

06.05.2024

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 Audited Financial Results for quarter and year ended 31st March 2024

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 Audited Financial Results for quarter and year ended 31st March 2024, which was held on Thursday, 2nd May 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 Q4 FY 2024 Earnings Conference Call”

May 02, 2024



MANAGEMENT: **MR. GAURAV GOEL – MANAGING DIRECTOR - DHAMPUR SUGAR MILLS LIMITED**
MR. SUSHEEL MEHROTRA – CHIEF FINANCIAL OFFICER - DHAMPUR SUGAR MILLS LIMITED
MR. VINEET GUPTA – VICE PRESIDENT, FINANCE - DHAMPUR SUGAR MILLS LIMITED
MR. AKSHAT KAPOOR – VICE PRESIDENT, 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 Q4 FY'24 and FY'24 Earnings Conference Call.

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 Agarwal, Head Institutional Equities at SKP Securities Limited. Thank you and over to you, sir.

Navin Agarwal: 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. Susheel Mehrotra – CFO; Mr. Vineet Gupta – VP (Finance); and Mr. Akshat Kapoor – VP (Operations).

We will 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 am Susheel Mehrotra. First of all, a very warm welcome to ladies and gentlemen at our Q4 and FY'24 Earnings Conference Call.

The year under consideration was full of challenges, which had impacted the overall financial performance of the Company.

1. As you know, the external factors that affected mainly the performance include the retrospective re-determination of the higher levy molasses obligation fixed by the UP State Government, which had an impact of Rs. 18.8 crores on our profits.
2. Increase in the state advised price of sugarcane, which directly impacted the cost of production.
3. The lower availability of sugarcane due to lower yields, which in turn was caused by heavy rainfall and prolonged monsoon last year.
4. And then came the ban on use of sugarcane juice and syrup for ethanol production.

However, on a positive note, commissioning of the Company's new distillery facility last year, as also the grain-based facility this year, has helped us a lot for increasing the ethanol production, and we produced 1,189.78 lakh liters ethanol versus 931.08 lakh liters compared to last year, thereby partly offsetting the negative impact of ban on use of juice and syrup for ethanol production.

The higher production of ethanol combined with the higher sugar realization in this quarter has helped us, compared to last year, partly overcome the impact of other adverse factors as well.

As a result, the revenue from operations during the quarter ended March '24 stands at Rs. 666.9 crores versus Rs. 754 crores. EBITDA is Rs. 100.5 crores versus Rs. 105.1 crores. PBT is Rs. 68.6 crores versus Rs. 78.7 crores. And cash profit is Rs. 73.5 crores versus Rs. 81.7 crores in the corresponding quarter last year.

Now, coming to the full year:

The revenue from operations stands at Rs. 2,644.1 crores versus Rs. 2,826 crores. EBITDA is Rs. 291.8 crores versus Rs. 311 crores. The positive side is we have been able to maintain the EBITDA margin at 11%, which was same as last year. PBT is Rs. 190.5 crores versus Rs. 215.1 crores. And cash profit is Rs. 216.3 crores versus Rs. 229.8 crores as compared to last year.

Now coming to the capital related charges:

Our depreciation in this quarter is higher on account of the full year's charge on the new distillery assets, as also the depreciation on grain-based distillery for three quarters of this year. Moreover, lower production and sale of ethanol which has higher cash velocity as against other businesses has resulted in higher utilization of the working capital limits. That, together with the increasing interest rate scenario, resulted in higher interest expense during the quarter, despite improvement in the Company's credit rating and replacement of some high-cost fund debt by low-cost fund. Though, in the full year, despite higher interest rate, we could save on the interest cost by efficient fund management.

Now, coming to business-wise performance:

In the sugar segment, the Company crushed 15.78 lakh tons of sugarcane in the current quarter versus 18.85 lakh tons in the corresponding quarter due to lower availability of cane. The gross recovery in this quarter stands at 11.73% versus 12.38% in the corresponding quarter of last year, which can be attributed to heavy rainfall last year, as also some impact of red rot. Now to overcome red rot, we have already laid down the plan for varietal shift and are also initiating various other actions to mitigate this loss.

Sugar production during this quarter is 1.75 lakh tons, which was 1.47 lakh tons in the corresponding quarter of FY'23, an increase of nearly 19% as a result of discontinuation of the diversion of syrup to ethanol. Sugar sales during the quarter stand at 0.71 lakh tons as against 0.96 lakh tons in the corresponding quarter of last fiscal. The average sugar realization in this quarter has been 38,165 per ton as against 34,665 per ton in the corresponding quarter of last year. Sugar production during FY'24 is 3.5 lakh tons as compared to 3.08 lakh tons in the previous year, an increase of over 14%. This again has happened due to the discontinuation of use of syrup for ethanol production.

Sugar sales during the year stand at 2.58 lakh tons. In the last year, the Company sold 3.89 lakh tons of sugar, which included 0.6 lakh tons of raw sugar. The average sugar realization in the year has been 37,359 per ton as against 34,839 per ton of white sugar in the last year. Sugar inventory

is 2.1 lakh tons as on 31 March, 2024. This was 1.2 lakh tons as on 31 March, 2023. And the sugar inventory is valued at 34,500 per ton. In the ethanol segment, total ethanol production from all feedstocks is 257.25 lakh liters in this quarter, which includes 77.11 lakh liters from maize and damaged food grain, which is 30% of the total production.

In the corresponding quarter last year, production was 347.18 lakh liters, which was entirely from sugarcane juice and syrup production. Discontinuation of use of syrup for ethanol production resulted in lower production, which was partly offset by production from maize and damaged food grain. Total sale of ethanol during the quarter from all feedstocks is 264.22 lakh liters, including 69.34 lakh liters from maize and damaged food grain, which is 26% of the total sale, versus 287.04 lakh liters in the corresponding quarter of last year.

In this year, the total ethanol production from all feedstocks is 1,189.78 lakh liters, which includes 171.67 lakh liters from maize and damaged food grain, which is 14% of the total production, versus 931.08 lakh liters in the previous year. The sale of ethanol during the year from all feedstocks is 1,231.87 lakh liters, including 157.38 lakh liters from maize and damaged food grain. Now this is 13% of the total sale vs. 897.87 lakh liters in the previous year. The production and sale of ethyl acetate has been 83.21 lakh kilograms and 78.89 lakh kilograms, versus 108.18 lakh kilograms and 107.4 lakh kilograms as compared to the corresponding quarter of last year. In the full year, the production and sale of ethyl acetate has been 327.21 lakh kilograms and 323.32 lakh kilograms, versus 345.45 lakh kilograms and 351.91 lakh kilograms as compared to last year.

Production of potable spirits during the quarter has increased to 4.95 lakh cases from 3.96 lakh cases in the comparable quarter. And sale has increased to 5.14 lakh cases from 4.14 lakh cases in the corresponding quarter of last year. In the full year, the production of potable spirits has increased to 22.42 lakh cases from 19 lakh cases, and sale has increased to 22.38 lakh cases from 19 lakh cases as compared to last year.

On the revenue mix for the quarter, sugar has contributed 46.2% of the quarter revenue, which is down from 55%. And ethanol is at 20.6%, which is up from 17.9%. Power is at 10.6%, again, up from 8.8%. The revenue from chemicals is 7.2% as against 8%. And potable spirit is 14.5% as against 9.5% in the corresponding quarter of last year.

On the profit mix for the quarter:

The sugar has contributed 29.5% of the quarter, EBIT up from 7.3%. Ethanol is at 25.1%, down from 43.6%. Power is at 41.7%, again, down from 42.2%. EBIT from chemicals is 1.6% as against 7%. And portable spirit is 2% as it is a loss of 0.4% in the corresponding quarter last year.

On the revenue mix for the current year, the sugar has contributed 43.5% of the revenue, down from 54.7%. Ethanol is at 24.7%, from 16.8%, on account of higher sales volume compared to last year. The power is at 6.8%, again, up from 6.1%. Revenue from chemicals is 7.9% against 8.5%. And portable spirit is at 16.4%, against 13.1% in the last year.

On the profit mix:

In the current year, sugar has contributed 10.8% of the year's EBIT, as against 19.8%. Ethanol is at 48.2%, up from 44.8%. Power is at 33% from 27.7%. EBIT from chemicals is 5.1% as against 7.7%. And portable spirit is at 2.6% against loss of 0.3% in the last year.

Now coming to the consolidated results:

Revenue from operations during the quarter stood at Rs. 667.1 crores versus Rs. 759 crores. EBITDA is Rs. 100.7 crores versus Rs. 108 crores. PBT is at Rs. 68.8 crores versus Rs. 81.5 crores. PAT is at Rs. 51.9 crores versus Rs. 60.7 crores. And cash profit is Rs. 73.6 crores, which was Rs. 84.5 crores last year.

On a full year basis:

The consolidated revenue from operations is Rs. 2,646.8 crores versus Rs. 2,874 crores last year. EBITDA is Rs. 293.4 crores versus Rs. 318.8 crores. PBT is Rs. 192.1 crores versus Rs. 222.8 crores. And PAT is Rs. 134.5 crores versus Rs. 158.0 crores. And the cash profit is Rs. 218 crores versus Rs. 237.5 crores.

So, these are the significant Operating and Financial numbers for the quarter and year. 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, sir. We will now begin the question-and-answer session. The first question is from the line of Aditya Agarwal, an individual investor. Please go ahead.
- Aditya Agarwal:** Sir, I have two questions. The first is, sir, what is the transfer pricing and cost of COP for B-Heavy and C-Heavy drive ethanol? And what is your net recovery for the sugar season, for the entire sugar season, '24?
- Susheel Mehrotra:** The transfer price for the B-Heavy molasses is Rs. 1,200 and for the C-molasses it is Rs. 850. And what was the next question?
- Aditya Agarwal:** Sir, net recovery for the sugar season.
- Susheel Mehrotra:** 11.73%.
- Moderator:** Thank you. The next question is from the line of Sanjeev Damani from SKD Consulting. Please go ahead.
- Sanjeev Damani:** Namaskar, sir. Sir, in very difficult times you have performed so well, so first, please accept my congratulations. And my question was, whether are we still running the mills or mills are closed by now?

- Gaurav Goel:** Sir, all the mills are closed. Both our plants are closed by now. And even in UP there will be hardly now any crew which are running as of now. UP has seen this year sugarcane was very less because of weather, because of red rot. So, the next three to five years for the whole of the state of UP it will become very important how do we change 238, the variety which gave us very good yields in the last five, six, seven years, yield of sugar as well. But it has started getting infected by red rot. Last year apart from red rot, the rains were very good. So, the low lying areas saw so much of flooding that the sugarcane crop got spoilt. So, for the coming three to five years we have to work really hard so that our variety can change. That is the major work that we have for now.
- Sanjeev Damani:** Sir, one more thing, it is a very clerical thing, but I want to understand that in our segment-wise revenue, unallocable liabilities are shown as Rs. 1,070 crores. So, I mean, can I get some understanding about this amount?
- Susheel Mehrotra:** Yes. These are actually largely the working capital borrowings, because the borrowings cannot be allocated to any segment.
- Sanjeev Damani:** So, actually I also thought that way. But sometimes, sir, when the asset liabilities are put in sugar segment, the working capital related to sugar segment can be added there only, in liabilities, instead of unallocable. Can it be done?
- Susheel Mehrotra:** Yes, you are right. But the working capital is generally a pool, so that is why it is shown as unallocable.
- Moderator:** Thank you. We will take the next question from the line of Avinash Nahata from Parami Financial Services. Please go ahead.
- Avinash Nahata:** Sir, what are the expectations as far as sugar prices are concerned for the next five, six months? And what has been the recovery, industry-wide recovery?
- Gaurav Goel:** So, I believe that the prices should stay within the same range. As of now I believe that for the next five to six months the prices will range in the range of 38% to 39%, will be the price range that we will see over the next five to six months. And as far as your other question goes, ours was 11.73% for the quarter and 11.63% for the whole year, which is sort of over the average of what was there in UP.
- Avinash Nahata:** And this would be up, on an average, 10 basis points to 20 basis points?
- Susheel Mehrotra:** Yes, about 20 bps we will be higher than the average of UP.
- Avinash Nahata:** And any global context if you can give us regarding the global crop and the pricing behavior?
- Gaurav Goel:** So, basically the prices have come down over the last four to eight weeks. Brazil is seeing a good crop as of now. Obviously, India has not exported for the year 2024 as of now. We are not sure whether exports will happen or not, but we have surely asked the government to allow exports of 2 million tons. But that will have to wait till June once all of this is over, because India has

sufficient stocks as of now. So, we hope that the government will allow 2 million tons of exports post June.

Avinash Nahata: And on a price parity basis, given the current given the current raw sugar prices, how much premium it trades to the domestic prices?

Gaurav Goel: So, as of now, as you know, there will be no export of raw because most of the plants are now shut, so there will be no raw which will be made. All the exports, if it is allowed, will only happen in white, whether it is refined or it is your Sulphur white sugar.

Moderator: Thank you. As there are no further questions from the participants, I would like to hand the conference over to Mr. Goel 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 that you may have, and we will get back to you as soon as possible. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of SKP Securities Limited, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.