Good afternoon everyone. Thank you for joining us on Balrampur Chini Mills Q3 & 9M FY21 results conference call. Today we have with us Mr. Vivek Saraogi – Managing Director of Balrampur Chini Mills 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 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. Over to you, Vivek.

Thank you and Good Afternoon everyone. Thank you for joining us on Company’s Q3 & 9M FY21 earnings conference call. I trust you and all of your family members are keeping good health.

We will begin the call by giving an update on the current developments followed by key highlights.

According to ISMA’s estimates, India’s production is estimated to be lower at 30.2 million tonnes. Our in-house estimates are below 30 million tonnes from the earlier figure of 31 million tonnes against last year’s production of 27.4 million tonnes. The lower-than-expected production is primarily due to the reduction in UP, whereas production in Maharashtra and Karnataka expected to be higher compared to last season.

Sugar production in UP is expected to drop to 10.2 million tonnes against 12.6 million tonnes. That is almost a 20% reduction owing to lower cane yields and a fall in sugar recoveries, owing to the red rot diseases and higher diversion to B-heavy for ethanol. As per estimates Maharashtra is expected to produce around 10.5 million tonnes against 6.2 million tonnes. The higher forecast is primarily attributable to increase of 48% in cane area and better yields due to better weather conditions. Karnataka is expected to produce 4.2 million tonnes as compared to 3.5 million tonnes during the last season.

Therefore, after considering an increased diversion of 2 million tonnes towards B-heavy, net sugar production for the current season is expected to be 30 million
tonnes. This combined with an opening stock of 10.7 million tonnes and a consumption of 26 million tonnes with an export of 5 million tonnes is likely to lead to a lower closing stock which would finally be around 9.7 million tonnes. So, production, let us say 30 million tonnes, consumption 26 million tonnes, you are left with a domestic surplus of 4 million tonnes, export of about 5 million tonnes. So, it is a net reduction this year by 1 million tonnes. 10.7 million tonnes get truncated to 9.7 million tonnes. This we are talking of exports during the current sugar year up to September. Thereafter we hope to see another 1 million tonnes in the next quarter because Government has mandated an export of 6 million tonnes.

In the past few months, Government has announced two important policy measures to strengthen the liquidity of the industry and tackle the oversupply situation. First one is upward vision of ethanol prices for the current season, by an average of 5% to 6% per litre, that is for the current tender which is from December 20 to November 21. Second was an announcement of export subsidy of Rs. 6,000 per tonne for 6 million.

The ethanol blended program has been hugely successful and the incentives given by the Government have helped OMGs procure 172 crore litre last season from only 38 crore litre in the year 2013-2014. The Government plans to continue its aggressive policy and plans to achieve 20% blending by 2025, five years ahead of its previous target. This will also help reduce the Government’s reliance on expensive imports. In the current year tenders of 325 crore litre have already been signed.

The pending demand with the Government is for increase in MSP from Rs.31/kg to Rs.33/kg. In UP the SAP still remains unannounced. So definitely one is hopeful of the MSP in the coming months. UP SAP, we are silent, we have no further information.

Coming to our Company’s performance we have delivered a muted performance for the quarter under review which was adversely impacted owing to lower sugar off take and subdued sugar prices. Though sugarcane crushing for BCML has been same as last year, till now sugar recovery has been lower owing to adverse weather conditions and some disease which is affecting the crop in the entire state of UP and we are included in that. In addition, we have aggressively diverted sugarcane towards production of B-heavy molasses which has impacted recoveries, but which will aid the distillery segment. Both these together have led to a higher cost of production. And also, the mark down in inventory in the current quarter has led to do the results which are in front of you.

However, I would like to highlight here that our performance cannot be tracked on a quarterly basis owing to this naked cost phenomenon, as we said in the last quarter, any expense is accounted for in the quarter, so there is no deferred accounting. Production follows and as we are all aware the January-March quarter is the full production quarter. This quarter was therefore also a partially operational quarter. So the impact of lower recoveries on margins is much higher. This will correct itself in the next quarter.

Our results are best tracked to be honest on annual basis and comparable on an annual basis with ourselves in the previous year and with any other Company on a year-to-year basis. Similarly, while distillery segment registered a stable performance owing to higher off take and better realization, we anticipate better performance in the coming quarters given our inventory levels with a notable shift to B-heavy route. On 31st December closing stock of B-heavy molasses was higher at 8.67 lakh quintals versus 5.67 lakh quintals.
To conclude, we continue to take judicious initiatives to enhance our overall performance. Recent announcement to expand our distillery capacity by adding a new 320 KLPD distillery in Maizapur unit is a step in the right direction. Keeping in mind our constant philosophy of rewarding shareholders from time-to-time, the Board has declared an interim dividend of Rs. 2.50 per share leading to a cash outflow of 52.5 crore. We are confident that based on our prudent capital allocation, healthy cash flows and under the industry’s led structural changes, BCML will continue to create wealth for its shareholders.

I would now like to hand over the mic to Pramod.

**Pramod Patwari:** Thank you. I assume you must have gone through the financial numbers. If you have any queries, please feel free to ask us. We would now request the moderator to open the forum for any questions/answer session that you may have.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Sanjay Manyal from ICICI.

**Sanjay Manyal:** What kind of distillery volumes we can expect in FY22 and what would be the proportion of B-heavy?

**Pramod Patwari:** Up to 31st of December, we have done total alcohol sales including the ENA at 12.75 crore litre. So, for the March 2021 quarter our expectations should be around 16-16.5 crore litre. That should be including ENA and up to 31st of December we have already done 6.66 crore litre of B-heavy. So, within 16 crore litre I think 2 crore litre would be ENA, the rest will be C and B. So, 11 to 12 crore litre will be B-heavy.

**Vivek Saraogi:** This is for the current year ended 31st March 2021.

**Sanjay Manyal:** Any expectation, what would be that number in FY22?

**Vivek Saraogi:** It’s too early to give our estimates. As we said, it is slightly lower but our proportion will be higher. We would like to answer that in the next quarter.

**Sanjay Manyal:** What would be our like-to-like decline in recoveries and given that the plantation sugar would have started by now, means the crushing of plantation would have started by now, what is the current situation in terms of recovery and how it would that pan out in the full season?

**Vivek Saraogi:** Let me explain a little bit of the background and then attempt to get to the figure. So when you divert B-heavy your recovery goes lower and that diversion of B-heavy gives you the entire revenue when you produce ethanol out of it. Loss on account of B-heavy diversion for the current year should be 1.2% to 1.25%, that is, Company would sacrifice, let us say 11.5 lakh qts. into B-heavy if we had not done B-heavy that much would have come in. So that is the loss from B-heavy. Last year loss on B-heavy was about 0.6% to 0.65%. So there is going to be an extra loss of 0.8% on account of B-heavy which is going to be recovered out of the distillery. After that we are thinking that that might be a 0.2% further loss in recovery 0.2% to 0.3%, too early to say. In plantation cane, which has started coming in, recoveries are slightly better.

**Sanjay Manyal:** So this you are talking about the full season, right?

**Vivek Saraogi:** Yeah. Full season.
Sanjay Manyal: So, as you mentioned that plantation recoveries are a bit better, so it is better than last year or it is better than the Ratoon one?

Vivek Saraogi: It's better than the Ratoon one, it's not better than last year.

Sanjay Manyal: If it is possible if you can explain the expansion plan which you are going to take, how the economics really work in that direction, in the sense from sugarcane to juice and grain to juice. What could be the gross margins in that kind of a Capex?

Vivek Saraogi: We have done our detailed exercise. The revenue, projections etc., it's not possible to give now. We are still getting the details made, but all we can say is whatever we have said in the last call that the margin and the paybacks will look attractive. This is going to be the first of its kind in India.

Sanjay Manyal: Just one last one, if the export is going to be 6 million tonnes and which I believe in the way it has happened last year despite COVID it was completely done. I am expecting that probably the entire 6 million tonnes can be done. So, inventory levels would be lower. Is it possible that from March and April onwards sugar prices can move up towards a Rs. 34 per kg or maybe higher given the fact the inventories will be substantially down.

Vivek Saraogi: That's a very good analysis. My personal view is from April onwards, that's when the loose sellers vanish. Sugar prices could be in my view, at least what you said if not better. There are three to four factors affecting this. North India is the consumption belt. UP is going to let us say make 100 lakh tonnes of sugar instead of 126 lakh tonnes. So UP is the feeder for the entire North belt. If you see Bihar, Haryana, everyone will be 10% to 15% to 20% lower in production. So north belt is where the production is coming down. The exports as you are aware we people have not exported a single bag. We have sold our entitlement and we have made a profit which will be reported in the quarters to come and we have retained our sugar which we hope to sell at a higher price as we go down the line. Yes, since there is going to be an aggressive export, 16 cents plus is to a last evening week, closing price was 16.29 cents. People are getting profit for selling the license. Maharashtra has huge stock; Maharashtra is going to be the primary physical exporter of sugar via mill selling their own sugar and via traders picking up Maharashtra sugar because of licensed selling by people like us. Our call is absolutely clear on the pricing in the manner you have suggested, maybe a little better only.

Moderator: The next question is from the line of Sudarshan Padmanabhan from Sundaram Mutual Fund.

S. Padmanabhan: My question is extending from the previous participant. Now that we are looking at a door on inventory which would in all likelihood entail better prices. I understand that we would have taken some kind of an inventory impact in this quarter. If you can quantify this inventory impact. And second is as the prices come back, should the assumption be right that this amount will actually be returned back. So to that extent, this is only being an accounting adjustment.

Vivek Saraogi: You already understood and threadbare, you have explained the entire concept. So yes what you said is absolutely right.

S. Padmanabhan: What would be the quantum of the write-off the provision that is being made?

Pramod Patwarri: During December this quarter inventory loss was around Rs.56 crore.
Vivek Saraogi: The details you are asking for that is very internal and the effect of which you will see in the next quarter. And we will try and explain in the next quarter what would have been the picture on the write back. So we'll do it in the next quarter, so that the analysts who follow us on quarter to quarter basis will not be in any kind of a grey area in future.

S. Padmanabhan: My second question is on the distillery volumes, definitely one would have expected higher volumes in terms of off-take, specifically what has impacted the volumes in this quarter because I also understand that we maintain a pretty positive view as far as distillery is concerned, which is why we are also putting up additional CAPEX. So, number one, are we expecting a very strong fourth quarter and probably in FY22?

Vivek Saraogi: What happens typically in this quarter the tender, etc., took a little time. You have to see December quarter compared to last quarter, having said that there will be the makeup because there is a transition time we move to B-heavy in many factories. So this is going to be there. But if the season starts early, the offtake will be better. We should see distillery offtake again in 12 months.

S. Padmanabhan: Whatever that we have missed in this quarter would be made up in the fourth quarter?

Vivek Saraogi: Yeah. Since Pramod has already given you the yearly figures in the beginning of the call, 16 to 16.5 crore litre.

S. Padmanabhan: With respect to the global prices of sugar, we are in a pretty good driving spot, as you mentioned earlier, what is really driving the prices upwards, given that I’m sure that everybody is aware of the fact that we will be exporting about 5 to 6 million tonnes.

Pramod Patwari: Up to April or May till the time Brazil comes into the market there is a physical shortage of sugar which is pushing up the prices. This is one of the reason. Apart from that, the currency factor is also playing. Thailand is low, Europe is low. Next year Brazil production is again expected to be on the lower side.

Vivek Saraogi: Brazil is also having some truckers strike and Brazil is also lower than anticipation in that effect.

So now let me explain, let me get to the bottom of things and try to explain what has happened in sugar and what has happened in our Company. Production is going to be lower. Lower volumes and lower recoveries will drive the cost up. Lower recovery is not on account of B-heavy, the other lower recovery 20-30 basis is going to be a cost escalation, lower volume leads to a typically little higher cost of production. These two are your negatives, our distillery volume, which was envisaged for the next year might take a bit of a dip. Your volumes go down, your prices and your recovery are all on cost impacts.. So, this is a negative and this is something beyond our control. It is the weather condition and impacting all over UP. Now let us look at the positives. Last year what we sold in the global market was at a lower price and we had to recover money out of the Government which came after a long time. This year we have retained this for in our Company and we have made a profit, a decent profit after selling our license. Secondly, we are hoping for a higher realization based on these lower production numbers, beginning April and maybe in my personal view, we will see the impact from March onwards. We should see a much higher pricing going ahead. Three, the higher pricing could also get a tailwind from the MSP announcement. I am saying our view irrespective of the MSP announcement we should get a higher price. If there is
MSP announcement which we are confident would happen, we would get a still better price. And four, UP’s cane price remains unannounced. If hopefully there is no increase, there that could be a big tailwind. So, these are factors we are dealing with positive and negative.

S. Padmanabhan: One final question from my side is, in October and November the Government has raised the ethanol prices. I mean from Rs.59/litre to Rs.62/liter,.. across various variants. My understanding is that given that everything comes from cane, should not it be logical that around the same time the MSPs of sugar should also increased. Otherwise the profitability between the segments would completely change.

Vivek Saraogi: The Government does not deal in this manner. Technically you are absolutely right. In the past they have done both together. The fact that they have increased ethanol price means in their mind there is the fact that MSP price would increase. If you see that 6% increase of price, 6% is about Rs 3 and 66% of that is Rs 2. So this itself is telling you that MSP revision of Rs 2 would happen. If you see Rs. 3 ethanol price, that is equal to about Rs. 2 sugar price. So that is the ratio. Your point is very valid. The Government did not do because of inflation. The inflation has peaked during the time when this was to be announced. Hopefully now with inflation coming down things should better.

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

Achal Lohade: First question is with respect to export, what is the allocation for us in terms of the exports, MAEQ?

Pramod Patwari: 2.5 lakh tonnes.

Achal Lohade: So, have we sold off the license for the entire quantity or there is still some pending?

Vivek Saraogi: No we sold off everything.

Achal Lohade: That means you have sold the entitlement and you will be able to sell the sugar in the domestic market whenever possible.

Vivek Saraogi: Yes.

Achal Lohade: What I wanted to check if I see last time around, we physically exported sugar and hence we got the higher domestic releases. So even now we have sold entitlement, are we entitled for higher releases for the domestic market or not really this time around?

Vivek Saraogi: We are entitled because our B-heavy is gone up very distinctly.

Achal Lohade: The releases are also driven by the B-heavy as well?

Vivek Saraogi: Yes.

Achal Lohade: Could you please elaborate what is the mechanism here?

Vivek Saraogi: That’s a very detailed calculation let us not get into that but as per policy you are entitled on both accounts.
Achal Lohade: Secondly, at 16.20 cents per pound, what is the net export realization according to your calculation?

Vivek Saraogi: Yes, we are just telling you, so your first observation was also correct, the fact that you sell your license, you make money is one separate profit centre, and you have that entire domestic sugar physically with you to sell in the domestic market. There comes my bullishness on the pricing. Your export price is Rs. 32 per kg plus, your production is much lower. The stock Government thinks is not the stock in the system, North is the production belt, deficit in production is in the North, come March onwards you will see mills in UP shut down from February end, start shutting down. March onwards I am positive on prices.

Achal Lohade: For the distillery, for the ethanol what is our contracted quantity, which we have already finalized for the season?

Vivek Saraogi: In the first round we have finalized about 13.1 crore litre. Now if you are aware ethanol tender, it comes every month. Right now, we have tendered up to 13.1 crore litre.

Achal Lohade: What would be the mix between B and C-heavy? Would it be 70:30, 80:20?

Pramod Patwari: 70% to 75% will be B-heavy.

Vivek Saraogi: But we will just get back to you on that.

Achal Lohade: Another question was, given the cash flow and the balance sheet situation, you have now taken up one distillery project. Is there a possibility given the way things are, you could look at another additional distillery in a similar fashion of cane juice, is it possible? Is it likely, but is it possible for any of our plant to be converted into direct, given the sizes of our plants are large except the Maizapur one?

Vivek Saraogi: So, first let this play out. Technically, answer to your question is yes, whether it is a wise idea we do not think so right now because this 320 KLPD is huge.

Achal Lohade: Would we look at anything outside UP in terms of distillery set up, given our experience with the ethanol momentum wherever it is possible? Anything of that sort we can think about.

Vivek Saraogi: Good question so when we tell you we are looking at various options there is this last option you have spoken about also. Grain distillery outside UP, we are exploring all of this.

Achal Lohade: For FY21 or rather let me ask for the season. At the current cane price and the recovery rate what you have in mind and the B-heavy diversion, what is the cost of production one could look at for the full season as a whole. Would it be somewhere around Rs. 30, would it be higher, given the higher B-heavy?

Pramod Patwari: Taking into account the recovery loss combined with higher diversion we are expecting sugar costing to be between Rs.31 -Rs.31.5 per kg if we assume no cane price increase.

Vivek Saraogi: Let us say Pramod is saying between Rs.31-Rs.31.5 per kg. So take it as Rs.31.25 per kg approximately with no cane price increase.

Achal Lohade: This is for this season, sugar season 2021?
Pramod Patwari: FY21.

Vivek Saraogi: On the earlier query on ethanol supply for the current tender, out of the 13 crore liters we have tendered 12 crore liter is B-heavy.

Moderator: The next question is from the line of Anupam Goswami from B & K Securities.

Anupam Goswami: My first question is on the cane yield. Looking at the crop damage that has happened due to the disease, will the cane yield for the entire season will be low or there is a chance of recovery in this?

Pramod Patwari: Initially the recovery was on a lower side and after we started crushing the plant cane, we are seeing slight improvement.

Vivek Saraogi: But it will be lower as we said in the beginning.

Anupam Goswami: That could be just because of this lower cane yield, the recovery could be 0.2% to 0.3%, right as you have mentioned?

Vivek Saraogi: To avoid negative surprise, you take 0.3% lower.

Anupam Goswami: On the export side, you mentioned that we have sold our entire 2.5 lakh tonnes export license. Now that if the global prices again shoot up further due to the shortage, given our current was 15.5 cents and if goes beyond 17 cents so how are we going to take advantage on that?

Vivek Saraogi: The advantage will simply be out of the domestic prices. The more the price goes the aggressive the export get, and we have maintained our entire sugar and therefore we get the advantage by selling locally.

Anupam Goswami: So on the export side our profit margin has been fixed. There is no chance of any increase, right?

Vivek Saraogi: The export money we have made it fixed. One cannot time the market. We sold when markets were around 15 cents, that is when we sold our license.

Anupam Goswami: In Q3FY21, we have seen more of C-heavy also being sold. So what was the reason for that in C-heavy because B-heavy was only 35% in this quarter.

Vivek Saraogi: We blend some of our distilleries on B, some on C, so quarter wise again is bad idea. So if you see next quarter the bid is 13 crore out of that 12 crore is B-heavy for the next year. It plays out, you please see the year.

Anupam Goswami: What was our cost of production this quarter since we have taken NRV on inventory valuation?

Pramod Patwari: It will not be a good idea to consider a quarterly cost and we have given an indication of our expected annual cost.

Moderator: The next question is from the line of Kunal Mehta from Vallum Capital Advisors.

Kunal Mehta: Just wanted to get a clarification on the costing side. Could you please help us understand that when you are accounting for your cost, I am sure that the cost which are with respect to the production which you are carrying on the balance
sheet as inventory that will be priced in the course of inventory. I was just trying to understand you mentioned in the opening remarks that lot of the cost, this quarter has been or maybe accounting as an accounting practice has been lowered down to the personal loss accounts itself that has reduced your EBITDA. Could you please help us understand this?

**Pramod Patwar:** We would request you to track or review the performance of the Company on an annual basis only. See, what happens is in the first quarter we get only 40 to 45 days of operation, second quarter there is no production at all and in the third quarter again we can operate for 40 days but in the last quarter we get full 90 to 92 days of operation. If you assume a fixed overhead at whatever rate, that fixed overhead gets divided over a larger number of units of production only in the last quarter.

**Vivek Saraogi:** There is a claw back in the last quarter of the previous quarters. I think what we will try to do next time is to show you, let us try and analyze and show the investors that with every quarter there is this an understanding gap and even in the last quarter when that profit come people do not understand. We will attempt to do something for everybody.

**Kunal Mehta:** I wanted to understand because of the shortage of containers the exports are finding it difficult to go through and we were hearing in Jan the traders have signed contracts for a good amount of quantity, but practically the amount exported was in a much lower size. I think the way we have now aligned ourselves to the price rise since April on the domestic side, so just wanted to understand your view that maybe in the next 2 months if because of the shortage continues and in this Maharashtra Sugar does not get picked up and export it; do you see any pressure on the prices still continuing to be there starting from April when we think that on the North side overall production would be lower because considering the way recoveries are going, so anything we see that could hurt the position which we have taken?

**Vivek Saraogi:** The trade being done right now is 90% raw sugar does not go in containers. Raw sugar goes in bulk, it goes in vessels. To that extent only some white sugar trade might be impacted which is very low.

**Moderator:** The next question is from the line of Falguni Dutta from Jet Age Securities.

**Falguni Dutta:** What would be the cost of ethanol at the PBIT level?

**Pramod Patwar:** Weighted average cost of production for ethanol currently stands at around Rs. 27 per liter at PBIT level.

**Falguni Dutta:** What is the estimate of sugar production for this season or FY21 whichever?

**Vivek Saraogi:** The production estimate we gave you on call, it is going to be below 30 million or 300 lakh tonnes.

**Falguni Dutta:** For Balrampur?

**Vivek Saraogi:** We still are dealing with our cane estimates every day. There might be a drop of almost let’s say 12% to 14% of cane crushing in the current season vis-à-vis last season.

**Moderator:** The next question is from the line of Ambar Taneja from Geometrix.
Ambar Taneja: What is the closing stock valuation for your B-heavy and your C-heavy molasses and just want to understand this that based on whatever the valuation is and adding about Rs. 8 per liter conversion cost, that number subtracted from the realization, is that a good estimate of the EBIT? For example, if you are valuing B-heavy at Rs. 700 a quintal so that number into your inventory plus Rs. 7 a liter minus that number from 56 crore. Is that a good estimate for the EBIT for ethanol in B-heavy?

Vivek Saraogi: I would just want you to get back and hear our answer to the previous question. You are aware of the transfer pricing; you are aware of our answer in the last call on the cost to production of the alcohol. You would understand from there.

Pramod Patwari: B-heavy molasses we are valuing that Rs. 700 per quintal and whatever alcohol inventory is there that is being valued at around Rs. 27 per liter.

Vivek Saraogi: That is the cost.

Ambar Taneja: Okay, Second question on this real recovery loss of about 30 bps, is it something that is basically varying from season to season or can this change for the better next year? And because there was some chatter that this has affected Eastern UP more not Western UP so much and why the realization in Eastern UP is lower by about 70-80 paisa of sugar, any thoughts on that?

Vivek Saraogi: Let me try and attempt to answer separately. First of all yes, we are working very hard, some two of our factories still needs some variety improvement that will be done by next year. Outside of that there is a weather trauma which we can’t tell. Our recoveries will drop net after B-heavy if you neutralize, our recovery loss will be lower than UP’s recovery loss. So, it is not that East is more hit technically and our realizations I do not think are lower anyways in Western or Central UP.

Moderator: The next question is from the line of Abhishek Maheshwari from SkyRidge.

Abhishek M: My first question is regarding your expansion plan and distillery. This new facility that you are setting up, can you give an approximate timeline of its commencement?

Vivek Saraogi: Season beginning October-September ’22.

Abhishek M: As I understand, you will manufacture ethanol there not just from sugarcane, it will include rice and potatoes and all those things also, right?

Vivek Saraogi: It will be grain and juice, not potatoes.

Abhishek M: My second question is regarding your power dispute that you have got going on with UP Government. Is there any progress in that?

Vivek Saraogi: 10th February is the hearing.

Moderator: The next question is from the line of Udit Gupta, an individual investor.

Udit Gupta: Regarding the new distillery last call you had said that we are waiting for the approvals and after that we will be proceeding with the orders and everything. Have we received the approvals?
Vivek Saraogi: It doesn’t come so soon. It must be first filed to the Ministry of Environment, that filing has been done. There are some processes so orders etc. will happen closer to June-July but till that period there is a lot of expansion that is being done.

Udit Gupta: We expect to order by June-July and by September 2022 we expect to be operational?

Vivek Saraogi: Yes.

Udit Gupta: What was our ethanol inventory on 31st December, 2020?

Vivek Saraogi: 58 lakh litres.

Udit Gupta: Is this inventory normally taken up by the OMCs in regular course or is it difficult?

Vivek Saraogi: They will pick up immediately, there is no problem.

Udit Gupta: I had actually attended with Dwarikesh also; they were talking about some difficulties in dispatching to the Delhi depot in the last quarter. Did we face any such problems about ethanol dispatches or something?

Vivek Saraogi: These do happen often, but not in a sustained way. We did not face this difficulty; we did not bid in Delhi anyways. They must have faced this because of farmer agitation.

Moderator: The next question is from the line of Dhwanit, an individual investor.

Dhwanit: With regards to the farmers’ issues are we facing any disruption, on production or supply because of it?

Vivek Saraogi: No, absolutely not.

Dhwanit: With regards to the total production which we are going to do for sugar this year. I just wanted to know based on whatever you are producing this year how far off an estimate can we be able to give for the next year or the following or it depends on season to season?

Vivek Saraogi: We have to wait for this.

Dhwanit: As you mentioned that there was some disease which our production had suffered this quarter. Is there anything we can do to mitigate, or is there nothing that you can do?

Vivek Saraogi: That's a good question. We are now going into 100% detail of each plot and trying to ensure that this does not repeat itself. There is this disease all over UP, we are working very hard to ensure that our factories do not face this problem and whatever can be done will be done.

Dhwanit: Is it just a UP specific issue?

Vivek Saraogi: Mostly UP.

Moderator: The next question is a follow-up from the line of Achal Lohade from JM Financial.
Achal Lohade: Is it possible for us to give some estimate with respect to FY21, what is the cane crushing because you said for the season, we could be down 12%-14%. Just wanted to get a sense for FY21, what would be the decline in terms of crushing volumes?

Vivek Saraogi: For FY21 the cane crushing might not come down very much.

Achal Lohade: Would you be able to put any number, will it be flat, 5% lower or anything?

Pramod Patwari: Achal, if I remember correctly, last year it was 1020. So it is that bracket only.

Achal Lohade: With respect to the landed cane cost, what are we accounting for at this point in time?

Pramod Patwari: At this moment we are accounted for with last year’s SAP and the landed cost of sugarcane is Rs. 340 per quintal.

Achal Lohade: In terms of the distillery, you talked about the Rs. 27 per litre costing the weighted average but I suppose given the B-heavy mix, will that change materially in the coming quarter or coming year?

Vivek Saraogi: It might go up by Rs. 2-3.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to the management for their closing comments.

Pramod Patwari: It’s been a pleasure being with you all today. We hope we have been able to answer all your questions and if you have any further questions, we will be happy to be of assistance. Good to have your valuable support on a continuous basis as we move ahead. On behalf of the management, I once again thank you for taking the time to join us on this call. Thank you.

Vivek Saraogi: Thank you everyone.

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