

Balrampur Chini Mills Limited

Q3 & 9M FY23 Earnings Conference Call Transcript

February 13, 2023

Moderator Ladies and gentlemen, good day, and welcome to Balrampur Chini Mills Limited 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 Mr. Anoop Poojari from CDR India. Thank you, and over to you, sir.

Anoop Poojari: Good afternoon, everyone, and thank you for joining us on Balrampur Chini Mills Q3 and 9M FY23 Results Conference Call.

We have with us, Mr. Vivek Saraogi – Chairman and Managing Director; Ms. Avantika Saraogi – Business Lead; and Mr. Pramod Patwari – Chief Financial Officer of the Company.

We will initiate the call with opening remarks from the management, following which we have the forum open for a question-and-answer session.

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

Vivek Saraogi: Thank you, Anoop. Good morning to everyone. And thank you for joining us on Balrampur's Q3 & 9 M FY23 earnings conference call. I trust all of you had the opportunity to go through our 'Results Presentation' providing details of our 'Operation and Financial Performance'. I will initiate the call with an update on the current developments in the sugar sector followed by our Company Highlights.

According to the latest estimates from ISMA, Indian production is not expected to be at around 34 million tons, which was earlier forecasted at 36 tons-36.5 million tons. This is primarily owing to a lower yield in Maharashtra, Karnataka and a little higher diversion owing to sugarcane juice and B-heavy being diverted towards ethanol production. Sugar production in Maharashtra is expected to decrease to 12 million from 13.7 million, UP is predicted to remain at 10.2, Karnataka is expected to decrease to 5.6 and others outside these 3 major states is expected ~6 million tons to 6.2 million tons making for a total sugar production of 34 million tons. The government has already allowed an export of 6 million tons. And just to sort of set the balance sheet in order, opening stock was ~5.5 million tons, 34 million tons is our

estimated sugar production, export 6 million tons, consumption between 27.5 million tons to 28 million tons. So, inventory at best could go up to 5.5 million tons to 6.0 million tons. So, we will probably end this season with an inventory, which is similar to the preceding season.

Moving on to the update on ethanol sector:

Most of you are aware, India has made remarkable progress in increasing the blend with the petrol ratio to 10%. Government has set a goal of 20% in 2025-2026. E20 fuel at 84 retail outlets have been launched and this is sure and certain move toward 20% blending. And you are aware of how much interest and attention the Hon'ble Prime Minister is giving to this program.

On the business front:

The Company's results for the quarter were impacted by lower sugar sales volume owing to lower quota. Untimely rains in east UP and some delays for our new projects based on late supply of machinery have caused a late start, but in our area, we do not have any diversion of cane. So, our initial crushing estimate is our current estimate also, maybe we are seeing yield which is marginally better than what we expected.

So, we should be able to crush this season ~1,030 lakh quintals to 1,040 lakh and we are hoping for a better recovery and the trend is already showing on C-basis because that is the only barometer because we have B-heavy and juice diversion. So, our C-heavy expectation on recovery this year is hopefully better than last year.

Coming to our Distillery business:

I am pleased to announce that Maizapur and Balrampur units have successfully installed the state-of-the-art distillery facility. Maizapur is working on a full-fledged 100% syrup diversion. So, not even a single bag of sugar is going to be produced in Maizapur this year. Balrampur is working on a 2/3 sugar and 1/3 juice formula and everything has been done as per our expectation sugar capacity, modernization of Balrampur Babhnan, Balrampur distillery. Maizapur distillery, Gularia expansion was done last year.

So, the sum total of this is Balrampur would have a 1,050 KLPD installed capacity, which will allow us to produce ~35 crore liters on an annual basis. This ethanol year we are targeting a production for the sugar season, including ENA ~30 crore liters. Next year with some enhancement of cane which we are very certain of, we would be able to produce ~35 crore liters. So, this would make Balrampur a major contributor and probably the largest supplier in terms of volume delivered to the OMC in the country.

In conclusion:

We remain committed towards maximum return from each stick of cane crushed which has helped us generate sustainable value for the shareholders.

As part of this commitment, I am happy to inform Board of Directors have declared an interim dividend of Rs. 2.5 per share of Rs. 1 each.

Further, we have initiated our 6th consecutive buyback which had commenced on 16th November. As of 10th February, the Company has bought back 4,55,723 equity shares.

So, with this, I handover the mic to Pramod.

Pramod Patwari: Thank you, and good afternoon, everyone. I hope all of you had the opportunity to go through our detailed 'Results Presentation' that has been shared with you wherein all 'Financial Performance' including quantitative data have been given.

To ensure that we have a larger portion of time for Q&A, I would like to request the moderator to opening the forum. Thank you.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question-and-answer session.

We take the first question from the line of Shailesh Kanani from Centrum Broking.

Shailesh Kanani: Sir, till December, the recovery numbers are very good. Can you give some latest updates about the same, how has been the month of Jan and Feb till now on the recovery front?

Vivek Saraogi: At this point of time, we have crossed last year's recovery. The trend is obviously positive, but impossible to give you figures beyond that.

Shailesh Kanani: Sir, second question was with respect to our crushing capacity. Given the availability of cane, if it's not a constraint, what is the upper limit of cane which can be practically crushed in a quarter? Can we crush say more than 600 lakh quintals because I think the last best what we had done is around 590 lakh quintals in 4Q FY20. So, given the debottlenecking we have done, so what is the current maximum we can do in a quarter?

Vivek Saraogi: So, while Pramod is calculating this, I am going to reply to you on season basis. Our ideal cane crush should be closer to 12 crore quintals, between 11.5 crore quintal to 12 crore quintals of cane. We are targeting about 10.3-10.4 crore quintals this year, another 1.5 crore quintals we can crush with this capacity.

Pramod Patwari: So, Shailesh, for the sugar season, 10.30 crore quintals is what we have stated. And for the FY23, looks like between 9.25 crore quintals to 9.5 crore quintal of cane.

Shailesh Kanani: Sir, just some data keeping questions. Out of the total ethanol contract we have entered into 26.75 crore, can you give the breakup of pending volumes under different routes?

Pramod Patwari: I think that is given in the presentation.

Shailesh Kanani: But that is pending volumes or there are the total volumes under the FY23. Assuming that we have done some shipment in the month of December.

Pramod Patwari: So, we had given the breakup of 26.7 crore litres in the presentation, 8.79 crore litres on account of juice, 5.37 crore litres is grain based, 0.25 crore litres is C-heavy, and rest is B-heavy.

Shailesh Kanani: So, that is henceforth 26.75 crore litres from Jan, mean from December nothing has gone.

Vivek Saraogi: This is from 1st December.

Pramod Patwari: 1st December.

Shailesh Kanani: 1st December. So, that is the reason I wanted the breakup of that pending volumes if it's possible to share.

Vivek Saraogi: It does not make any sense.

Shailesh Kanani: I can take it offline, no problem. Sir, can you also give a split between domestic and export quantity and realizations for the quarter?

Pramod Patwari: Realizations we have stated in the presentation, export was around INR 37 per quintals plus at 6.5 lakh quintal was around export.

Shailesh Kanani: Sir, last question from my side. We are operating one of the biggest ethanol production operational facility in India, if I am not wrong. So, can you share if there is any headroom for further expansion on that front? Is there any scope for that?

Vivek Saraogi: So, good question. Depending on the availability of cane as I said, if we look to crop, we will align ourselves to this based on next year's availability and then take a decision. There is scope to expand greenfield juice project. There is scope for everything.

Moderator: The next question is from the line of Sanjay Manyal from ICICI Direct.

Sanjay Manyal: Just 1 question on the varietal front. Is it now clear to say that Co 0238 is a waning variety? And as we are changing our sugarcane variety in our catchment area, what could be the proportion of newer variety and what it would be next season? And is it safe to say that the recovery and the yield would be similar to Co 0238?

Vivek Saraogi: Avantika Could you take it forward

Avantika Saraogi: Good afternoon, everyone. Thank you for the question. About varietal balance, definitely, it's safe to say Co 0238 is a waning variety. And as we stand today, we are already in a very good varietal balance in ratoon as well as plant. We have 4-5 good varieties in the pipeline and any dependence on any single variety is completely reduced. So, anytime we see anything happening, we are free to switch within a year itself. Having said that, if it is going to be 4-5 varieties, we would not ideally like to take any one variety more than 30%, between 20% and 30% depending on the conditions of any particular factories. That's what I can say and even now this is under play.

Vivek Saraogi: So, Avantika, his question was twofold. I think he is looking for the recovery impact on the newer variety.

Avantika Saraogi: Definitely, 0238 has become a benchmark for us and we don't want to go below it in anyway. So, all the varieties that we are now constituting are good in terms of yield and recovery as compared to 0238.

Vivek Saraogi: So, if may just take this ahead, the newer varieties which are in play, my personal view the recovery is slightly better. And yield might be slightly lower. So, to get our cane, we are looking to do better at ratoon management and higher area under cane.

Avantika Saraogi: Sir, should I complete the thought on cane now?

- Vivek Saraogi:** Yes, go ahead.
- Avantika Saraogi:** So, I just want to say that this crushing season, we have a 15% increase in cane availability. Next year, also, as my dad was mentioning, we will increase cane further by another 5% to 15% depending on weather condition. Last year, we did very, very good ratoon management practices, which is usually where east UP lags behind, and therefore, our yield and acreage of ratoon have increased this season. And the figures are absolutely coinciding with our plans and predictions. We have kept all insect pest diseases under control and we are always vigilant so that nothing gets a chance to increase in our area and give us any serious hit. Also, our tissue culture lab is running on full capacity and our healthy and pure seed distribution program has already begun from it. This will further help us maintain a good varietal balance and disease and insect free crops in the future.
- Sanjay Manyal:** Just a follow-up. You mentioned the recoveries are better than Co 0238 as of now. So, are you talking about the current status of recovery or the peak recovery we got in Co 0238?
- Vivek Saraogi:** I gave you a view on the current season that as of today we have crossed last year's recovery, as on 12th February let us say.
- Avantika Saraogi:** I think his question is Co 0238 at its peak versus other varieties at its peak, correct?
- Sanjay Manyal:** Correct, right.
- Avantika Saraogi:** So, we, like I said, whenever we do any testing, we are benchmarking with 0238's performance, which we've enjoyed for such a long period of time. So, it's like 0238 at its peak definitely.
- Sanjay Manyal:** And just I think last quarter, we mentioned that our distillery volume for the FY23 should be somewhere around 22 crore liters. Do we stand with that guidance or is there any change given the fact that late start of crushing?
- Pramod Patwari:** Your question is extremely right because of the late start, we are revising it. Now our expectation is between 20.5 crore litres to 21 crore litres for FY23.
- Vivek Saraogi:** Just let me put some more facts on the table, because this will lead to reasonable doubt on certain other inputs and certain other questions. So, we began let us say Balrampur distillery because of the late supply after 15th of December, sugar began after the 7th of December. Now, we were 20 days late at least. Maizapur began in about 4th December, 5th December, I mean, my dates might be off by 2, 3 days. So, these volumes had got shifted to next year, both the cane volume and the distillation volume. So, as we spoke, our crushing for the season remains unchanged, maybe 0.5%, 1% higher only. Our distillation volumes have been mentioned by Pramod, 30 crore litres plus slightly, between 30-31 crore litres probably. So, these 2 figures remain sacrosanct. Balance what doesn't happen in March will happen in April.
- Sanjay Manyal:** Just one last on the sales of bagasse, if it is possible for you to mention what would be the bagasse sale in 9 months FY23 compared to last year and income tax rate for FY23, FY24, and FY25? That's it from my side.
- Pramod Patwari:** We'll have to work out and we'll revert.
- Vivek Saraogi:** We'll revert. However, this year, bagasse are sold at a much higher price than last year.

Sanjay Manyal: Right. I'll take that offline.

Moderator: The next question is from the line of Nikhil Gada Abakkus AMC.

Nikhil Gada: Sir, my first question on the crushing part itself and specifically for FY23, if we are doing 77,000 odd TCD per day, then this 9.25 to 9.5 crore quintal number that you've given, isn't it a bit lower from FY23 perspective?

Vivek Saraogi: As I told you, if we began our season late, your FY23 reduces. Now, if I had begun on 20th November and I had begun on let's say, 10th of January, that is the reason it is going to be lower this year. We have lesser number of crushing days in the current balance sheet in the period beginning November whatever to March end.

Nikhil Gada: And from that perspective, if we are saying that the yield or the crop yield will increase by another 3% to 5% in next sugar season, so that basically sort of helps us go back to the 11 crore sort of a number. Is that possible in the coming year or so?

Vivek Saraogi: Yes. I think we've already explained, 1030 plus would be our crushing expectation this season. Avantika is going to get it 5% to 15% enhancement next year. So, let's say there is a 10% plus enhancement next year, next year we'll crush 11.5 crore quintals.

Nikhil Gada: Sir, secondly just on the ethanol front, for 3Q, I think in the presentation you've given the realization for C-heavy, B-heavy. Could you highlight the realization for sugar syrup, as in sugarcane juice and grain based for the quarter?

Pramod Patwari: Grain based is 55.5 and that one is 65.6.

Vivek Saraogi: So, let's just be very clear, there is no need to ask any Company in the country on these realizations, anything which goes from juice is 65.61, anything that goes from B-heavy, 60.73. There are 2 types of rice. One is the full rice, one is the broken rice. FCI, the full rice is 58.5 and the broken rice is 55.54. So, this is the realization of these products, whatever you've tendered, whatever you supply, each products price has been told to you.

Nikhil Gada: And generally, as of now, for grain based, we're going to do it to FCI route, right?

Vivek Saraogi: Yes, largely

Nikhil Gada: And sir, just my last question specifically again, from the overall inventory perspective, and if I see the quarter numbers where the change in inventory is, I think, close to around 230 odd crore in this particular quarter, sir, if you can just break this up for us in terms of how much has been due to sugar and how much has been due to ethanol?

Pramod Patwari: This is already given in great detail in the presentation. We are holding around to 15.85 lakh quintals of sugar and around 49 lakh liters of alcohol.

Nikhil Gada: Sir, was there any major change from a quarter-on-quarter perspective in ethanol for this particular because I think we are going through juice route, so we might be storing more B-heavy molasses as of now and maybe using it.

Pramod Patwari: Whatever inventory we are holding, be it C-heavy, B-heavy, alcohol, sugar, all stated in the presentation.

Pramod Patwari: Slide 27, you will find all the details.

Nikhil Gada: I will take this offline maybe.

Moderator: The next question is from the line of Anupam Goswami from BOB Capital Markets.

Anupam Goswami: Sir, my first question is on the cost of production that we have seen. As my understanding goes because we had a late start and a low volume, so that's why fixed costs absorption did not take place. So, this will delay till April, and do we see a further extension of crushing days in April?

Vivek Saraogi: Yes, absolutely. So, we see a spillage and therefore a much larger crushing in the FY24 balance sheet than we saw in FY23 the balance sheet in April and May.

Anupam Goswami: And if you look at season wise, so now what the cost of production is at 41 or so, that will go down when this whole volume also picks up, right? Am I correct on that?

Vivek Saraogi: 100%

Pramod Patwari: You may refer Slide 22. Last year also the cost of production was 4,100 at the end of 9-month period, which went down to 3,400.

Vivek Saraogi: Very good. So, Pramod and his team has taken great pain in making the presentation.

Anupam Goswami: Absolutely, sir. My next question on the strategy side, where do we see the mix of ethanol from all the sources and given that what sort of margin we'll be looking at in the distillation front?

Pramod Patwari: Margin will be a function of realization is being fixed by the government of India on an annual basis. And if you are comparing the distillery margin which we achieved few years back, that is not going to be the case because in those year, molasses was practically carried at zero value.

Vivek Saraogi: If I may add, Pramod, the entire business is to stay inside the Company. It is a sectoral allocation, correct?

Anupam Goswami: Right, sir. I'm talking about it excluding the transfer prices. If we exclude the transfer prices, given my understanding, a, sugar juice has a lower margin whereas grain is also slightly lower than the C-heavy also, so where do we see in the mix? Now that we are doing sugar juice as well as grain base, where do we see those margins compared to the last years or earlier years excluding the transfer prices?

Pramod Patwari: Anupam, we have said again and again that this business needs to be seen from the totality perspective, the kind of realization which we are getting in sugar or we might get in future will be a function of how much of sugar is getting diverted into ethanol.

Vivek Saraogi: But even at the same time, see, it's early days. It's a first in the country kind of a distillery when no sugar is made. So, though we are tracking the data very closely, I'm pretty certain that at the end of the season, the distilleries will throw up a pleasant surprise to what we thought. I'm not going to say that juice is going to be definitely lower than the B-heavy or grain is going to be lower. So, it's all work in progress and we will see how things go.

Anupam Goswami: So, down the line, let's say, in 2 years, when we have industry diversion also much higher, so the vision is to have a higher sugar realization at like say 38, 39 sort of and that balance for the whole.

Vivek Saraogi: Yes. And if juice price Government actually is seriously interested in getting 20%, they will have to incentivize from next year onwards. Yes, so if that happens, more juice, more juice at a lucrative price means lesser sugar, means a better sugar balance, etc. So, we remain structurally and fundamentally positive as we proceed into the future, both on the macro perspective and our Balrampur micro perspective.

So, again, I'll just take the audience through the philosophy of our Company. Avantika had laid threadbare in front of you the kind of attention tissue culture lab, the kind of attention and the focus we are paying to cane, we have a centralized team which is out there and looking at all the 10 factories on a microscope basis. Our challenge is getting answered partly this year, and hopefully as we proceed, it should be very beneficial. So, if we are able to go up 15% this year, I don't think any Company and this is my guess till now, any Company will increase that much. As we proceed, if we keep getting our cane which we are more certain we will, you will see how the business will flourish, both in terms of volume in distillation as well as sugar, and we'll also be able to achieve economies of scale, fixed cost will get reduced.

So, we feel very positive that whatever ethanol one makes will get picked up at good prices. As we proceed, prices keep getting lucrative, that also is a tailwind towards sugar and sugar price with this bone, I would call this inventory bone thin inventory, with this bone thin inventory of 5.5, I feel that our price realization from now up to October should also gradually trend upwards.

Anupam Goswami: Sir, my last question is what is the price realization right now in Feb-Jan quarter?

Vivek Saraogi: 35.5 ballpark currently.

Moderator: The next question is from the line of Rajesh Majumdar from B&K Securities.

Rajesh Majumdar: I just have two questions. One is the Gularia expansion. Sir, when will it be ready for us in term of the sugar season?

Vivek Saraogi: Gularia expansion got commissioned last year.

Rajesh Majumdar: Sorry, Kumbhi, the one you recently announced.

Vivek Saraogi: Yes, obviously. This will be ready and up next season, November 23, next season.

Rajesh Majumdar: Sir, 2023, 2024, it will be fully operational. Is that correct?

Vivek Saraogi: Yes

Rajesh Majumdar: And sir, my second question is more of a strategic kind of question, how long do you see the fixed pricing on ethanol to continue? Because beyond 20% blending, there's still not much visibility in terms of flex fuel vehicles and so on. So, will this fixed pricing scenario for ethanol continue till eternity or there is something which can happen in between and what is the kind of game plan as a Company we have in order to counter that?

- Vivek Saraogi:** So, I would just begin by saying even life cannot continue in eternity. So, having said that, basically, let's understand the dynamics. Today, in this year, I think we'll struggle to go to 12% blending for the year. As we proceed to take this blend upwards, you need juice diversion for which you need not only fixed pricing, but enhanced level of the current fixed pricing, I would call it incentivized pricing. So, to take you to 20 is going to be a task. To get to 20 is very tough, it's not easy, trust me, you'll need a lot more capacity in place. That's first. So, to answer your first question, when government achieves 20, will it dump you? So, first of all, achieving 20 is for 3, 4 years away to my mind. Then when you achieve 20 and you have to be at 20 is not easy again. There's one year suppose there's a doubt something again a challenge. Thirdly, I am very clear that the government is on this move for improving flex fuel vehicles, there is incentive, there is a PLI scheme, there's a lot of work going on with auto manufacturers, there will be hybrid vehicles, there will be flex fuel vehicles. Cooking gas. There is going to be multiple usage government is thinking off. So, I would feel that this formula is here to live. See, it's also important for this to lay because Government of India earlier used to give export subsidy. Now, if your production comes under control, that money does not leave the government hands. So, this pricing is to ensure even cane price payment. So, that also being the mandate of any represented government cannot go off the table. So, farmer is a very important part of not only our real economy, but of the political capital of the country. So, that again, won't go off the table. Three, this is paid for by the consumer and today seeing crude and exchange prices, it is not a negative item for the OMCs. Four, it is improving the carbon footprint, our Hon'ble Prime Minister has given the details of the number of carbon credits or carbon footprint savings we have achieved owing to this. So, it is foreign exchange positive. So, with all these 5 factors in play, I don't believe that, your anxiety is my anxiety.
- Rajesh Majumdar:** Right, sir. If I am permitted just one more question. If at all, you take a decision to expand ethanol capacity further, would it be concomitant upon increasing the juice pricing or we will do it nevertheless?
- Vivek Saraogi:** Economics is the reason why you would do business. So, we'll wait and watch.
- Moderator:** The next question is from the line of Nishant Sharma from the Nuvama Wealth Research.
- Nishant Sharma:** So, just wanted to have a breakup of sugar sales for this quarter out of 20.26 lakh quintal to exports and domestic breakup?
- Pramod Patwari:** We have given that, 6.5 is the export, balance is domestic.
- Nishant Sharma:** And out of our total export quota, what is left which is yet to be delivered.
- Pramod Patwari:** So, out of 1.98 lakh tons of export quota, we have contracted for physical export of 1.4 lakh tons. Out of that, 65,000 tons already delivered within December and the balance maybe within March. And for the balance 58,000 tons of quota, we have exchanged with domestic release.
- Nishant Sharma:** What's your view on the UP state advised price? Is there likely increase in that? And when is this likely to be announced?
- Vivek Saraogi:** Your guess is as good as mine. Having said that, it should have been announced, it's not yet announced. Our view is it should not increase, but that's a very personal view. The decision should come within February I hope.

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

Achal Lohade: Sorry if I am repeating the question. You talked about exports. Is it 65 or 55, 65,000, right?

Pramod Patwari: 65.

Achal Lohade: 65. And if you could help us with the realization as well, sir?

Pramod Patwari: Achal, we had said that export is 37 plus.

Achal Lohade: 37 plus. Got it. This is very helpful. And second, can you help us understand the cane mix in terms of the varietal mix. Is it possible to get some more color as to how it is currently for sugar season 23? And in couple of years' time, how do you look at the mix in terms of different varieties as we speak whatever best case we can have?

Vivek Saraogi: So, Avantiak did give a broad heads up. It's not possible to give you this data right now. We'll have to wait for another year. But trust the hard work going on and believe in it.

Achal Lohade: Absolutely, sir. And sir, in a passing remark you mentioned about cooking gas. Is it anything to do with the ethanol or it's basically the biogas you're talking about.

Pramod Patwari: Ethanol can be used for the cooking purpose also.

Vivek Saraogi: I was telling the government mandate, the level of the government's desire to sort of keep taking ethanol and keep building this if I may say fuel as a very serious player in the total fuel mix. There's experiment for mixing with diesel also going on. So, there is a lot of sort of consumption weight in as we see the future.

Avantika Saraogi: To add to that, there is also a DG set being powered by ethanol, big research happening. Kirloskar, I think, is already making DG sets for ethanol driven and as much as possibly as carbon can be replaced by biocarbon, I think that is the way that the government is thinking.

Vivek Saraogi: Absolutely correct.

Achal Lohade: Any ballpark number with respect to this cooking gas, because it's something new I presume.

Vivek Saraogi: So, if I may, first you have to get to 20% there. So, we are talking of possible consumption points for consumption, new consumption areas. So, one must be fulfilled to go to the other I guess, but government is seriously contemplating.

Achal Lohade: And just a last comment with respect to the E20, I know the government is pursuing very hard, but what about the existing fleet? Can they really fill up to E20 or as you said, 12% vehicles is a challenge this year?

Vivek Saraogi: Are you talking about existing vehicles?

Achal Lohade: Yes.

Vivek Saraogi: I think, 1st April 2023, all vehicles should be compatible to 20%.

Achal Lohade: So, what I wanted to check about this E20, in terms of the existing vehicles, you're saying that the mandate is to have all the existing vehicles ready for E20. Have I heard it right, sir?

Vivek Saraogi: From 1st April '23. Not 2-wheelers. Only 4-wheelers. Yes, 2-wheelers might be slightly lower, but for 4-wheelers, 20%.

Achal Lohade: And that preparation is on according to you in full scale, right?

Vivek Saraogi: Yes.

Achal Lohade: Because we haven't heard as much about it, okay. And with respect to the cane price, if you can give us some sense, have you seen this kind of a delay in the past? Or this is the first time you've seen cane price being announced in the month of February for UP?

Vivek Saraogi: It is rather late. I don't remember having seen cane price this delayed. Yes, 1 year it was delayed.

Pramod Patwari: Yes, there was 1 year when cane price was declared in February.

Vivek Saraogi: But how is that of relevance? You want to see that cane price, not the date?

Achal Lohade: I'm just trying to get some sense. Just last question, if I may, with respect to as we speak, what is the increase in the cane crushing volume? I know you've already given the guidance, but just wanted to understand the number till yesterday, how's the cane crushing volume in terms YoY and the recovery date on a YoY basis? If any number you could share.

Pramod Patwari: No, we would not like to share the number till yesterday. For the quarter ended, we have already shared. We have already shared our vision, our expectation for FY23 as well as for the complete season.

Vivek Saraogi: And we've given you recovery trend. We've told we started late. There is no point getting into daily figures.

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

Chandramouli: What are the ethanol sales till now, I mean in the last 9 months? You talked about financial expectations of about 21 crore, you have reduced it from previous '23. But what is that you've done till in the last 9 months?

Pramod Patwari: 9 months, we have supplied around 12 crore liters.

Moderator: The next question is a follow up from line of Shailesh Kanani from Centrum Broking.

Shailesh Kanani: Sir, just wanted to know your thoughts on the budget announcement on CPG side. There were some incentives which the government has announced. Now I understand we have entered into a contract for our press mud. But are there any plans anything on the drawing board with respect to the changing opportunities on that front?

Vivek Saraogi: To be very honest, we've not seen very great opportunity. We are not looking at that side so much.

- Moderator:** The next question is from the line of Sandip Sabharwal, an individual investor.
- Sandip Sabharwal:** My question is that companies like Praj have also talked of possible blending of ethanol with diesel using some agents, etc. So, have you heard of that and anything going on, on that front?
- Vivek Saraogi:** So, it's called a binder. So, Praj and other, they are on I would say, maybe it's very close to completion.
- Sandip Sabharwal:** Sir, it will become a much bigger market, sir, that could open up much more opportunity.
- Vivek Saraogi:** Diesel is huge. So, I'm saying even if there is 2% in diesel, you don't have the capacity. So, I therefore don't worry on the consumption point. I'm not worried on the quantum one produces and there's no doubt that whatever we produce will be lifted at attractive prices.
- Moderator:** Ladies and gentleman, that was the last question. I now hand the floor back to the management for closing comments. Over to you, sir.
- Vivek Saraogi:** Thank you, everyone.
- Pramod Patwari:** Thank you very much. We hope that we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about our Company, please feel free to contact us. I once again thank you for taking the time to join us on this call. Thank you.

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.