syrup as against 2.41 lakh tons in the corresponding quarter last year. The Company stopped diverting sugarcane syrup for ethanol production pursuant to the order of 7th December 2023 from the department of Food and Public Distribution. The gross recovery in this quarter stands at 11.01% versus 11.34% in the corresponding quarter last year. On account of higher cane crush and discontinuing of diversion of syrup to ethanol, sugar production during the quarter is 1.29 lakh tons versus 1.02 lakh tons in the corresponding quarter of FY23, an increase of nearly 26%. Sugar sales during the quarter stand at 0.25 lakh tons versus 0.73 lakh tons in the corresponding quarter last year. Average sugar realization in this quarter has been Rs. 39,236 per ton as against Rs. 35,332 per ton in the corresponding quarter last year.

In ethanol segment the production from syrup route is 64.46 lakh liters in this quarter versus 166.30 lakh liter in the corresponding quarter of last year, lower by 61% approximately which is primarily due to discontinuation of use of sugarcane juice for ethanol production as per government order. The ethanol production from B-Heavy molasses is 174.01 lakh liters in this quarter versus 73.66 lakh liters in the corresponding quarter of last year. The ethanol production from damaged food grain is 27.48 lakh liters and from maize is 29.02 lakh liters aggregating to 56.50 lakh liters in this quarter. Our grain-based distillery produced 38.06 lakh liters ethanol in June to September 2023 quarter. Total ethanol production from all feedstock is 294.97 lakh liters in this quarter versus 239.96 lakh liters in the corresponding quarter of last year, higher by about 23%.

Sale of ethanol produced from syrup is 64.76 lakh liters in this quarter versus 157.53 lakh liters in the corresponding quarter of last year. From B-Heavy molasses is 150.62 lakh liters in this quarter versus 75.80 lakh liters in the corresponding quarter of last year. Tail of ethanol produced from damaged food grain stands at 21.07 lakh liters and from maize 32.29 lakh liters aggregating to 53.36 lakh liters in this quarter. In September 2023 quarter we sold 34.68 lakh liters ethanol produced from maize. The total ethanol sale from all feedstock is 268.69 lakh liters in this quarter versus 233.33 lakh liters in the corresponding quarter of last financial year, an increase of 15% approximately. Production of ethyl acetate has been 52.9 lakh kg versus 85.33 lakh kg and the sale of ethyl acetate has been 52.44 versus 85.34 lakh kg as compared to the corresponding quarter of last year.

Now coming to Potable Spirits:

The production has increased to 5.57 lakh cases from 4.46 lakh cases and the sale has increased to 5.65 lakh cases from 4.43 lakh cases in the corresponding quarter last year.

Now coming to the “Financial Numbers” of the Company:

Profitability in the current quarter is down mainly due to the lower sugar sales quantity by 0.48 lakh tons. Sugar sales during the quarter has been 0.25 lakh tons versus 0.73 lakh tons in the corresponding quarter of last year. Revenue from operations during the quarter ended December 2023 stands at Rs. 482.3 lakh crore versus Rs. 643.5 crore. EBITDA is at 69.5 crores versus 86.0 crores and PBT is 47.5 crores versus 66.7 crores. Cash profit is 55.3 crores versus 68.7 crores in the corresponding quarter last year. The inventory valuation rate of sugar is Rs. 35,182 per ton. Inventory of sugar as on 31st December 2023 is 1.07 lakh tons as against 0.71 lakh tons as of 31st December 2022.

Let me now take you through the “Business-Wise Performance”:

On the revenue mix for the quarter:

Sugar has contributed 34.8% of the quarter’s revenue which is down from 50.4% of the corresponding quarter last year. Ethanol is at 26.3% up from 19%. Power is at 10.9% again up from 8.4%. Revenue from chemicals is 6.8% as against 8.4% and potable spirits is at 20.2% as against 13.1% in the corresponding quarter of last year. Our revenue from the sugar business is Rs. 233.4 crores as against Rs. 421.1 crores.

From ethanol business is Rs. 176.3 crores versus Rs. 158.7 crores.

From power business is Rs. 73.5 crores as against Rs. 70 crores in the corresponding quarter of last financial year. Revenue from chemicals business is Rs. 46 crores versus Rs. 70.2 crores and revenue from potable spirits is Rs. 135.4 crores versus Rs. 109.3 crores in the comparable quarter. But due to lower sugar sales our sugar business has incurred a loss of Rs. 6.6 crores in the quarter as against profit of Rs. 15.7 crores in the corresponding quarter. The current quarter numbers are after considering the cane price hike. Profit from the power business is Rs. 29.1 crores versus Rs. 24.6 crores. From ethanol business is Rs. 22.8 crores versus Rs. 35.9 crores. From chemical business is about Rs. 1.00 crore versus Rs. 6.4 crores. And from potable spirits business it is Rs. 1.8 crores against a loss of Rs. 0.8 crores.

Now coming to “Consolidated Results”:

Revenue from operations during the quarter stood at Rs. 482.4 crores versus Rs. 642 crores. EBITDA is Rs. 69.7 crores versus Rs. 86.4 crores. PBT is Rs. 47.8 crores versus Rs. 67.1 crore and PAT is Rs. 31.8 crore versus Rs. 46.4 crore. The cash profit on a consolidated basis is Rs. 55.5 crores versus Rs. 69.1 crore.

So, these are significant operating and financial numbers for the quarter. Thank you once again for joining us on this conference call. We will be happy to answer any questions that you may have. Thank you.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. We have a first question from the line of Jheel Thakkar, an individual investor.
- Jheel Thakkar:** I just wanted to know how much ethanol do we expect to produce in C-Heavy syrup and B-Heavy in FY24-25. Also, what would be our selling price of the C-Heavy ethanol and ENA.
- Gaurav Goel:** Basically, obviously it will be lower than what we had done last year. On C-Heavy we will produce a bit more. For FY24 around 8 crores is the total sales that we plan to do, that will be for FY24-25 actually. Because now already for Q3, Q4 it'll be over. So, our total sales till the ethanol year which is till 31/10 will be about 8 crore liters. And the C-Heavy price is 56 and the B-Heavy and the syrup price as of now they have not set for the year 2023-2024, so we are still taking it to be the same as what it was for the year 2022-2023.
- Jheel Thakkar:** With respect to the change in procurement policy that has been brought in. What is the impact on the change in the procurement policy that has been announced by the government? What is the impact on our financials?
- Gaurav Goel:** See, on the numbers as of now it's still early days because we will be making more sugar. Earlier we would have diverted more out of syrup or out of B-Heavy. But now we are going to make more sugar for the year 2024-2025. So, what will be the price of sugar that we derive out of that will impact the numbers for 2024-2025. We do believe that India still has stable amount of stock so sugar prices should be healthy because of which it's hard to say. But I think that we'll be able to compensate for the loss that we have because of this change of policy vis-à-vis the more sugar that we'll make for the year 2024-2025.
- Moderator:** We have a question from the line of Sanjeev Damani from SKD Consulting.
- Sanjeev Damani:** My worries are about the continuing rain in the north India and maybe in our field also. Can I firstly know what is the status of the crop in our command area and if yields are okay or lower than last year?
- Gaurav Goel:** Thank you sir, you have asked a very good question. The rain that had occurred here in June-July-August, that we know that north India especially in the western part was on the higher side. Because of that we had a bit of flooding, so yields are surely slightly lower, but they are not that much lower than what we had expected. Secondly, as of now also in the last about two weeks we had some rain, but now the rains have all stopped. There is sunlight which is out in both of our plants. So, we're expecting that this rainfall will have a positive impact, the rainfall which happened in the last one week. And now we see that we are now having great sunlight in the day and it's cold during the nights. That will have a big impact. So, I believe that yields for surely are lower vis-à-vis last year as of now. But plant yield, that now we will see vis-à-vis the fresh rains that have come now.

- Sanjeev Damani:** Crushing in the last concall you had mentioned that we will have less cane to crush in this season. So, does the position remain the same or there is some change in that?
- Gaurav Goel:** It stays the same because as you know that we had a new plant which came very close to our plant at Dhampur, which has taken away a part of our cane. Rajpura also because of heavy rains and flooding there we had an impact on yield. So yes people surely are expecting to crush lower than what we did in the year 2022. As compared to 2022-2023 our cane total will be lower.
- Sanjeev Damani:** Can we quantify it right now sir?
- Gaurav Goel:** It's very hard to say. There will be an impact but again as I said to you that with the cane crop after being in business for 28 years till the last date I can assure you that no one can give you an exact thing, but we will be hoping that we won't be that much lower than what we were last year.
- Sanjeev Damani:** If I'm not wrong you had estimated that almost 30 lakh quintals will not be available to us. Do I remember it rightly sir?
- Gaurav Goel:** Yes, you remember everything. That is what I had said. We are still sticking to the same over vis-à-vis last year and hopefully we'll be better than that but that is the number that we have as of now.
- Sanjeev Damani:** One more thing, I learned from some other sources that there is a rot problem in this area of Bijnor. We are not affected. Can I get an assurance?
- Gaurav Goel:** Dhampur, if I see the area which had got into red rot is very-very small as of now but yes it has started impacting it and we've already made plans on that. We have a five-year plan.. At Rajpura the impact was slightly higher of red rot, but plans have been made to make sure that those fields are taken away and new varieties of seeds are being planted as we speak. But yes, red rot in 238 has started it's still very-very small but it can catch really fast. So, we have to make sure that we start to work, and we have already started to work for it for the last about two years. But in the next four years, a lot of effort will be put in. Because all the crop that we had as you know is all 238 so that has to be changed now.
- Sanjeev Damani:** One more thing I want to know is that while the sugar season is on we have set up a grain-based distillery also. So are we able to run it based on the grain availability like maize and rice grain, etc.
- Gaurav Goel:** Our 100-kl grain plant has been on from the day it started. It is still on as we speak but obviously because the rice and the maize prices have all gone up, margins there are lower vis-à-vis what we were expecting earlier when we had put up the plant. But our plant is running at full as of now.

- Sanjeev Damani:** The ethanol made from grain has been revised by some Rs. 6-7 recently. So, is it not helping? It has helped. So, is it not helping?
- Gaurav Goel:** It has helped, but what has also happened is that maize price has also gone up. Rice grain price has gone up with that maize prices have also gone up.
- Sanjeev Damani:** What is our estimate about the grain prices in coming days? Are they likely to come down or they will remain here only for one more year?
- Gaurav Goel:** This is a question which I've been asking my team, there is no answer because even for us this is a new trade.
- Sanjeev Damani:** Maize, etc., is being grown in our surroundings.
- Gaurav Goel:** I don't believe the maize or the maize prices to be down very much. They might be down by Rs. 0.50 or Re. 1. But I don't expect them to be down to the levels we all saw two years back.
- Sanjeev Damani:** We are not making any money, or we are making thin money in grain distilleries.
- Gaurav Goel:** Thin money. We all are making money.
- Moderator:** The next question is from the line of Avinash Nahata from Parami Financial Services.
- Avinash Nahata:** My question is regarding the prices and how they have behaved before the announcement of SAP over the last three four months. And what are the ex-factory prices and exit prices as of this quarter ended 31st December. And the current prices if you can comment please. Thank you.
- Gaurav Goel:** Are you talking about the price of...
- Avinash Nahata:** Ex-factory sugar prices.
- Gaurav Goel:** As of 31.12.2023 our average price was 39.2. As of now the present prices, which are hovering, is about 37.5 to 38.
- Avinash Nahata:** So, it has come down by Rs. 1.50-1.25.
- Gaurav Goel:** Yes that's right. But this is also expected. If you see, up till March prices are always on the lower side. And this is not only for the year 2024 but it's been for as many years. It is only after about April-May the prices again start to go up.
- Avinash Nahata:** What is the expectation looking at the overall scenario basis the crop expected and whatever embargoes are there on export, etc., what is your expectation?
- Gaurav Goel:** I believe prices to be stable. They should be in the range about 38 to 38.5 for the whole year.

- Moderator:** The next question is from the line of Udit Gupta, an individual investor.
- Udit Gupta:** What is our recovery looking like and is it any better than last year?
- Gaurav Goel:** No, it will not be better. At Dhampur, we should be almost the same as what we were last year. And at Rajpura we should be about 0.2 lower than what we were last year.
- Udit Gupta:** The reason would be red rot.
- Gaurav Goel:** Yes, red rot and the heavy rains that we had in June-July. So, these are the two major impacts that we've had.
- Udit Gupta:** What was our gross recovery last season?
- Gaurav Goel:** Gross recovery for the whole year...
- Susheel Mehrotra:** It was 12.04 for the full financial year.
- Udit Gupta:** So, we are expecting about 0.2% lesser this year.
- Gaurav Goel:** Yes.
- Udit Gupta:** Any other further CAPEX plans that we might have or anything that we are right now discussing at the board level or at the Company level?
- Gaurav Goel:** There are no plans as of now. We are going to wait till about April. Once the plants will all close, after that only we'll think about any because our plants are all pretty much geared up for the cane crush that we have. Even our capacity for the OMCs is all set. So, we really do not need any real CAPEX on both of the sides of sugar, chemical, ethanol as of now. So, there is no major CAPEX planned. But obviously we are studying about CBG, potash all these things that we all are thinking about. But we are still in a wait-and-watch mode, so no plans have been made. I think post about May is when we actually think with the board, is there any further CAPEX that we really have to do for the year 2024-2025.
- Udit Gupta:** Can you explain this compressed biogas opportunity like what is it like and select from the very scratch, further what actually we can do here?
- Gaurav Goel:** Biogas is a great opportunity. The only issue is offtake. Even though IOC and all of them have said yes that they will offtake it. The only issue is that as of now we don't have pipelines which are running through our plants and to put it into tankers and then to have it sent to the IOC becomes extremely expensive. So that is the only challenge that we have otherwise to make CBG is not that tough. We have our press mud from which we can make that, but we have to just wait and see as to how the offtake will really happen. So that is the only challenge. And I think that government of India is aware of that, and they are trying to work with the OMCs as to

how to solve the issue. And I do believe that in the next about six to nine months we'll have great answers for the same.

Udit Gupta: This press mud is generated in the sugar making or the ethanol process.

Gaurav Goel: Sugar mill. After you crush, basically the mud which comes in the cane that becomes press mud which has got inherent qualities from which you can make biogas out of that.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing remarks. Over to you, sir.

Susheel Mehrotra: On behalf of Dhampur Sugar Mills, we would like to once again thank you all for taking your time out for this conference 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 www.dhampursugar.com and post any queries you have, and we'll get back to you as soon as possible. Thank you.

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