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Symbol: BALRAMCHIN	Scrip Code: 500038

Dear Sir/ Madam,

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

Sub: **Transcript of Earnings Conference call**

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Q2 & H1 FY24 Earnings Conference Call held on 8th November, 2023.

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

Thanking you,

Yours faithfully,
For **Balrampur Chini Mills Limited**

Manoj Agarwal
Company Secretary and Compliance Officer



Balrampur Chini Mills Limited

Q2 & H1 FY24 Earnings Conference Call November 08, 2023

Moderator: Good day, and welcome to Balrampur Chini Mills Limited Q2 & H1 FY24 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 will now hand the conference over to Mr. Anoop Poojari from CDR India. Please go ahead.

Anoop Poojari: Thank you. Good afternoon everyone and thank you for joining us on Balrampur Chini Mills Q2 & H1 FY24 results conference call. We have with us today Mr. Vivek Saraogi, Chairman & Managing Director of Balrampur Chini Mills, Ms. Avantika Saraogi, and Mr. Pramod Patwari, Chief Financial Officer of the Company.

We would like to begin the call with brief opening remarks from the management, following which we have the forum open for a question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and 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 afternoon, everyone, and thank you all for joining us on Balrampur Chini's Q2 & H1 FY24 Earnings Call. I trust all of you have 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 on the sector, followed by our company's key highlights for the period under review.

So, I'll begin with production. As per ISMA's latest estimates, India is set to witness a decline of 8% on the gross level, and it is expected to reduce from 36.2 million

tonnes to 33.7 million tonnes. This is mainly due to the insufficient rainfall in Maharashtra and Karnataka, thereby leading to a lower yield.

However, our company's view on the current season net production is between 29 to 30, so we could say 29.5 million tonnes, net of diversion. This would still be ahead of the expected consumption of about 28.7 million tonnes. However, the government has adopted a cautious view because of the sugar opening stock and decided not to allow sugar exports for the time being. This has exerted an upward pressure on the global prices, which have surged to a 12-year high, surpassing 28 cents per pound.

Moving on to an update on ethanol. The Indian government remains committed on its ethanol program, which aims to achieve 20% blending by 2025-26. However, recently, OMCs have observed a decline in the ethanol blend percentage, which was owing to a halt in FCI rice allotted last year.

Looking ahead, Central Government and OMC, they are about to announce the price, which we had expected to come by now. But as per past behaviour, the prices are expected to follow the percentage hike in FRP, which is about 3%.

On the business front, our company delivered a commendable performance in a seasonally weak quarter. We reported a healthy improvement in volumes and realization across our sugar and distillery divisions, that supported our overall performance. Further, our profitability this quarter benefited from higher crushing in the previous season, which spilled over into April and recovery achieved in the previous season.

After achieving an impressive 16% growth in crushing during the previous season, our field teams have been actively collaborating with the farmers to plant improved variety, expand area under cane, which would both boost yield and recoveries.

We also worked very hard, and the disease at our end is minimal compared to last year. Avantika will take you through it. That is because of the serious reduction in CO 0238 in our area. As we go through this season, we are hoping and whatever is to be seen on the ground for a 10%-plus crushing in the current season over last year.

In conclusion, the company is dedicated in generating value for all its stakeholders, keeping this objective in mind, the Board has announced an interim dividend of INR 3.00 per share from last year's INR 2.50 per share. So, an enhancement of INR



0.50 per share. As we move ahead, we remain committed to harnessing synergies between Sugar and Distillery segment, which have been the key drivers of our sustained success.

I will now request Avantika to give you an update on the cane.

Avantika Saraogi: Thank you, everyone. Just an update on the cane front. As already highlighted by Mr. Saraogi, that we have got around 10%-11% increased area under cane. This should result in the concurrent increase in cane crush. We will reassess post- ratoon crush, but we are quite positive and hopeful. Weather has been kind to us in our part of the world, the yields are looking good.

As expressed, the disease I is almost mitigated, I would say there has been a further 20% reduction in CO 0238 as compared to last year and which has been all replaced by good high-yielding sugar varieties like CO 0118, CO 015023 and CO 014201. And we expect a higher recovery on this front as well.

Another thing which we were able to control and now we are proud to say that we have almost negligible amount of top borer, which also contributes to a loss in yield and recovery, which we have faced over the last year and the whole state has been facing over the last year or two. This is also negligible in our part.

The ratoon management efforts have been commendable. Mobilization efforts by the team have been commendable of re-propping of fallen cane as well because there was bout of wind and gust in the month of October, which could had impacted our yields. But the mobilization on the ground was superb, and I don't think we will see any losses on this part as well. That's it. Thank you very much.

Pramod Patwari: Good afternoon, everyone. I hope all of you had the opportunity to go through the results presentation, which has been shared with you as well as uploaded on the stock exchange and company's website. So, I would now request the moderator to open the forum for Q&A session. Thank you.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Prashant Biyani from Elara Securities.

Prashant Biyani: Sir, given the current situation of cane crop in Maharashtra and Karnataka, plus the stoppage of FCI rice in grain ethanol, but government's firm stance on ethanol blending. How much could be the blending rate this year? And how much of it do you see coming from cane and how much from grain?



Pramod Patwari: Yes, government recently came out with a tender quantity of 825 crores. We are yet to see the outcome of that tender. We don't really know how much the participants have participated in that. But whatever internal sense we are getting, we think around 3 million tons of diversion of sugar into ethanol is possible even under the current circumstances. Majority of supply this year is expected to come from grain route, sugar we have a limited availability of feedstock.

Vivek Saraogi: But however, the current tender Pramod it points towards a 31-lakh ton diversion already.

Prashant Biyani: Right. Sir, secondly, in Maharashtra, cane growing area. Same as Eastern UP, we saw a deficit rainfall. But it has benefited the Eastern UP cane growers as well as mills, but not in the case of Maharashtra and Karnataka. Obviously, there was a timing issue on rainfall. If Avantika Ma'am can explain how it benefitted the Eastern UP growers, but not the Maharashtra one. Slightly technical, but just for understanding better?

Avantika Saraogi: Not a problem at all. Firstly, if we look at total cumulative rainfall, Eastern UP was still around 96%, 97% of usual. So, our deficit was not as much as Maharashtra to begin with. And secondly, it was very well dispersed and early rains were not there. The problem which we have faced 2 years before that, when we had crushed 875.18 lac qtls. and 888.31 lac qtls.. The issue was that the rains came very early. So, our cane did not get the time for tillering and therefore, the number of visible canes were not formed. This year and even last year, early rains were not there. So, there was profused rain, and we've got a more number of visible cane, and that's why we see it's healthy in our areas. Then rightly even the rains were a bit too delayed, and we were fearing but then the rains came, and they were very well dispersed. I would say 1 week interval, 1.5-inch 2-inch rain, 3-inch rain. This is very healthy for the same crop and it spread all the way until September. In Maharashtra, it was too little. They didn't have reserve, I guess?

Vivek Saraogi: No. So, the Ujjani Dam, etc, it's basically the yield in Maharashtra is bad because of a very, very stunted ratoon crop and scanty rainfall. In east UP, as Avantika said, we did get distributed rainfall. And having been in the business for over almost 4 decades now personally, one can assess the health of the cane once you are able to see the growth, which you see at this point in time.

Avantika Saraogi: Plus, one big advantage, which is there with UP, that Maharashtra is difficult, is that how much our farmers have irrigation resources.



Vivek Saraogi: And we have ground water at a very lower table.

Avantika Saraogi: Yes. So, it's much easier to even revive in the event of less rain.

Prashant Biyani: Right. And just lastly, what would be the most remunerative for you to produce right now between sugar and different types of ethanol?

Vivek Saraogi: So, I'll attempt to first answer on a concept and then would request Pramod to take it up. So, you see we just assume we are able to crush 12%, 13%, 14% higher than last year. But to be able to store that much sugar is going to be tough. So, we will get into a game plan, which we have, whereby we would increase our C, maybe. So that planning we will do. So, we might increase our C-heavy, improve our sugar production. However, the juice production would continue because that is decently remunerative. And when you have 3, 4, 5 assets running on the ground, you need to be able to distribute your cane. Otherwise, UP will be stranded with too much of sugar. So, we would distribute our assets based on our assessment of the cash flow and after the prices are announced, which we hope would get announced very soon.

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

Sanjay Manyal: I have just two questions. One is what is the grain ethanol economics after the price rise, which has happened in a few months back? And what would be the proportion of Maize in your ethanol feedstock? I just want to understand that.

Vivek Saraogi: Right. It's a very good question. So, the grain price announced right now for DFG is pretty remunerative, and we hope to sort of whole hog on that. So Maizapur's asset we would hope to utilize much more. So, our emphasis will be on rice, we would hope to procure it timely, at a very decent remunerate price, to give us a very decent return on that front. Maize would come in as a filler towards the end because Maize alone is not a great crop to crush, if Maize is equated to grain. So, Maize not the best thing. So, we would put that as a filler.

Sanjay Manyal: So, will you also change the Maizapur composition from, say, maybe Juice to B-heavy or somewhat, I mean, 50-50 kind of...

Vivek Saraogi: Maizapur is going to be juice fully. It would be decently remunerative. And off season, which is when the crushing stops and the syrup stops, we will go to rice and add some fillers of Maize as the time progresses. Largely rice.



Sanjay Manyal: Okay. And one question on the levy molasses policy, which I think newly sort of policy, which has come now of 26% on C-heavy and 19% B-heavy. What would be impact for us on that? And is it because of that, we are increasing our C-heavy also?

Vivek Saraogi: I don't think there is any favor of any feedstock C-heavy, B-heavy or Juice. All liabilities are now made equally. So, there is no change in not that it's less on C-heavy or more on B-heavy, that's not the situation.

Sanjay Manyal: So, is there any impact from last year to this year because of the increase in the levy part?

Pramod Patwari: Yes. Obviously, the last year, the C-heavy reservation was around 20%, which has gone to 26% this year. So as and when we produce ENA, it will automatically get captured in our profit and loss account. So, this we have been doing for so many quarters on a continuous basis. It doesn't change our life. It's in a particular quarter, the production of ENA is much higher, we will account for that accordingly in that quarter.

Sanjay Manyal: Okay. Understood, sir. And just last one. The proportion of 0238 in the 23-24 season and the newer varieties. Just that last one.

Avantika Saraogi: So this is a projected figure, of course. So, we expect only 25% of 238 variety.

Vivek Saraogi: In this season, current season?

Avantika Saraogi: In the coming crushing year. And the peak was 80% plus. So, you can imagine the downturn. And in the season, beyond that, we would see it in single digits.

Vivek Saraogi: 24-25 season in single digits.

Avantika Saraogi: Single digits. And in proportion, the other variety, so 118 has increased by more than half of that. So, it will increase by around 11%, 12%. And all the other varieties combined have filled the rest of the 9%...

Vivek Saraogi: CO 015023.

Avantika Saraogi: Yes. We will first time be crushing a sizable quantity of 15-023. We should see the flavour of that, but in the later part.

Vivek Saraogi: In the second half of the season.



Sanjay Manyal: Okay. This 25%, you are saying, 0238 for overall Balrampur or specific on company?

Vivek Saraogi: Group.

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

Shailesh Kanani: Congratulations for good set of numbers for the quarter. My couple of questions. One is with respect to growth front. On growth, has just been more than 1 year when we had completed our last capex plans on this very front. And I know we are doing a minor capex for 2,000 TCD on the sugar front. But any plans for future allocation of expected cash generation, if you can throw some light on that?

Vivek Saraogi: So yes, we did speak last year, and we have spoken on all calls. And by the time the capex got over last years, we get 11, 12 months, 10 months, definitely. So, the company is now in command of the capex incurred. By in command, I mean, all capacities which were envisaged have been fulfilled, the efficiencies have been fulfilled. The juice distilleries at Balrampur and Maizapur fully online. And now what can I say? We are in discussion, and you will hear very soon as when the Board clears it. But yes, one is actively looking at it in the company.

Shailesh Kanani: Okay. So, nothing as such concrete on the drawing board. Is there any scope since we are expanding our command area as well and so we are banking that ability of cane is on a rise. So, is there a scope for further expansion on the distillery front?

Vivek Saraogi: So just let me explain. Our crushing last year was 1,030 lac qtls. Let's assume, we do 1,150 or 1,160 lac qtls cane crush, What can our current distillation and our crushing capacity absorb, the answer is between 12 crores and 12.5 crores qtls. easily. So, until we go to that figure, there is no purpose of expanding. You need to sweat the assets more.

So, when you cross that 12.5 crores crushing mark, which I am very hopeful, it would happen maybe in a year, after the crushing season or so. That is when one can look at it. Also, the policies will play out till then one can see the demand- supply situation, etc. etc.

So that is one phase. We 24/7 look at it. And distillery expansion, etc., whatever is required is not such a tough job once the basic machine, permissions are in place. On the second front, you people know the act better than I do, the law better than I



do. As and when the Board says something, only then can we come to the exchanges or anybody else.

Shailesh Kanani: Fair enough, sir. That's helpful. Sir, second question is with respect to SAP price. What is our expectation means any indication because I think crushing has started and there is no indication on SAP price. So, can you guide us on that?

Vivek Saraogi: I take you through all the variables, which might be sort of creating any anxiety or hope in people's mind. So, SAP should be announced hopefully by the end of the month. So right now, there's festivals and all that. So, I don't know. It can make five, seven, 10 days more. What is the hope is impossible to answer. But yes, I only know that our honorable CM is a man of great understanding and grassroot knowledge.

I'll just remind everybody. Not that I'm expecting a zero rise, nobody is. In 2019, UP did not raise cane price, in the season which was going into the next election. So, if I rewind 5 years from now, FRP was raised, SAP was not raised. So, this is just to give you a flavour of the human being who's at the helm of affairs. So, his understanding and his ability we trust, and we hope he will take a rationale decision.

So, I'm not worried. But yes, there will be an increase. I don't think the increase will be very, very alarming. So that is one side. The ethanol prices have yet to be announced. They would be announced in the next 10 days, 12 days from after Diwali. That's the hope. So, we will be looking at a method where they would ask more from grain. Hopefully, grain parts would surprise on the upside. The sugar part, they are very clear. They must first make at least 290 lakh tons net. Being responsible citizens, as businessmen, we also agree with that.

So therefore, the attempt should be once you get clarity on that, government keeps on giving tenders monthly basis. And any time anything happens, we've seen incentives come in, etc. etc.. So, government will take a practical view, ethanol price would increase, that is to the best of my ability. You can't hold me to it. I can only tell you what I know and what I think. Prices will increase on the ethanol front on all three feedstocks, C-heavy, B-heavy, and Juice.

How much the increase? The average minimum should be not less than 3%. The rest used to be seen. So that is one. The diversion we are talking of based on the tender filled till now is 31 lakh tons.



Now has everybody filled the tender? To my mind, maybe no. Why the price has not been announced. So, we feel that even when the prices come, they would give a revised window or an enhanced window to change your quantity. So that is when you will get to know the full sort of quantity.

Next, as we progress and after 15 days to 20 days from now, all over India, we will understand the yield of the ratoon crop in UP, Maharashtra Karnataka. That is when you will be able to get the first flavour of 50% of the season. I'm hoping half- and-half is ratoon, just approximation. So, if you will get an ability to predict the first half of this year.

Thereafter, when January end comes, you will get some ability to predict the second half. Yes, the view is bearish on production. The view for 24-25 is even, so, we are into 2023-2024 now, numbers is even bearish both for Maharashtra and Karnataka. So, our sugar economics should stay in place. But the government and the industry having put up assets need to allocate resources to all assets.

Now I am not talking like a sort of CSR human being, I'm talking as a businessman. Basically, if we produce too much sugar, we'll have problems selling it. Balrampur will produce its lifetime's highest sugar, probably. Right, a lifetime's highest crushing?

Pramod Patwari: Previous high was 1095 lac qtls.

Vivek Saraogi: So, we're looking to cross that. And therefore, resources will be allocated to the best of our ability. I think by the time the final prices come and our tender goes, I think one will get to know what we've done. So, I try to cover the entire spectrum and hopefully, I've been successful.

Shailesh Kanani: So that was quite useful. Just one last query. We had contracted certain quantity for ethanol last year. And obviously, because of the FCI embargo, we were not able to completely fulfil that. So, any update on that if you can highlight on that?

Vivek Saraogi: What are you talking? Penalty on that, what is the question?

Shailesh Kanani: Yes. So, since there was a contract, and it was a shortfall from our end?

Vivek Saraogi: All over India, this has happened. Not our mill, Balrampur, industry is in the same boat. But having said that, we represented. And my hope is there will be no penalty because there was a counter obligation on the government to give me FCI rice.



The counter obligation having not been completed, our obligation, I don't think we will call for a penalty.

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

Rajesh Majumdar: Yes. So, I have just two questions. One is on the inventory valuation of sugar. It is showing 37.60, which seems to be very high. I mean how does this increase so much this quarter? Any particular reason?

Pramod Patwari: So, this is on the basis of accounting standard provision, cost or market price, whichever is lower and if our cost for the six-month period ended was INR 41.69/kg. So, against INR 41.69/kg, we valued at INR 37.60/kg. Just to give you some perspective in the last year also H123, the cost of production in September was INR 76.35/kg, but the inventory was valued at around INR34.82/kg. Ultimately, the INR 76.35/kg got cracked to a level of around INR 33/kg by the year-end as the production kicks in.

Rajesh Majumdar: So, there will be a sharp fall once the production peaks, and that's fine. But I have not seen this kind of an increase in the last two years, three years, four years in terms of onetime jump in the valuation. So that's why I was wondering anything in particular?

Pramod Patwari: So, the market price of sugar on the reporting date is much higher in comparison to the last few years.

Vivek Saraogi: So, it's cost or market, whichever is lower? So, if you see that the price for market is higher, you got to the cost. Let's assume the cost last year is INR 40/kg and your market was INR 36/kg or INR 35/kg, you value sugar at INR 35/kg. This year, the cost is INR 37/kg, market is INR 40/kg so it comes at INR 37/kg. Hence, if you saw last year, INR 35/kg, which is because of this fact.

Pramod Patwari: So this year, cost is in INR 41.69/kg. Average, cost of valuation is still INR37.60/kg.

Rajesh Majumdar: That's helpful. And secondly, sir, I see a sharp jump into power realization in this quarter. Now I know you've given a qualifier that you started supplying power to open market in one of the units. So, is this likely to be a strength going forward?

Vivek Saraogi: Yes. One of our units have already exited the PPA, and you can see there is positive payback. There's another one, which is exited that would start selling power from December. So, we would have two units which have exited PPA and have gone into the open market. And the pricing is definitely on INR 1 per unit-plus



accretive. We also hoping for the tariff revision coming up in 2024. And seeing the demand supply position of power, one is looking, I'm positively inclined towards that decision, too.

Rajesh Majumdar: Right. And sir, my last question is what is the remunerative price of juice for you to consider a further expansion?

Pramod Patwari: So before considering that we need to have a visibility on availability of feedstock. This was explained in great detail a few minutes ago that this year we are expecting to crush around 11.5 crores quintal of cane and probably in a year's time, we will touch 12 crores quintal, 12.5 crores quintal. Till that time, our distillation capacities are fully utilized.

Vivek Saraogi: I think what we have given to the government is INR 72/litre.

Pramod Patwari: What we have represented to the government to make a onetime adjustment - raise the price to around INR 71 per litre. That was prior to announcement of this FRP.

Vivek Saraogi: So if you take 3% add to. So, our paper to the government, which is based on our study by professionals, is to attract fresh capital towards distillation from juice should be INR 73 per litre plus, is that your question?

Rajesh Majumdar: Yes. So if it is just a 3% high, that's about INR2. So that's not remunerative yet. Is that the right way to look at it?

Vivek Saraogi: Not to attract fresh capital.

Moderator: The next question is from the line of Dhvaneet Savla from Savla Family Office.

Dhvaneet Savla: Congratulations on a good set of numbers. I have two questions. First, it is my thought process that what we should be looking at the numbers from a year-on-year basis rather than a quarter-on-quarter basis. So, based on that, is this your early expectation, how much incremental revenue and profitability are we looking at from each of our businesses? And if you could give us a kind of a guidance for all three businesses separately?

And secondly, my other question with regards to the treatment of B-heavy and C-heavy molasses. Recently, the UP government has asked to treat B-heavy and C-heavy molasses in the same way and the levy on that was supposed to be parallel. Is there any comment on that?



Vivek Saraogi: Pramod has explained it three times. Pramod, attempt fourth time.

Pramod Patwari: So as far as the guidance is concerned, we don't believe in giving future guidance.

Vivek Saraogi: We don't give guidance.

Pramod Patwari: We don't give revenue guidance and the profitability.

Vivek Saraogi: Yes. And we haven't given in the past, so it's not proper.

Pramod Patwari: It's not proper. Your next question was with respect B-heavy and C-heavy. So last year is a history now. The government has come with a fresh policy, where there is no preference between any of the feedstock. All are at par in terms of 26% of reservation.

Vivek Saraogi: And levy ENA.

Pramod Patwari: Yes. And we are in the business of making ENA and supplying the country liquor in lieu of our obligation. As and when we produce ENA that automatically gets captured in our profit and loss account because ENA fetches a lower realization.

Dhvaneet Savla: So just a follow-up on that. Is there any personal preference for us to produce ENA from one particular kind of feedstock, be it, grain or B-heavy or C-heavy or that depends on season-to-season?

Vivek Saraogi: This is a good question. Our preference is always to produce from C-heavy.

Dhvaneet Savla: Any particular reason for that, sir?

Vivek Saraogi: Economic plays out better that way. And even for years in the past, we've produced 95% from C-heavy.

Moderator: The next question is a follow-up from the line of Prashant Biyani from Elara Securities.

Prashant Biyani: Yes. Sir, have you made any ethanol from open market purchase of any grain in Q2?

Vivek Saraogi: Yes, we did a bit of Maize and a bit of rice. Pramod will just tell you. I think, you are asking for the second half, isn't it?

Prashant Biyani: Yes, sir.



Pramod Patwari: 1.53. crores liter Ethanol production out of rice, in the second quarter.

Vivek Saraogi: In the second half?

Pramod Patwari: In the second quarter.

Vivek Saraogi: In the quarter under question?

Pramod Patwari: Yes.

Prashant Biyani: And this is all open market purchase?

Pramod Patwari: All open market.

Prashant Biyani: Sir, what would be your blended grain ethanol realization for Q2?

Pramod Patwari: I think that has been given in the presentation.

Prashant Biyani: No, sir, it is not. Just blended.

Pramod Patwari: Alcohol from grain was around INR 58.50 per litre in Q2.

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

Marshall: Regarding this sugarcane molasses policy of UP government, what we understood was that from 2023, this is B-heavy molasses, which is supposed to be spent like previously 70%, 20% of C also to be a pet to give levy at the 10%, 20%. And companies have to take a hit because the valuation of B-heavy molasses, B heavy molasses was for the 1,000, 1,100. But it was supposed to be sold at INR200 or whatever the levy.

So, on this account, you can say, loss booked in our P&L during this September quarter number one. And then whether this notification of UP government or this policy has been done away and like is no more applicable for the current molasses year starting from November 1.

Pramod Patwari: So if you see our numbers in the last year also, we diverted almost 23% to 24% of our cane under C route to produce ethanol. That largely takes care of our ENA obligation. As we have said in the past also, as and when we produce ENA, the losses on account of that automatically gets captured. And if you see our numbers in the quarter gone by production of ENA was around 1.6 crores liter in the quarter. To that extent, there will be an automatic adjustment.



- Marshall:** No. So, if you don't mind, can you just give a little bit expansion on this policy itself. That like if you produce more than 20% from your C molasses, then you don't have to sell it levy? Or how does it work?
- Vivek Saraogi:** Let me attempt to answer. This is not such an important question, but we are facing it 10 times, I'll answer it. 0.73 is the ratio which you said, right, or 73%? So, if you take 26% C and multiply that by 0.73, you get to 19%. So that is how the liability would be calculated. What the figure will come to is what we will produce and give to the government for Balrampur. Last year's policy expires on 1st in November. This is the new policy.
- So, in last year, we have supplied ENA, we've accounted. This year, we'll supply ENA, we'll account. When we produce, it will be produced during the season. And it will be produced, you store the C molasses and your distillery also. Their liability has to be made in 12 months. We produce store whenever we produce or – Pramod, have we book liability on the supply?
- Pramod Patwari:** Yes. Produce.
- Vivek Saraogi:** So, the moment we produce, we book it. What you see in the accounts in the blended realization. The blended realization is lowered or truncated downwards by ENA prices. So, when you see the blended realization is accounted during the quarter. So, therefore, Balrampur's liability is determined because we don't do supply molasses. That is a losing business compared to ENA. So, we convert the levy molasses into ENA and supply equivalent quantity. Now that is booked in the manner I've explained. Am I clear now?
- Marshall:** Yes. So, this is clear. Maybe I'll just take it offline also. So, like this notification is still valid? Or they have withdrawn from the current amount of molasses here from November 2023?
- Vivek Saraogi:** From 1 November, they have announced this new policy. So, when a new policy comes, the old is finish, right?
- Marshall:** So, in the new policy, what is the treatment for this particular regarding B-heavy molasses?
- Vivek Saraogi:** Please take it offline. I have explained.
- Moderator:** The next question is from Nitin Awasthi from InCred Equities.



Nitin Awasthi: I had just one question around the molasses policy, but it's been asked a few times right now and I know that you have been very annoyed by it. I have a very specific question, don't want to go around the policy and what and why and how. If that can be answered, it'd be very nice.

In absolute terms, we had a policy last year. The government increased that to a notification, which is not available in the public domain through various routes and you specifically supply to the government via the ENA route. So was the absolute quantity increase for the ENA route also. And if so, has that already been forced? That's one.

Vivek Saraogi: So, let me explain, I'm not annoyed. I'm sorry if I sounded agitated. My apologies. We're very clear on two things. Balrampur will account for what is to be accounted. You get the cleanest balance sheet in the country, in my view. So, we take pride in our accounting. So don't worry.

Two, let me explain again. So last year, B-heavy was accounted for 20%, right? In some way, that is a bit of an improvement from there. C-heavy was accounted for 20% to 26%. So probably that's an improvement. There were some ratios which were put into place, which were erroneous. So, to some extent, technically, this policy might be more practical than the last policy. It is a big drag, yes. So, we have accounted for all our ENA to be given. Which is not accounted or will get accounted for during production, and that will get booked in that manner, correct?

So, there should not be any feeling of that the liability is not accounted for. It gets accounted for during / via production. Have I been able to explain? Yes, have I been peacefully able to explain now?

Nitin Awasthi: Yes, sir, you have. Thank you so much, sir.

Vivek Saraogi: Yes, so there's nothing to worry. I'm feeling a sense of worry in the investor or my shareholders, my precious shareholders. There's nothing to worry, guys. And all policies will get challenged. We'll do our legal bid, what happens? That one, I can't guarantee.

Moderator: Thank you very much. Ladies and gentlemen, as there are not further questions, I will now hand the conference over to the management for closing comments.



Pramod Patwari: Thank you very much. I hope we have been able to answer all your questions satisfactory. Should you need any further clarification or would like to know more about the company, please feel free to contact us.

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 for such errors, although an effort has been made to ensure a high level of accuracy.

