



Balrampur Chini Mills Limited

Q3 & 9M FY17 Earnings Call Transcript

February 13, 2017

Karl Kolah

Good afternoon everyone, and thank you for joining us on Balrampur Chini Mills' Q3 & 9M FY17 results conference call. We have with us Mr. Vivek Saraogi, Managing Director of Balrampur Chini Mills and Mr. Pramod Patwari, Chief Financial Officer of the Company.

We will now like to begin the call with brief opening remarks from the management following which we will have the forum open for discussion.

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

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

Vivek Saraogi

Thank you, everyone, for joining us on the call. Let me commence by giving you an update on the latest developments on the sector, and the Company highlights, following which Pramod will take you through the financial performance.

As per latest estimates from ISMA, the production in the current year is expected to be 21.3 million tonnes, however there might be a revision downwards. Compared to the earlier estimates of about 23.4 million tonnes, the notable decline had been especially in Maharashtra and Karnataka. On the other hand, UP is anticipated to report a higher output this season than earlier estimates.

Till 31st January, the country's production was lower at 12.86 million tonnes compared to 14.28 million tonnes in the corresponding period last year. In Maharashtra, production was lower at 3.7 million tonnes compared to 5.4 million tonnes. Sharp drop was primarily due to drought condition.

In UP I think the reverse is true, the yields are very good for example, production improved by 27% in this period to 4.56 million tonnes till 31st January. UP is expected to produce about 8.4 million tonnes in the current year.

Sugar consumption has softened this season, partly on account of demonetization which lead to disruption in supply chain leading to lower off take. In addition, Central Government has removed the subsidy of Rs. 4,500 crore being provided to the states for purchase of sugar at lower price to be sold via PDS, i.e. the ration shops. The combined effect of this is that there might be a drop-in consumption in



the current year vis-à-vis last year. With an opening inventory of 7.7 million tonnes and production consumption dynamics have indicated closing stock is expected to be tight.

Moving on to the Company's performance, BCML delivered robust financial performance on account of healthy sugar realization during the quarter which stood at Rs. 35.91 per kg.

In the Distillery segment, all our three distilleries are zero discharge operating at optimal levels. The off-take was lower this quarter owing to delay in finalization of tenders by OMCs, but the ethanol sales for the current year started from January onwards. Currently the price of ethanol is Rs. 39 per litre and will be reviewed suitably, I guess next year, depending upon the prevailing economic situation.

To conclude, we anticipate healthy performance in the upcoming quarters on the back of strong contribution from the sugar segment. We will continue to focus on strengthening our balance sheet in the current up cycle, while adequately rewarding our shareholders.

I would now request Pramod to take you through some of the financials.

Pramod Patwari

Thank you, Sir. I will now briefly take you through all the Company's operating and financial performance for the quarter under review. Overall revenues for the quarter grew by 12% yoy to Rs. 989 crore as compared to Rs. 881 crore in the corresponding period previous year. Net profit for the quarter stood at Rs. 175 crore as compared to Rs. 87 crore in corresponding period previous year.

The revenues for the sugar segment were higher by 15% yoy at Rs. 934 crore in Q3 of financial year 2017 on account of higher realizations. The segment reported a PBIT of Rs. 177 crore. The Company sold Rs. 22.31 lakh quintals of sugar during the quarter at a realization of Rs. 35.91 per kg. As on December 31st, 2016, sugar inventory stood at 19.14 lakh quintal and is valued at Rs. 35.90 per kg.

Coming to the performance of our allied business, during the quarter revenues from Distillery division were stable at Rs. 71 crore, PBIT was lower at Rs 21 crore. Volumes during the quarter were lower on account of delay in finalization of tender for supply of ethanol to OMCs. Ethanol sales during the quarter stood at 14,716 KL at an average realization of Rs. 41.07 per BL.

In Cogeneration division, revenues in Q3 of financial year 2017 stood at Rs. 124 crore, PBIT was stable at Rs. 42 crore for the quarter under review. During the quarter, we sold 13.09 crore units at an average realization of Rs. 4.84 per unit.

Finance costs for the quarter were lower at Rs. 3 crore as compared to Rs. 6 crore in corresponding period last year. As on date company's long-term debts are Rs. 245 crore and the net debt to equity ratio is 0.17 only.

This brings us to an end of our opening remarks. We would now like to address any questions or queries you may have in your mind. Thank you.



- Moderator** Thank you very much, Sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Nitin Gosar from Invesco Asset Management Company Ltd. Please go ahead.
- Nitin Gosar** Just wanted to check on the sector part, like the way production stands as of today it seems we may be well below 5 million tonnes kind of inventory for the year. And that might create a bit of panic situation and government may go back to some kind of restriction or some kind of intervention in order to keep a cap on this rising. Any take from your side on this?
- Vivek Saraogi** It is a very valid point you have raised. See, the production could come down to as low as 20.3 million tonnes, Maharashtra and Karnataka being in very bad shape. So if we add 20.3 million tonnes and the opening stock of 7.7 million tonnes, you have a total availability of 28.0 million tonnes. However, personally I am of the view that consumption in the first quarter itself it is lower by about 6 lakhs and I think even January is going to be lower by another one or two. So, we can keep consumption at 24.1 million tonnes for the current year, it should pickup in the next year. Or from now onwards it should not be lower I guess. So, you will have a closing inventory of about 4 million tonnes, that is definitely tight. However, having said that, I do not see Government re-imposing controls.
- Next year's crushing would begin early because there is enough cane, and if need be Government could import half a million tonne just to balance out the stock. So I do not see any controls happening to check the prices. If at all there is some augmentation and availability required only, I repeat, only for the deficit amount, we anticipate action. We expect that the government should be able to allow us some 5% margin from here, which means cost of production on pan India is around Rs.37- 37.5 per kg. So, we hope that some 2%, 3% 5% from here is not ruled out and that is not troubling. That would not trouble the Government, I hope so, and that is our dialogue. Because next year there is a higher FRP, India needs to become self-sufficient, so not only do farmers need a remunerative price, they need to be paid on time. Keeping in view all what I have told you, this is sort of a conclusion at this point of time.
- Nitin Gosar** Any understanding on FRP, how high it could be?
- Vivek Saraogi** Yes, I think next year's FRP is recommended to be about 10% higher, the 230 per quintal going to 255 per quintal or something. But that is an official CACP proposal, so I am not adding anything new.
- Nitin Gosar** And sir one last question on Karnataka, did you give out some number, how much it was down?
- Vivek Saraogi** 21 lakh tonnes is what Karnataka would do, 43 lakh tonnes is what Maharashtra looks like doing, 84 lakh tonnes is what UP looks like doing. These are data as of now, they are 95% accurate, can vary just very little from here.
- Moderator** Thank you. Our next question is from the line of S. Krishnakumar from Sundaram Asset Management Co. Ltd. Please go ahead.
- Krishna Kumar** Sir, if you can throw some light on how do you see the forthcoming season? Because I think this season we started off with expectations of 24 million tonnes and expect to end up at 21.5 million tonnes. But, I mean, do you think that this sweet spot for the industry would continue? And second is, if you can talk a bit



more on the implication, if the Government decides to import even 0.5 million into the country then how do you think probably the prices would be in the domestic terrain and probably even on the export terrain, I think it has been a bit wobbly on the export side, international side also.

Vivek Saraogi Yes, let me just try and address your concern. A) The estimate was 23 million tonnes and as per our estimates it could come down to 20.3 million tonnes. So, the yield is basically lower over which no one has control. B) If Government imports half a million, that is because of the deficit. So, just filling up the deficit will never have any impact on the pricing, and half a million is 2% of our consumption, so I do not think that would impact the price. However, not having a deficit addressed can cause concerns. Going ahead next year we see that India, probably again too early to comment, India could at best make what it consumes. So you have a price trajectory which is visible and there is no concern of exports as you are looking at imports. Just to bridge your gap. So the inventory is sufficient, there is no shortage in the country, but it will remain tight. And if it becomes very tight Government imports some 2%. So, these are indications that things look bright ahead.

Krishna Kumar And probably this kind of spread that we are doing, I think should continue or do you think that given that your FRP is expected to go up by 10% probably it would rationalize a bit?

Vivek Saraogi It is very difficult to give data points right now on next year. So, you can see that as we are moving ahead basically you are getting more and more positive. The pricing which the Government is seeing, the costing, etc, and let me tell you the biggest gainer in this whole situation is UP, and the people like us, we look at crush much more than last year, we would be getting both the economies of scale as well as pricing power with volume, with byproduct availability. So, I think UP would remain in a very strong spot and within UP, Balrampur would retain its premier position.

Krishna Kumar Sir, one more thing is on the ethanol side and the OMC procurement. How do we see the forthcoming season? I think there has been some cut in the prices, off take realization of ethanol broadly, so do we see some...?

Vivek Saraogi Yes, I had informed in the beginning of the call that there would be one to one and a half months delay in finalization of the this current year's contract. Hence, we hope to sell around 7 crore litres against our earlier of 7.5 crore litres. So, like 60 lakhs is one month's consumption based on monthly division of 720 by 12, I do not think the volume is going anywhere, the Government has finalized its contract, the price you are aware was lower this year which is absolutely in order. There is no problem in business, if you want to see.

Moderator Thank you. Our next question is from the line of Achal Lohade from JM Financial Institutional Securities Pvt. Ltd. Please go ahead.

Achal Lohade If you could talk a little bit about the cane crushing for the current fiscal year FY17? Because you said we are looking at a very good season in terms of volumes. Just wanted to understand from a fiscal year point of view what is the number we could look at, would it go beyond 7.5 million tones crushed?

Vivek Saraogi We should be able to crush 8% to 9% higher than last year in terms of crushing.

Achal Lohade That is on the season basis or a fiscal year basis?



Vivek Saraogi Season basis.

Achal Lohade For the fiscal year if you could talk?

Vivek Saraogi I think most of it gets covered in the fiscal.

Achal Lohade Because as I see, even if I keep the fourth quarter as the same like last year of 5.2 million tonnes, there will still be about 7.5 million tonnes of crushing. That aside, in terms of the volumes for cogen and distillers, if you could talk for FY17 and FY18? If I see your distillery, as you said 7 crore liters for FY17, that means FY18 volumes could be higher than the product?

Vivek Saraogi It definitely should be higher than these levels. So, again, early but it could be between 7.5 crore BL - 8 crore BL, closer to 8 crore BL, because we have some carry forward of this season.

Achal Lohade And how about cogen?

Vivek Saraogi Cogen will also have better volumes. So, since we do not give exact data of next year, it is very difficult because next year's crushing also gets into play. One can safely assume that the volumes on all the fronts will improve.

Achal Lohade So, in terms of the impact of the early variety for Balrampur Chini as well as the state, if you could comment on that sir?

Vivek Saraogi In our central UP plant the early variety percentage is very good. In our eastern UP plants, because of very fragmented holding, it is lower. However, in the next one and a half, two years we hope to be very good there also. So, we are working extensively on the same, and this is our major plank of work focus, both at my level and at the entire Company's level. So we hope to increase that drastically in the next two years. And two years henceforth our target is to be 80% plus early variety.

Achal Lohade And what would that be as now, could it be beyond 30% or...?

Vivek Saraogi Yes, it should be beyond 30%.

Achal Lohade The other consequence of that, I was just wondering, wouldn't that mean that the UP production will be higher beyond 8.5 million tonnes?

Vivek Saraogi If you remember we are moving from 6.8 million last year, so 8.4 captures all the positivity, both volume and everything, yields and everything.

Achal Lohade Right, as I see in case of Balrampur Chini if the percentage has to go up then it would also influence in the state's production.

Vivek Saraogi We are capturing that, as I said.

Achal Lohade And how about the acreage, are you hearing that given the prompt payments the farmers could go for even higher acreage even in the state of UP?

Vivek Saraogi It is very difficult to answer because the sowing season begins February and March. So probably next call it will give you much more visibility.



Achal Lohade Just a couple of data points, if you could say Pramod, about the landed cost of cane?

Pramod Patwari Landed cost of cane for the March will be relevant?

Achal Lohade For the season actually, can you just talk about the season as well?

Pramod Patwari Could be around Rs.322 per quintal.

Achal Lohade And I see the depreciation is lower while other income has gone up, if you could elaborate a little bit on that as well?

Pramod Patwari Because of the change in the Companies Act last year some of the items are fully depreciated, so that is the reason we are seeing lower depreciation.

Achal Lohade And other income?

Pramod Patwari Around Rs. 2 crore is on account of cash management, that is from surplus money which was parked with mutual funds, which yielded income of around Rs. 2 crore in this quarter. In addition to that, we also got a credit of around Rs. 3 crore on account of earlier year's purchase tax refund. These two factors contributed mainly.

Achal Lohade Understood, I was just wondering would Rs. 9 crore would be a run-rate kind of a thing for the coming quarters in terms of other income.

Vivek Saraogi Good question, it is not a regular run rate.

Achal Lohade And the last one sir, in terms of the CAPEX, where are we in terms of the CAPEX program and how do we see it going forward?

Vivek Saraogi We will basically be investing now in steam saving, which means we would from the same cane look for more bagasse.

Achal Lohade And what kind of a CAPEX number we are targeting for FY18 and FY17 as well?

Vivek Saraogi At the moment the projects are yet to be finalized by the Board. Roughly, Rs. 50 crore odd maybe.

Moderator Thank you. Our next question is from the line of Kaustubh Pavaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pavaskar Sir, my question is on the Government scrapping the sugar subsidy. And you mentioned that it was one of the reason for lower sales volume in Q3. Should we expect it to have an impact on the volumes for a little longer, because I think the acceptance of the same in the domestic market would take some time?

Vivek Saraogi I think the combined effect of demonetization and everything lead to this. I do not see from here on the sales to be lower than last year, February already we are seeing healthy demand. So, I think what I guided in the beginning that 24.8 million tonnes was last year's consumption and 24.1 million tonnes appears to be this year's consumption. This is based on the fact that you will be about 7 lakhs lower up to January vis-à-vis last year. The rest I am keeping as flat, which means I am



not accounting for growth and that I think would cover this PDS concern also. Then after that things should be as usual.

Kaustubh Pavaskar My second question is on the books, what is the current debt on book as on 31st December, 2016?

Pramod Patwari Long-term debt is Rs. 245 crore.

Kaustubh Pavaskar So, what are the plans to reduce it in the coming quarters, any repayment schedule or something like that you have?

Pramod Patwari In March 2017 we will pay another Rs. 40 crore, and next year we have a scheduled repayment of Rs. 80 crore.

Vivek Saraogi And out of this, Rs. 150 crore is the interest free loan.

Pramod Patwari And Rs. 50 crore attracts only 4% rate of interest.

Moderator Thank you. Our next question is from the line of Aman Sonthalia from Suvidhi Capital Markets. Please go ahead.

Aman Sonthalia Sir, I have one question regarding cost of inventory. Sir, it had shot up around Rs. 6 per kg, what is the reason behind that?

Pramod Patwari There are various reasons for this, number one, there was an increase in cane price from Rs.280 to 305 per quintal. Number two, there were some subsidies in the form of cane purchase tax and cane commission which are withdrawn this year and recovery is also lower this year in comparison to last year.

Vivek Saraogi All this would get normalized, except the fact that the cane, what Pramod factor in.

Aman Sonthalia Sir, second question is regarding, this year you are talking of around 84 lakh tonnes of production for UP, so next year what is the scope of improvement from the current level? Because next year again the kolhus and the will start, Khandsari will again start producing more. So, do we think that there is still scope for improvement in the production of UP?

Vivek Saraogi As I told you, let us see the plantation in February, March, so probably in next call we will give you more visibility. It is not easy for UP to increase production properly from these levels. Having said that, I do not think the production also would be lower, so it is too difficult to give you an assumption right now, let us wait for the next call.

Aman Sonthalia So, UP crushes 6 lakh tonnes to 8 lakh tonnes more sugarcane this season?

Vivek Saraogi Sorry, Balrampur?

Aman Sonthalia Yes, for Balrampur.

Vivek Saraogi I told you 8% - 9% higher.

Aman Sonthalia And sir, whether you have accounted for wage revision liability? Most of the companies are charging that...



Vivek Saraogi Yes, we have done that, all liabilities are accounted.

Aman Sonthalia You have already accounted for that?

Vivek Saraogi Everything.

Aman Sonthalia How much tax you will charge, it will be MAT or more than MAT?

Pramod Patwari Yes, it will be a MAT plus some portion on account of deferred taxation also.

Aman Sonthalia And any scope for acquisition, since industry is doing very well and your company is financially very, very sound. So, are we planning to acquire any Company?

Vivek Saraogi Depends on an opportunity, if it comes we will definitely be looking at it.

Moderator Thank you. Our next question is from the line of Dikshit Mittal from Subhkam Capital Ventures Pvt. Ltd. Please go ahead.

Dikshit Mittal Sir, can you give in this season what is the expected crushing volume as well as recovery that you are expecting currently?

Vivek Saraogi We have already given some indication of 7.6 million tones maybe, recovery is difficult to predict. But as we said, it is going to be lower than last year for us.

Dikshit Mittal But Q3 recovery is an indication for the full year or maybe it will improve?

Vivek Saraogi Not indication, maybe 0.5% lower kind of thing.

Dikshit Mittal And 0.5% than last year?

Vivek Saraogi Yes.

Dikshit Mittal And sir, looking at the current sugar prices and you are indicating that next year's opening inventory will also be tight, so do you see per ton kind of profitability in sugar to be maintained next year as well or will there be any pressure considering the increase in cane price?

Vivek Saraogi As we said that this year's cost we have an idea, this year's selling price you can still predict, it looks healthy. What is going to be next year's scenario is not easy to predict today. So whatever we will produce in the current season, you have some visibility which is very positive. Next year, it is difficult to predict. But things look good only, that is all I can say, based on demand supply and based on the fact that UP is continuing to perform very well.

Dikshit Mittal And if I see current season, your cane cost is around 322 per quintal, and you mentioned that your cost of production is around Rs. 37 per kg.

Vivek Saraogi Rs. 37 odd was for the nine months, when the year normalizes it will come down much lower because this is just the quarter which hardly covers much of the season.



Moderator Thank you. Our next question is from the line of Abhinav Ganesha from Canararobeco AMC. Please go ahead.

Abhinav Ganesha Just wanted to understand what would be the trajectory of the sugar pricing for the next two quarters? As you said that you cannot guide for further, but at least the next two quarters what do you feel?

Vivek Saraogi Currently the price is prevailing at Rs 37.5 per kg, and it should be slightly higher from this levels.

Abhinav Ganesha And sir, what we have seen, you have also said that both Maharashtra and Karnataka have been going through a rough patch. So, that will give you better pricing I guess, is my assumption correct?

Vivek Saraogi Yes, that is why I am talking of next few quarters maybe slightly better than here in terms of pricing.

Abhinav Ganesha And sir, how would ethanol, you said that there were some delay in that point, but the pricing remains almost flattish or how is that or there is...?

Vivek Saraogi Understand how this ethanol pricing happens, in the beginning of the year OMCs float a tender with the price, for that year the price is fixed. So now and one month later or three months later or six months later, the pricing does not change.

Abhinav Ganesha Okay, so whatever the tender is you have to quote at that?

Vivek Saraogi Yes, so that is about at Rs.39 per BL.

Moderator Thank you. Our next question is from the line of Yash Somani from GIRIK Wealth Advisors Pvt. Ltd. Please go ahead.

Yash Somani So, I had a question based on the power side. The cogeneration volumes were very buoyant, sales were up but the EBIT was flat. So any possibility of the margin reaching sort of the levels they were last year?

Pramod Patwari See, during this year we have changed the transfer pricing of bagasse from Rs. 1,000 a tonne to Rs. 1,200 a tonne. This is one of the reasons. And the second reason being, whatever average realization we are able to achieve, that depends upon from which plant we are supplying, every plant has a different PPA rate, so it is always better way to look at the full year's number. For the full year, we are expecting an average realization of around Rs. 4.80 to Rs. 4.84 per unit.

Moderator Thank you. Our next question is from the line of Kamala Rangan Venky from Brilliant Securities. Please go ahead.

Rangan Venky Now, having said that, what is the cane commission of due course which is written off, something like that? And like this, any more entries are there in every year, it will come like that every quarter like that? Now, as a Company we have done already full peak, how much maximum we can do, any capacity we are going to increase like that?

Vivek Saraogi Rs. 21 crore of last year's cane commission which every factory, I think all the sugar companies have taken for as receivable, did not come. So, everybody has



written it off and so have we, we have written it off in the current quarter. And on the CAPEX side, I explained that we are looking primarily at steam saving which should result in bagasse savings.

- Rangan Venky** What about the saleable that 153 megawatt that is saleable, that means, totally how much you have actually?
- Vivek Saraogi** Last year we sold around Rs. 52 crore units of power.
- Rangan Venky** No, salable Rs. 153.2 megawatt, something you put in presentation?
- Vivek Saraogi** See, the capacity in terms of megawatt does not matter, it is how much bagasse you have and how much of the plant you can run because of that. This year probably Pramod what you are looking at?
- Pramod Patwari** 52 crore units, average of Rs.4.80 to Rs. 4.84 per unit.
- Vivek Saraogi** yes, 52 crore units of salable power you are looking at in the current year. However, we hope that this will go up next year, definitely.
- Rangan Venky** So, current realization in sugar, Rs.37 per kg?
- Vivek Saraogi** Rs. 37.5 per kg around.
- Rangan Venky** Inventory as of today, as of January end, sugar inventory, how much lakh quintal?
- Pramod Patwari** As of 31st December, we are having 19.14 lakh quintals of sugar.
- Rangan Venky** So as of January ?.
- Pramod Patwari** The figures are right now not available in front of me.
- Rangan Venky** In the quarter you have made, some nine months you have made Rs. 6, last year at the end of last quarter you made Rs. 4. So, can we expect that is Rs. 22 roughly, I mean for the whole year? Going by the current trend, because we will also increase there.
- Vivek Saraogi** Basically at the end of the year the costing for the sugar made during the year will be much lower than what is pointed right now. So, for the sales you made already also the profit changes. Now this is an every year phenomena, there is nothing new the Company has done this year. Having said that, we have given you the pricing, you have an idea of the cost of production at the end of the year will be much lower. So, for the full year the costing will be, we cannot give you exact figures right now.
- Moderator** Thank you. Our next question is from the line of Biju Somnath, Individual Investor. Please go ahead.
- Biju Somnath** Our Q3 profit after tax stands at Rs. 175 crore and buyback is also worth Rs. 175 crore. I hope it is a sheer coincidence, anyhow, congratulations for industry beating numbers. I do have few queries, one is regarding the other expenses. The off season expenditure, it was not explicitly shown in the notes, I hope it is totally covered within the other expenses line item, am I right?



Vivek Saraogi Yes,

Biju Somnath Up to Q3 it was fully expensed?

Vivek Saraogi Yes.

Biju Somnath Sir, regarding the sugar recovery, what we have pointed out is 9.98%, can we expect that by the end of Q4 it will be stabilizing around 10.5 percentage points?

Vivek Saraogi Yes, definitely. Maybe a little higher only.

Biju Somnath Okay, because I have been noticing last fiscal in Q3, in our presentation, our recovery was around 10.5%, we ended at around 11.1%. So same is the case with cost also, I would like to know one thing sir, valuation part, even though you have made some deliberations earlier, and my colleagues asked some of the queries, last year Q3 to Q4 there was a reduction in valuation cost by exactly Rs. 2. So can I expect that at least that parity will be maintained while value in the inventory in Q4?

Vivek Saraogi Costing will be much lower, I mean, costing will be lower definitely.

Biju Somnath Sir, then can you please throw some light into the short-term debt part, as on 31st December at least, short-term debt.

Vivek Saraogi Short-term debt, it is basically how much of inventory you are carrying it depends on that. At the moment we sell the inventory, that debt is spread out.

Biju Somnath Sir, regarding SEBI, recently made an announcement that they are going to allow options in commodities. Your take on that?

Vivek Saraogi you are asking my take on the commodity options being allowed by SEBI. And the impact on sugar pricing, I do not see will be anything.

Biju Somnath No, not pricing, for our part, for our Company's part.

Vivek Saraogi No, nothing, nill.

Biju Somnath Then regarding the buyback, the present buyback is going to result in a permanent reduction due to the extinguishment part and that adds up to accretion in our EPS by more than 4% points. So as an investor and for the investor's fraternity it is only a request, we need to do two more buybacks so we can weather the storms in the sugar cyclical nature of the business. Your take on that so that we need to preserve the cash, that is the intent. If you are able to do two more buybacks going forward at least in the next fiscal, your take on that?

Vivek Saraogi How can one give a take on what the future Board will decide, etc. But you have seen our conduct, we believe in distributing to the shareholders, you have seen our history.

Biju Somnath So that means we can still go on to expect that?

Vivek Saraogi I cannot comment on that.



- Biju Somnath** Sir my last query is regarding the varietal improvement, what we have been going on to make. So, can we expect that you mentioned earlier in the presentation that within the next two years' time 80% of the total area will get covered in that scope.
- Vivek Saraogi** Yes, it is a definite target and we are working very minutely towards it in each of our plants.
- Biju Somnath** So if that be the case, going forward can we expect that a new normal for us as part of a recovery can be around 10.7 percentage points, a new normal?
- Vivek Saraogi** The new normal for our internal target in two years would be 11.25 plus, that is the target we are working with. It is not a target which is on the moon, I mean, realistically.
- Biju Somnath** Then sir, my final query is regarding the incentives part one case was pending in Supreme Court. So, recently one news item was there, Supreme Court has remanded the case back to the cane commissioner, that throw some positive vibes. So your take on that?
- Vivek Saraogi** No, that is different. That is hardly anything. The case is pending in High Court where hearings continue and no result as of now. I would not get positively or negatively inclined on that from where it was a few months back.
- Moderator** Thank you. Our next question is from the line of Nimish Seth from GT Advisory. Please go ahead.
- Nimish Seth** Your results are excellent and demonstrate your leadership qualities in the industry. So just a suggestion, in the industry is it possible for the management to declare the quarterly numbers ahead of all other competitors in the industry? like Infosys used to do. Earlier and not later so that it reinforces your leadership qualities. It is just a suggestion.
- Vivek Saraogi** The suggestion is well accepted and well taken. Outside the fact that the Company can get ready, you see we have a very decorated set of Board, if I can say so, we have Mr. Naresh Chandra with big companies, like Vedanta. Mr. D K Mittal who is there in Max and other companies. So you know, we have Mr. Sumit Mazumdar who is just being heading CII for a year. So, it is not very easy to get all their dates. Yes, what you said we will definitely keep under advisement and we will attempt to follow that suggestion, it is valid.
- Moderator** Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand over the floor to the management for their losing comments. Over to you, sir.
- Vivek Saraogi** Thank you very much for joining our call. And for any further queries, Pramod is there, I am there. Thank you once again.
- Moderator** Thank you very much, sir. Ladies and Gentlemen, on behalf of Balrampur Chini Mills Limited, that concludes this conference call. Thank you for joining us.

