

14.08.2023

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 Call with respect to Unaudited Financial Results for quarter ended 30th June, 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 call on Unaudited Financial Results for quarter ended 30th June, 2023, which was held on Wednesday, the 9th day of August, 2023.

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 Q1 FY-24 Earnings Conference Call”

August 9, 2023



MANAGEMENT: **DHAMPUR SUGAR MILLS LIMITED**
MR. GAURAV GOEL – MANAGING DIRECTOR
MR. ANANT PANDE – CHIEF EXECUTIVE OFFICER
MR. SUSHEEL MEHROTRA – CHIEF FINANCIAL OFFICER
MR. VINEET GUPTA – VICE PRESIDENT (FINANCE)
MR. AKSHAT KAPOOR – VICE PRESIDENT (OPERATIONS)

MODERATOR: **MR. NAVIN AGRAWAL**
HEAD (INSTITUTIONAL EQUITIES), SKP SECURITIES LTD
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Moderator: Ladies and gentlemen, good day and welcome to the Dhampur Sugar Mills Limited Q1 FY24 Earnings Conference Call hosted by SKP Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask question 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 Agrawal – Head (Institutional Equities) at SKP Securities Limited. Thank you, over to you.

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

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

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

Anant Pande: Good afternoon. Thank you, Naveen. Good afternoon and a very warm welcome to all those who are present in the Dhampur Sugar Mills Q1 FY24 Earnings Conference Call.

First of all, let me share the “Operating Numbers” of the Company:

The Company crushed 7.45 lakh tons of cane in this quarter vis-à-vis 7.18 lakh tons in the corresponding quarter last year. During the season '22-23 cane crush was higher by 7% at 39.28 lakh tons, this was against 36.61 lakh tons during the season '21-22.

During season '22-23, the Dhampur unit crushed 26.5 lakh tons cane, which was the highest ever in the history of Dhampur Unit.

During the quarter, we have successfully commissioned the 100 kiloliters per day grain-based distillery as also additional 5.5 MW capacity for cogeneration of power at the Dhampur Unit.

The gross recovery in this quarter was marginally lower at 12.39% versus 12.65% in the corresponding quarter last year.

Sugar production during the quarter is 0.51 lakhs tons versus 0.57 lakh tons in the corresponding quarter. This was lower mainly on account of diversion of 2.63 lakh tons of cane for production of ethanol through the syrup route, which was 1.76 lakh tons in the corresponding quarter last year.

Sugar sales during the quarter has been 1.22 lakh tons, in the corresponding quarter last year, the Company sold 0.90 lakh tons, white sugar and 0.32 lakh tons of raw sugar, aggregating to total sugar sales of same 1.22 lakh tons.

Average sugar realization in this quarter has been Rs. 36,387 per tonne versus Rs. 34,469 per tonne in the corresponding quarter last year.

Moving on to ethanol:

Our total ethanol production during the quarter is higher by 70% at 335.30 lakh liters versus 196.85 lakh liters in the corresponding quarter last year. Production during the quarter through syrup route is 211.52 lakh liters and from B-Heavy molasses is 123.7 lakh liters. This was against 152.27 lakh liters to syrup route last year and 44.58 lakh liters from the B-Heavy molasses in the corresponding quarter last year.

Sales of ethanol during the quarter is 251.56 lakh liters through syrup route and 105.89 lakh liters through B-Heavy molasses versus 171 lakh liters through syrups route and 49.4 lakh liters from B-Heavy molasses in the corresponding quarter last year. This is an increase of about 62%.

In Chemical segment, the production of ethyl acetate is 101.85 lakh kgs which was 14.4% higher compared to the corresponding quarter last year.

Sale of ethyl acetate 101.78 lakh kg versus 96.07 lakh kgs in the corresponding quarter last year.

In the Potable Spirit section, production of potable spirit is 6.2 lakh cases versus 5.91 lakh cases in the corresponding quarter last year and the sale of potable spirit is 5.95 lakh cases versus 5.77 lakh cases in the corresponding quarter last year.

Those were the operational numbers and I would like to invite our CFO – Susheel Mehrotra to take you through the financial performance of the Company. Thank you very much.

Susheel Mehrotra: Thank you. Good afternoon once again, ladies and gentlemen and a very warm welcome to our Earnings Call for Q1 FY24.

Coming to the “Financial Performance” of the Company:

Our Board of Directors approved the Results for Q1 FY24 yesterday. That was 8th of August 2023. During the quarter ended June '23 our overall financial performance has shown improvement on all the fronts.

Income from operations is higher by 11% at Rs. 915.9 crores versus Rs. 824.6 crores in the corresponding quarter last year.

Profit before tax is higher by 26% at Rs. 67.8 crores, which was Rs. 53.8 crores last year in the same quarter. Profit after tax is higher by 27% at Rs. 45.2 crores, which was Rs. 35.7 crores in the corresponding quarter last year. The cash profit is higher by 24% at Rs. 69.5 crores. Vi-a-vis Rs. 56.1 crores in the corresponding quarter last year.

The sugar inventory valuation rate is 32.15 per kg as on 30th June 2023. The closing sugar inventory as on 30th June '23 is 0.48 lakh tons, which is lower mainly on account of diversion of 2.63 lakh tons of cane for production of ethanol through syrup route, which is higher by 49% as compared to corresponding quarter last year.

Let me now take you through the business-wise performance:

Our revenue from the sugar business is higher by 6% at Rs. 581.6 crores versus Rs. 548.2 crores last year in the same quarter. Revenue from the power business is higher by 7% at Rs. 46.8 crores versus Rs. 43.8 crores in the corresponding quarter last year.

Revenue from ethanol business is higher by 66% at Rs. 238.3 crores versus Rs. 143.8 crores in the corresponding quarter last year, which is mainly on account of better utilization of efficiencies and our additional capacity which was commissioned in February 2023.

Revenue from Chemical business is marginally lower by 11% at Rs. 81 crores versus Rs. 91.3 crores in the corresponding quarter last year.

The revenue from potable spirits is higher by 4% at Rs. 143 crores versus Rs. 137.6 crores in the corresponding quarter last year.

Our profit from the sugar business is Rs. 27 crores versus Rs. 25.5 crores. Power business profit is Rs. 16 crores versus Rs. 16.6 crores almost same as last year.

From ethanol the profit is higher by 51% at Rs. 39.2 crores versus Rs. 26 crores in the corresponding quarter last.

From Chemical business, the profit is Rs. 7.2 crores versus Rs. 10.6 crores in the corresponding quarter of last year and the potable spirits is Rs. 1.1 crores versus Rs. 0.01 crore in the corresponding quarter of last year.

Now coming to Consolidated Results:

Revenue from operations during the quarter stood at Rs. 916.4 crores versus Rs. 833.9 crores in the corresponding quarter last year. EBITDA is Rs. 95.5 crores versus Rs. 86.9 crores. Profit before tax is Rs. 68 crores versus Rs. 57.4 crores and profit after tax is Rs. 45.4 crores versus Rs. 39.3 crores last year.

The cash profit is Rs. 69.7 crores this year, June quarter versus Rs. 59.7 crores in the corresponding quarter of the last financial year.

With that, I would like to thank you once again for joining us on this Conference Call. We'll be happy to answer any questions that you may have. Thank you so much.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. We'll take the first question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: I have a couple of questions. First, what will be our distillery capacity now after our addition of this 100 kl new capacity? And my second question is on sugar production so for this upcoming sugar season, what is your outlook in terms of production and acreage?

Anant Pande: So, distillery capacity with the current expansion, we have gone up to 350 kl per day on C-Heavy molasses. Plus, 100 kl per day on grain. So, we can run either or. Either we can run almost 475 or 480 kl on B-Heavy and otherwise 350 on C-Heavy and 100 on grain.

Kaustubh Pawaskar: And on sugar production what is your outlook for the upcoming season?

Gaurav Goel: Again, very early days as of now. Still, we've been having a lot of rains all over India right now. It seems that vis-à-vis North India, at least I can say that the yield seems to be slightly higher, but low-lying areas where there is a bit of

flooding. It's still early days, but I still believe that North India should make more than what we did last year. But I think in the Q2 call, I'll be able to offer you all better numbers because rains are still on as of now as we speak.

Moderator: Thank you. We'll take the next question from the line of Nikhil Saboo from SKP Securities. Please go ahead.

Nikhil Saboo: Now, with enhanced distillery capacity 350 KLPD from C-Heavy route and 100K LPD from grain so what would be our guidance for ethanol production for FY24?

Gaurav Goel: See again on that. It becomes slightly hard to answer as of now because we are not sure about what will be the policy of levy, which is there in the UP which you must have heard in your earlier calls so that because of that we are still not sure but if we see that on our B-Heavy and syrup we can go up to 455 kl and to run for 345 days at least so from that perspective we can do almost close to Rs. 14.5 crore even if we take a levy. So, that is what we'll have to just wait and watch that what is the levy policy that UP takes in the year '23-24. But I would say that safely we can talk about 11.5 crores to 12 crores is what we can supply to the OMC next year.

Nikhil Saboo: Sir, additional anything from grain?

Gaurav Goel: This is a part of grain, so grain was put as an option. In case we all believe that sugar prices or B-Heavy prices are more viable at that point time we can shift 100 kl of our full 455 into grain. So, grain for us is an option. With the increase in grain prices that we have seen, which have just happened last week, we do plan to start our grain plant back. So, grain will always be an option for us and grain was put up only from that perspective as to how much of sugar I will sacrifice and how much of that I'll put into grain.

Nikhil Saboo: Off late, the FCI has stopped supplying grains and the OMCs are also compensated in terms of better prices. They have revised are prices higher, but still prices are not as remunerative as compared to your FCI supply so what

will be like your guidance if this FCI issue remains for a long period, then what would be our strategy here?

Gaurav Goel: As I said earlier, also out here to you Nikhil, grain for us is an option. As soon as you see there is a better opportunity vis-a-vis the sugar sacrifice and grain, we will move to grain. So, we are not a single plant, which can only do grain or B-Heavy or syrup, ours is all joined. So, from that perspective this is the beauty that we have right now within our structure is that in case we find the margins better from grain, we can switch 100 kl to grain or we stick to syrup and to B-Heavy. So, this is an advantage that Dhampur has got as of now.

Nikhil Saboo: So, my last question is for sugar season '22-23, our focus was more towards diversion, right. And as of now our sugar inventory is on the lower side. So, by when do we expect that complete inventory to get liquidated and what would be our strategy for next year because currently when the sugar prices are quite high in the range of 36 to 37, but we are low on sugar inventory right now so I just need your view.

Gaurav Goel: Again, this is a call out here Nikhil that we will take year-on-year. I still believe that even next year India will have a surplus whether exports are done or not I really can't say as of now. So, as far as Dhampur goes, we'll still continue our focus on diverting sugar more and more. And that is one of the reasons why you are seeing our stock to be low. Now I could have had a higher stock and not done this. So, I would always say that India, as long as we are in surplus as far as Dhampur goes, we would like to go more on the side of diversion to the OMCs rather than us making sugar. Now vis-à-vis grain we may bring that down if the grain prices sort of dropped and the grain OMC prices go up, that opportunity, as I said, will always be there. So, sugar stocks for me, always good to be low. So, sugar stocks we don't ever want to have high sugar stocks. And I can say for everyone, sugar stocks in India are healthy as of now. So, there is no issue of sugar shortage. So, every company will play its own little sort of tweaks and balances, but I think that we are in a sweet spot as of now.

Moderator: We'll take the next question from the line of Udit Gupta, an Individual Investor. Please go ahead.

Udit Gupta: I would like to understand after the increase in the prices by the government for the grain maize, so is it now remunerative or is it still not that remunerative?

Gaurav Goel: Even after the increase in the prices that they've done, I think that we are just about come to some sort of a break even status because since FCI sort of said no for supplies and then the rice exports were banned. Prices have sort of gone up as such in the open market. So, I'm very happy that the Government has taken the stand, but even after the even after the price which has gone up for rise by almost 4.8 and for maize by about 6, it is just about viable right, right now. But it's not some higher margin game that we are playing.

Udit Gupta: The price for the broken rice in the market is about Rs. 24 per kg, Sir.

Gaurav Goel: It is actually more than that. So, Rs. 25 by the time we will reach our plant will be about Rs. 25 – Rs. 25.5. So, I and plus also the availability of broken rice is also limited as of now. So, apart from the price perspective, availability is the issue.

Udit Gupta: So, are we just doing it from rice or were we looking at corn also?

Gaurav Goel: So, so we have just added from maize as we speak

Udit Gupta: So that is more remunerative for us?

Gaurav Goel: Again, we are trying maize for the first time, so we'll have to see what are the yields. We've done our homework on paper, but once we go actual practicality of the plant, we will know exactly what are the cost, and what the amount of DDGS that we will get. But again, we all don't believe that maize will be a loss but we have to wait and once we see exactly what is the margins that we have out of maize.

Udit Gupta: And Sir the DDGS prices, have they also come down?

Gaurav Goel: Yes, DDGS prices have also been down for the last about 2.5 months.

- Udit Gupta:** So, how much are they down?
- Gaurav Goel:** So, they were down to almost Rs. 24. Now they're after about Rs. 25 – Rs. 25.5.
- Udit Gupta:** And for the bagasse prices, are there ruling stable in case we sell any?
- Gaurav Goel:** No, we don't sell any as of now. So, all stock that we have, we have not sold anything or or had to buy. So, that's why but bagasse prices as far as I know what they are hovering in North India is about Rs. 3000 to Rs. 3500 per ton is the price as of now.
- Udit Gupta:** So, by next quarter, you'll be able to give us a better idea for the grain distillery, I guess.
- Gaurav Goel:** Yes, for surely, definitely.
- Udit Gupta:** The last question that you just told that about the leavy molasses could change in this year? So, if you assume that the leavy molasses remain the same, then we can supply about 12 crores liters to the OMCs.
- Gaurav Goel:** Yes.
- Moderator:** Thank you. We'll take the next question from the line of Aditya Agarwal, an Individual Investor. Please go ahead.
- Aditya Agarwal:** My question is about the transfer pricing and recovery of syrup and B-Heavy and also can you shed some light on the costing in terms of yield?
- Gaurav Goel:** So, our transfer pricing right now for B-Heavy is 1125 for syrup is 5450. As far the yield goes, B-Heavy yields anything from depending on the PRS there is no actual rule on that. But you should assume from 300 to 310 is the yield for B-Heavy. Syrup, the yield obviously varies again vis-a-vis what is the poll in cane at that point of time, so it may be hard to put a number because the poll in cane is lower than the starting, then it goes up during January, February,

March. So, that's where the yield is not very easy to judge. There is no average that I can offer you.

Aditya Agarwal: And also, congratulations to Dhampur for the highest crushing.

Gaurav Goel: Thank you so much.

Moderator: We'll take the next question from the line of Udit Gupta, an Individual Investor. Please go ahead.

Udit Gupta: Sir, I had another question, we were earlier thinking of doing something in the chemicals or the bioplastics line, is there any progress on that front?

Gaurav Goel: Not as of now because there are so many other opportunities which the Government has thrown up in front of us vis-a-vis CBG, . Potash so from that perspective we are seeing this to be a line that perhaps is right down our alley right now. So, Chemical as an option is isn't shut right now, but we are studying more on the CBG part as of now.

Udit Gupta: For the lifting from the OMCs, there was some companies had said that there was a problem in the last quarter or in the current quarter. So, how is it going for us like that?

Gaurav Goel: I think right now it has all it has all become fine for us at least. We haven't had an issue for the last two months now. Earlier, yes for one month we had slight bit of issues, but right now we will have had no issues at all and it's going pretty smoothly as we speak.

Udit Gupta: And do we have storage capacities of ethanol for about a month or so because everyone is saying that we will now need to keep a little bit of inventory?

Gaurav Goel: Yes, we will do so as per the new norms which have been fixed, Dhampur has full storage both for feedstock and for the final product.

Udit Gupta: And are we looking at any CAPEX in the current financial year other than maintenance CAPEX?

Gaurav Goel: Not really, we are expanding Dhampur by 1000 tons of cane crush per day but that's again not really expansion that just tweaking. As such we have no major expansion plans apart from making our plants more robust.

Udit Gupta: And for the Bindal Agro plant, so that you've spoken about last time is there fresh update or like are we expecting any loss due to that?

Gaurav Goel: So, also obviously some of our cane is going to go if they start. When they start I really can't say, but we've already made plans that we still should be able to crush almost the same as what we did for the year 2022-2023. We may be slightly lower, but it will not be very, very high. So, yes, we surely will lose some cane to them if they start.

Moderator: Thank you. Thank you. Ladies and gentlemen, that was the last question in the queue. As there are no further questions. I would now like to hand the conference over to Mr. Goel for closing remarks. Over to you Sir.

Susheel Mehrotra: On behalf of Dhampur Sugar Mills Limited, 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 e-mail. You can also visit our website, www.dhampursugar.com and post any queries you may have and we will get back to you as soon as possible. Thank you.

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