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Symbol: BALRAMCHIN	Scrip Code: 500038

Dear Sir/ Madam,

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Subject: Transcript of Earnings Conference call

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Q4 & FY24 Earnings Conference Call held on 21st May 2024.

The same is also uploaded on Company's website: www.chini.com

Thanking You.

Yours faithfully

For Balrampur Chini Mills Limited

Manoj Agarwal

Company Secretary & Compliance Officer



Balrampur Chini Mills Limited

Q4 & FY24 Result Conference Call May 21, 2024

Moderator:

Ladies and gentlemen, good day and welcome to Balrampur Chini Mills Limited's 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. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jenny Rose Kunnappally from CDR India. Thank you, and over to you, ma'am.

Jenny Rose Kunnappally:

Good afternoon everyone, and thank you for joining us on Balrampur Chini Mills Q4 and FY24 Result Conference Call. We have with us today Mr. Vivek Saraogi, Chairman and Managing Director of Balrampur Chini Mills; Ms. Avantika Saraogi, Executive Director; and Mr. Pramod Patwari, Chief Financial Officer of the Company. We would now like to begin the call with brief opening remarks from the management, following which we will have the forum open for the question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and disclaimer to this effect has been included in the results presentations shared with you earlier.

I would now like to invite Mr. Saraogi to make his opening remarks. Over to you sir.

Vivek Saraogi:

Hello and good afternoon, everyone and thank you for joining us on our Q4 & FY24 results call. I trust all of you have got the opportunity to go through the results presentation, providing details of our operational and financial performance. I will initiate the call with a brief update on the sugar sector.

As per the latest industry data, India's sugar production is expected to reach 32 million tonnes, this is net of diversion in the season 2023-24, which is just slightly lower than 32.8 million tonnes produced in the preceding season 2022-23. Maharashtra sugar production unexpectedly increased to 11 million tonnes, where UP had a bit of a decline, which was not expected, but it came down to 10.35 million tonnes. Karnataka produced 5.25 million tonnes.

Considering an opening stock of 5.6 million tonnes and a projected consumption of 28.7 million tonnes, we anticipate the closing stock for the year to be about 8.9 million tonnes. In the coming season, that is 2024-25, production is expected to moderate to 31 million tonnes pre-diversion. So, let me put out a sort of disclaimer here that, this is very early days to be able to comment on 2024-25 production, but this is the best guess available as on-date. Given the opening stock of 8.9 million

tonnes, we expect the government's intervention to facilitate the diversion towards ethanol to manage the excess inventory and that would also support sugar prices.

So, basically, the knee-jerk reaction, which happened owing to a perceived lower production not only in 2023-24, but 2024-25, we hope there will be corrections. We've already got 2023-24 production, 8.9 million tonnes stock and we're definite that the next year production will be higher than the consumption. Hence, there will be about more than 3.5 million tonnes available for diversion to ethanol, that's our best belief as of today.

Moving on to our business performance, we have delivered robust operational and financial performance during the year, supported by strong volumes and realizations, both in sugar and distillery segment.

On the PLA project, we have contracted with renowned global technology providers, setting the stage for the development of India's first integrated sugar-to-bioplasic facility, projecting a new avenue for growth and market leadership.

Thank you. Now I hand over the floor to Pramod. Pramod, over to you.

Pramod Patwari:

Thank you, sir, and good afternoon, everyone. As the presentation has already been shared, I will not repeat the financial highlights. I would now request the moderator to open the forum for question-and-answer session. 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 Prashant Biyani from Elara Securities.

Prashant Biyani:

Sir, we had done very good crushing volume on a FY to FY basis, but for the season also we had guided for around 10% increase in crushing. Unfortunately, that has not happened, can you explain the reason for it?

Avantika Saraogi:

Good afternoon. Thank you for the question. So, there were about two, three factors at-play. I think the first and something which has not happened ever in my father's career of 37 years and this has been widely discussed is that, we had never seen the impact before of zero winter rain. So, the yield which was projected for planned cane was quite reduced due to this which we could not predict because the cane was standing in the field, but it had lower weight. This is one of the major reasons that we were not able to predict it even until the very end. A couple of things which happened due to the reaction of the government also and then the election year being at play is that, a diversion to unorganized MSME sector of Khandsari and Gur increased because they were able to pay higher prices due to the election and the unorganized liquor demand and as well as very good gur prices. Both, consequently made farmers divert more than what we had anticipated as well. And the third factor is that, this time due to the lack of winter rain again there were a lot of extra animal attacks and rodent attacks which had never occurred before. So, these are the major reasons that we had a lower crush. Also the reduced crush which happened in some of the mills due to the ethanol policy being changed that also impacted us because we had to reduce crush in few of our units.



Vivek Saraogi: So, what I would like to add to this is, as Balrampur we crushed 2% lower than our last year's crushing. And in UP apple-to-apple basis crushed about 12% lower cane?

Pramod Patwari: Around 8%. UP was down by around 8%.

Vivek Saraogi: We crushed 1009 lac quintals this season as compared to 1030 in previous season.

Vivek Saraogi: So, UP if you see other groups they've come down by 10%, 12% and we've come down by 2%. So, basically there has been an error of average 10% calculation of cane by everybody in their projection which did not fructify. This is a very weird agroclimatic condition.

Prashant Biyani: Ma'am, the first point you mentioned was that zero winter rains impacted yield. Am I correct?

Avantika Saraogi: Yes. It impacted the yield of plant cane.

Prashant Biyani: Secondly our domestic quota for sugar I believe was somewhere around 1,59,000 tonnes and we have sold 2,25,000 tonnes. I believe, we cannot sell above quota and there is no carry-forward of previously unsold quota also? So, am I missing something here?

Pramod Patwari: So, there is no separate penalty as such. Yes, you are right, we sold slightly higher in March quarter and you may be aware of the fact that in the April month's quota government has deducted around 25% out of our eligible quota, beyond this nothing is carried forward.

Sir, just to reconfirm the UP crushing number, this year it is 980 lac tons versus last year 1,082 lac tons. So, it's around 9% down in UP.

Prashant Biyani: Vivek sir, where do you expect the sugar price to move in one or two quarters?

Vivek Saraogi: Just to tell you the sugar price has been pretty stable, despite this ethanol sort of curtailment of diversion. So, we are selling around Rs. 3,950 per quintal odd or average around Rs. 3,925-3,950 per quintal because we have various mills making sulfitation and refined sugar. So, I don't think this price would come down from here. It should gradually inch up, very gradually.

Prashant Biyani: Right. And sir, post this price increase in maize ethanol, is the profitability better than what industry was able to earn from FCI rice-based ethanol?

Vivek Saraogi: Pramod, can you answer that.

Pramod Patwari: Okay. So, Prashant, this will vary company to company, what kind of overhead we have in that particular unit but having said that even at the maize price of, say, Rs. 72 per litre, it is not as profitable. FCI rice works very well.

Moderator: The next question is from the line of Sanjay Manyal from DAM Capital.

Sanjay Manyal: I have just two questions. One is on the reduction in the crushing number, which is 2%. So, is there any impact of the lower sugarcane yield of newer variety? Is there any difference between CO-0238 and the newer variety, which we have sort of applied in the last few seasons?



Avantika Saraogi: So, definitely CO238, the yield was a bit more. But the point is that the deteriorated CO238 yield versus other new varieties are much better. So, CO238, yes, if you're talking about historical, about four years ago versus the new varieties of today, I would say that there is a slightly lower yield, but nothing to write home about in the sense that the drawl which we have, that means the supply yield that we have is still quite low. So, the varietal impact is not that much, I would say.

Vivek Saraogi: So, yes, CO238 yield is not available in any other variety. Having said that CO238 was already dying and, you cannot have that.

Avantika Saraogi: The deteriorated CO238 yield, recovery, everything was not working out.

Vivek Saraogi: So, agroclimatic conditions, how much ever we predict, when the cutting yield comes in and there are variations, some things are out of your hands. And this has happened all across UP, each group. Comparatively, this is not a defense we have done the best, in terms of reduction of 2%.

Sanjay Manyal: Right. So, what we can understand from the next season perspective, given that now I believe 90% of our variety are the newer ones, and if there are normal weather conditions, because last time I think you mentioned that you planted almost 7% to 8% higher.

Avantika Saraogi: I'll give you the visibility. So, basically, our CO238 is down to 8% for next season. And there is other good varietal balance apart from that. Now, if we have to talk about yield, variety is not the only influencing factor. In fact, the agroclimatic conditions will affect us much more than the variety because all the varieties which we have planted are only released by the scientists and agricultural research unit after they can prove a 1,000 quintal per hectare yield. Before that, a variety is not allowed by law to be released. Our supply yield is around 300 only. So, this varietal influence on yield is actually the lowest in our group. Other groups, I don't know. But for our group, the varietal impact on yield is a bit low. Other than this, the agroclimatic conditions, if they are to be distributed rain, we will enjoy a very, very good benefit of that no matter which variety we have because all our varieties are still very, very, very good. And you've seen the increase in recovery. You've seen this 11.72% is the FY24 recovery, Pramodji?

Vivek Saraogi: Pramod, what's the recovery for the FY24 and for the season?

Pramod Patwari: Season is 11.72%, FY24 is 11.73%.

Avantika Saraogi: So, FY24 11.73%, this is one of our highest recoveries ever that we have achieved.

Vivek Saraogi: So, on the September results call which would be in October at that point of time, we will be able to give much better visibility.

Sanjay Manyal: Sir, just one more question on the ethanol front, given the fact that at the country level, we have a sufficient inventory now and the government most probably will allow higher diversion from the next season. So what could be our distilled capacity utilization for the next season, 2024-2025?

Vivek Saraogi: Again, we have to wait it out. So these figures indicate that we will be much better-off without a doubt. Having said that, it is very difficult to give this expectation data, let it come out. But there is



enough sugar, as we told you on the call to be able to get distillation orders much more than the previous year.

Moderator: The next question is from the line of Achal Lohade from JM Financial.

Achal Lohade: Sir the first question on the cane crushing again. So, if we understand correctly, basically, it is to do with the agroclimatic condition coupled with the election-related event, which has resulted into lower cane crushing for us, as well as the state as a whole. Have I understood it right?

Avantika Saraogi: Yes.

Achal Lohade: Okay. Now, specifically for us, if you could talk about Avantika with respect to, you said 8% of sugar season 2025 will be the CO238. What was it for sugar season 2023-24 and 2022-2023, would you be able to give that number?

Avantika Saraogi: For sugar season 2023-24, it was upwards of 20%.

Achal Lohade: And prior year, would you know that?

Avantika Saraogi: It would have been, I mean, I don't know the exact figure, but it would have been upwards of between 35%-40%.

Vivek Saraogi: I would say, closer to 40%.

Achal Lohade: Okay, understood. So since we have done so much work on the sugar cane part for several years now, our mix is substantially different from the other groups or in the state according to you or everybody is kind of working towards that and hence, I mean, we would be better, but still, is that materially different?

Avantika Saraogi: I think our CO-0118 percentage should be higher than the rest of UP and maybe one or two other new varieties should be higher than the rest of UP.

Vivek Saraogi: It's very difficult to be able to give the variety configuration of others.

Avantika Saraogi: So, see west we know, has more CO-238.

Vivek Saraogi: West is having a lot of CO-238.

Avantika Saraogi: And they will take one more year to come out.

Achal Lohade: Okay, understood. And if you could give, I mean, you have kind of covered in the answer with respect to the yield is lower than the original CO238, but it's better than the deteriorated CO238. But in terms of recovery rate how do they stack up?

Avantika Saraogi: Recovery you've seen the performance already with the upwards of 20% of CO238 versus what it was last year and then next year, let's hope for a rise again.



Vivek Saraogi: But we will wait till October. So, your question, if I've understood, is how much better are we? You're comparing us to the competition, right?

Achal Lohade: No. Let me rephrase. For the CO-0118 variety, what is the recovery rate, a thumb rule, compared to CO238?

Vivek Saraogi: CO-0118 is very decent recovery. CO-0118 is the best recovery in the current variety test.

Achal Lohade: Okay. Would you be able to share any percentage now?

Avantika Saraogi: We can't do it this way, actually, because it will not be accurate data.

Vivek Saraogi: All this data we will get in October. But we are on the right line.

Avantika Saraogi: It's better than old CO238 .

Vivek Saraogi: Right. Old CO238 at its peak was very good.

Achal Lohade: Now, let me ask in terms of, given where we are standing, I know it's hard to call out, but still if we were to build a number for coming year, FY25, how do we look at the cane crushing volume? Do we assume an increase? Do we view flat?

Avantika Saraogi: We were not able to predict it this time, now we will not predict it.

Vivek Saraogi: I don't care if others were down more than me etc, we'd be very careful and cautious when we predict next year. We are going in far-far deeper calculation.

Achal Lohade: Understood. Okay. Now with respect to you know the PLA, if you could give some heads up you know is there any further update post the last call what we had on PLA apart from the tie-up what we have with the vendors and the tech partners, any particular timeline, etc?

Avantika Saraogi: Everything is on-track as per what it was the last time, when we do have an update we have a separate call for that.

Vivek Saraogi: Orders are out. We are working hard on developing the market. Its building towards the commissioning, whatever has to be done before that. As Avantika said, anything more meaningful except saying that we are in the right direction, we will have a call later on.

Achal Lohade: Understood, okay. Since you are not able to give the cane guidance, I presume you won't be able to give any crushing in terms of the distillery volume guidance as well right?

Vivek Saraogi: They are linked to each other.

Achal Lohade: Exactly. Okay, understood. Just on the transfer pricing, if you could mention what is the transfer pricing? Is there a change in this season for B-heavy and syrup?



Pramod Patwari: No change. Achal, no change from last year; B is still at Rs. 1,090 per quintal and Juice obviously will be at cost.

Moderator: The next question is from the line of Shailesh L. Kanani from Centrum Broking.

Shailesh L. Kanani: Sir, couple of questions from my side. So I wanted to get some sense on realizations. You have answered in part, but if FY24 was good in terms where we have seen 6% increase, especially considering that last year was 15% export as well. So in our model building how do you think we should factor in this considering the current environment and next season, if you can give some color on that?

Vivek Saraogi: Pramod?

Pramod Patwari: For the financial year gone by, it was Rs.38 per kg. Currently we are selling sugar at around Rs. 39 plus per kg. So, we have given our thought that it is going to remain stable at this point in time and with a bias towards inching up, but on a gradual basis. So that's the range in which you can assume in your model.

Shailesh L. Kanani: Fair enough. Sir also on a PLA project, just an extension of the earlier question, can you give some guidance with respect to how the capex is going to flow in the next two years in terms of our project, if that is possible?

Avantika Saraogi: We don't have the visibility exactly.

Vivek Saraogi: Let's get more visibility and we will definitely keep you updated.

Avantika Saraogi: In fact the moment we do have something to report we will definitely organize a separate call just for that and we'll have enough substantial information to give you.

Shailesh L. Kanani: Okay. Fair enough. So in that case just the last question, tax rate going ahead we had little bit higher tax rate for last year, so 2025 & 2026 what is the tax rate we are going to have?

Pramod Patwari: So we will continue to be under MAT. But there will be some provision account of deferred taxation in the year gone by it was around 29% put together for the time being we can assume to be at the same level.

Shailesh L. Kanani: Okay. So just one last question, I'm just trying to get some clarity on the ethanol volume. In the last call we had guided that we will try to achieve the same volume numbers for next year. Do you think that is a possibility for FY25 to achieve the same volume numbers?

Pramod Patwari: So Shailesh though, it's very difficult to give any visibility on cane crush for the sugar season. But as far as March is concerned, I think for the purpose of model building, we can assume around 9.8 to 10 crores quintal of sugar cane crushing. This will obviously include whatever cane we have crushed in the month of April this year.

Vivek Saraogi: And Pramod is talking of the financial year, not the season.



Pramod Patwari: Yes. I'm talking only of financial year.

Shailesh L Kanani: Fair enough. And how would that translate into ethanol volumes because there would be some component of cane?

Pramod Patwari: We have to assume certain thing that we will get full diversion in place with respect to juice, with respect to B-heavy and if that is played out then we can definitely estimate the numbers as well.

Vivek Saraogi: But Pramod to everybody that is not yet clear.

Pramod Patwari: It is not clear as of now. We will have to wait till September end to get a sense.

Shailesh L Kanani: So the current Maizapur facility are we using any of the feedstocks available from the market broken rice, corn or maize? What is the approach till the time the season starts any colour on that, if you can provide?

Vivek Saraogi: We did run for a few days on broken rice and on maize also. So Pramod you have the figures in hand?

Pramod Patwari: For the full year FY25?

Vivek Saraogi: Till September, I think we have done 40 days of rice and about 30 odd days on Maize if my memory is correct.

Pramod Patwari: Whatever feedstock we are having as of 31st of March and whatever additional crush we did in the month of April on that basis, I think we should be in a position to be distil around 10 crores liter of ethanol before beginning of the new season.

Shailesh L Kanani: That's quite helpful sir.

Moderator: The next question is from the line of Vikram Suryavanshi from PhilipCapital India.

Vikram Suryavanshi: You gave transfer pricing for B and juice, but what was the transfer price for C molasses?

Pramod Patwari: C molasses is Rs. 600 per quintal.

Vikram Suryavanshi: And was there any bagasse sale for full year or fourth quarter, if you can give the quantity of bagasse sale?

Pramod Patwari: Bagasse sale for the year? We will come back to you on this.

Vikram Suryavanshi: What I was trying to understand that now some of the power plant, PPA has been expired so that prices are quite remunerative, so how is the process for other plants to renew our PPAs how is that schedule and will that make sense to convert that bagasse because I think 5.25 is quite good price to convert from bagasse to power?

Vivek Saraogi: So Pramod you can give the data?



Pramod Patwari: Bagasse we sold around 5 lakh tons in the full year FY24 and two of our plants are already outside the ambit of PPA. So we are exporting power through these plants in open access market and I think the next plant will come out of PPA only in the year 2026.

Vivek Saraogi: In 2025-2026 something like that, I don't have numbers. We are getting very good rates. In one unit we got Rs.8 per unit.

Vikram Suryavanshi: And currently how much is the prevailing bagasse prices for us, if you want to know sale outside?

Pramod Patwari: Bagasse transfer price is Rs. 1800 per ton.

Vikram Suryavanshi: I think that is same what we are continuing till now. And last question sir if you look at today's prices for maize will we use the multi-feed grain distillery for maize to ethanol or will keep it as option for when if government allows from B or juice I think that would be more profitable? At prevailing prices can we go for this maize to ethanol capacity utilization?

Pramod Patwari: We are already running on maize.

Vivek Suryavanshi: So around 4 crores to 5 crores liter capacity we will use it for this year also?

Vivek Saraogi: Yes. Our ability is to run on all feedstock. Depending on the price and the profitability one takes a decision at the beginning of the year based on government policy. Don't worry, we will do our best, take the best decision, but not everything is in our hands.

Vikram Suryavanshi: Understood sir.

Moderator: Thank you. Ladies and gentlemen we will take that as the last question for today, I would now have the conference over to the management for closing comments. Over to you.

Vivek Saraogi: Thank you everybody and I think Pramod is there, we are all there for any questions and we hope to clear out all of the ambiguity in the September quarter results.

Pramod Patwari: Thank you everyone.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.

