

MSEL/SE/2024-25/13

May 21, 2024

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Listing Department
National Stock Exchange of India Limited
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1st Floor, New Trading Ring,
Rotunda Building
P.J. Towers, Dalal Street, Fort
Mumbai-400 001

SYMBOL – MAGADSUGAR**STOCK CODE – 540650**

Dear Sir,

Sub : Transcript of Q4 & FY24 Earnings Conference Call

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the earnings conference call for the quarter and year ended 31st March, 2024 which was held on Wednesday, 15th May, 2024. The same is also available on the website of the Company i.e. www.birla-sugar.com.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Magadh Sugar & Energy Limited

SUBRAMANIAN
SATHYAMURTHY

Digitally signed by
SUBRAMANIAN SATHYAMURTHY
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S Subramanian
Company Secretary
FCS - 4974

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“Magadh Sugar & Energy Limited
Q4 FY ‘24 Earnings Conference Call”
May 15, 2024



**MANAGEMENT: MR. PANKAJ SINGH -- CHIEF OPERATING OFFICER --
MAGADH SUGAR & ENERGY LIMITED
MR. SUDERSHAN BAJAJ -- CHIEF FINANCIAL OFFICER
- MAGADH SUGAR & ENERGY LIMITED
MR. DILIP PATODIA -- GROUP CHIEF FINANCIAL
OFFICER -- MAGADH SUGAR & ENERGY LIMITED
MR. SUBRAMANIAN SATHYAMURTHY -- COMPANY
SECRETARY -- MAGADH SUGAR & ENERGY LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Magadh Sugar & Energy Limited Q4 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. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on a touch-tone phone. Please note that this conference is being recorded.

We have with us today the senior management team of Magadh Sugar & Energy Limited, Mr. Pankaj Singh - Chief Operating Officer, Mr. Sudershan Bajaj - Chief Financial Officer, Mr. Dilip Patodia - Group CFO, Mr. Subramanian - Company Secretary, who will represent the company on the call today. The management will be sharing the key operating and financial highlights for the quarter and the full year ended March 31st, 2024, followed by a Q&A session.

Please note that some of the statements made in today's discussion may be forward-looking in the nature and may involve risks and uncertainties. Documents related to the company financial performance are available on the website of the stock exchange and the company's investor section. Trust you may have been able to go through the same.

I now hand the conference over to Mr. Sudershan Bajaj. Thank you and over to you, sir.

Sudershan Bajaj: Dear investors, thank you for joining us on this call today. We hope all of you have got a chance to go through our investor presentation, which has been uploaded on the stock exchange yesterday. We will be sharing key operating and financial highlights for the quarter and the full year ended March 31st, 2024.

But before we begin with the updates, some of you might be looking at the company for the first time. We would like to take this opportunity to brief you all about our business. At Magadh Sugar & Energy Limited., which is a part of K.K Birla Group of Sugar Companies, we have a legacy of nine decades in sugar and energy sector.

Our sugar mills are located in Bihar, which is a sugar-deficit state and thus we enjoy a higher realization and a limited competition from our nearby factories. We have three sugar mills, all strategically located for maximum efficiency, together with a crushing capacity of 19,000 TCD and cogeneration of 38 MW. We have also invested in two distilleries equipped with the latest technology and a total capacity of 150 KLPD.

This move aligns with our commitment to grow sustainably and being eco-friendly. I am delighted today to share with you our future plans, particularly the expansion of our sugar plant at Narkatiaganj Unit by increasing the crushing capacity from 7,500 TCD to 10,000 TCD and implementing innovative steam-saving measures. We are poised to enhance efficiency and productivity significantly.

Also, we are going to convert our Sidhwalia distillery to a multifeed distillery by adding the grain attachment. At Magadh, by reducing our debt, we are giving ourselves more financial

flexibility, with which we will be having lower finance costs, which gives us on the other hand to invest more into projects that create values.

Let me take you through some of the industrial developments which has taken place during the period under review. As of April 2024, ISMA has reported a significant milestone in sugar production, reaching approximately 314 lakh tons. With additional output expected from mills in Karnataka and Tamil Nadu, the final net sugar production is anticipated to be near 320 lakh tons. This season witnessed an increase in the number of operating factories, with 516 factories concluding their crushing operations compared to 460 last year.

Moreover, some factories in Karnataka and Tamil Nadu will operate special seasons during June to September, contributing around 5 to 6 lakh tons of sugar to the final net production.

ISMA projects a closing stock of approximately 91 lakh tons by the end of September 30, 2024, significantly higher than the normative stock of 55 lakh tons. This surplus stock will pose challenges such as idle inventory and carrying cost for millers, reflecting the industry's robust performances.

Now coming to our financials and segment-wise performances, revenue from operations during the quarter stood at Rs 288 crores versus Rs 299 crores last year. EBITDA was at Rs 81 crores versus Rs 69 crores, PBT at Rs 63 crores versus Rs 53 crores, PAT at Rs 47 crores versus Rs 35 crores during the quarter-end review.

On full-year basis, the consolidated revenue from operations is at Rs 1,098 crores versus Rs 955 crores last year. EBITDA is at Rs 214 crores versus Rs 133 crores, PBT at Rs 157 crores versus Rs 77 crores and PAT at Rs 117 crores versus Rs 50 crores. This increase in EBITDA, PAT, PBT all is because of higher realisation of sugar, higher volume sales of sugar as well as higher volume sales in ethanol.

Now, the company crushed Rs 148.98 lakh quintals of cane compared to Rs 147.37 lakh quintals in the previous quarter, which is a slight increase. The gross recovery in this quarter stood at 11.44% versus 11.79%. Sugar production during this quarter is at Rs 16.39 lakh quintals, which was Rs 14.33 lakh quintals in the corresponding quarter last year, an increase of 14%.

This was mainly because of higher cane availability as well as crushing through C-heavy route. Domestic sugar sales during the quarter stands at Rs 4.65 lakh quintals as against Rs 3.87 lakh quintals in the corresponding quarter to the last fiscal. There is no export during the quarter whereas there was an export of Rs 1.54 lakh quintals in the corresponding quarter last year. Average sugar realization in this quarter has been at Rs 3,834 per quintal as against Rs 3,512 per quintal in the corresponding quarter of last year an increase of 9%.

The increase in realisation was because of better market conditions. FY24 crushing was at Rs 239.98 lakh quintals as against Rs 219.13 last year an increase of almost 10%. Sugar production during FY24 was at Rs 25.09 lakh quintals as compared to Rs 20.69 lakh quintals in the previous year an increase of 21%.

Sugar sales during the year stood at Rs 20.12 lakh quintals whereas in the last year the company sold Rs 18.55 lakh quintals of sugar. The average realization during the year was Rs 3,796 per quintal as against Rs 3,572 per quintal an increase of 6% in the last year. With increase in production, we also have an increase in inventory at Rs 18.33 lakh quintals as against Rs 13.35 lakh quintals in the corresponding last year.

At the ethanol side, total production for the full year was Rs 498 lakh litres as against Rs 393 lakh litres and the total sales of ethanol was Rs 467 lakh litres as against Rs 399 lakh litres in the corresponding year last year. Average realisation stood at Rs 60.14 per litre as against Rs 60.76 per litre. So these are the significant operating and financial numbers for the quarter and year. Thank you once again for joining us on the call. We will be happy to answer all your questions which you may have. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sanjay Manyal from DAM Capital. Please go ahead.

Sanjay Manyal: Hi sir, just have few questions regarding what exactly would be a crushing number for the season given the fact that most of the UP players have been witnessing slower crushing number. I believe Bihar is witnessing higher crushing. What would be the exact number and percentage hike in crushing number for the season?

Dilip Patodia: The last sugar season 23-24 we have completed with a crushing of around 2.37 crores against 2.28 crores last year there is an increase of around 4% to 5%, but recovery is slightly lower compared to last year.

Sanjay Manyal: And sir what would be the reason for lower recovery? Is it the same issue of 0238 in Bihar as well? Are you replacing the sugarcane variety in Bihar as well?

Management: Yes, basic reason for the low recovery was the infestation of the 238 with the red rot. So, we have a robust planning to replace this variety with the promising varieties like CO0118 & CO9301 and we have increased significantly in our units. Ideally any one particular variety should not be more than 40% and it should be in between 30% to 40%. So that figure we are going to achieve in next season with our varietal replacement plan.

Sanjay Manyal: And what would be the proportion of 238 variety in next season means what would be the proportion of 238 variety in next season?

Management: See, in Bihar, in our two units there are chances of flood because of the low land. So in low land there are different varieties. So, if you go for this 238 in one of the units, we will be having around 40%, in another unit it will be around 35% and in the third unit where the infestation of the red rot is not there it is very, very less. There we have got around 80%.

Sanjay Manyal: Okay. But given that this year generally whenever monsoon is very heavy or above normal, we generally see Bihar has witnessed flooding most of the time. So is there any permanent solution for this issue or is there any permanent solution for this kind of problem?

- Pankaj Singh:** Yes, there are two ways to address this. One is to maintain our embankments so that the effect of the flood is not there to the great extent. And second is depending upon the topography of the land, we are selecting the varieties. At our upland we are having different varieties, in the lowland we have different varieties. So with this strategy we will be able to address the problem to the large extent.
- Dilip Patodia:** And Sanjayji, whenever the flood comes now, water doesn't stay for more than two, three days, it goes out.
- Sanjay Manyal:** Right. So just one more question on the capex front. I think you are here also doing the capex and I think adding the grain ethanol capacity also. So what again would be the capacity or full year sort of ethanol volume post the capexes done, and if you can also give the timeline?
- Dilip Patodia:** Sanjay, we are going to complete all our capex plan during the current financial year. Both the capex which we have projected and announced to the exchanges, one is Narkatiaganj where we are increasing the capacity from 7,500 to 10,000. This will go on steam by November, December this year itself. By doing this we are going to crush more, we are going to get high recovery and our steam consumption, which is around 44.7%, it will come down to 34.8%. The total invested capital cost is around Rs 141 crores, and this project is going to give us an EBITDA of not less than 25%.
- Now coming to the second part of multi-feed distillery which we are doing at Sidhwalia. You are aware of the Sidhwalia distillery has been commissioned two years back. It is running at a full capacity. But after coming into effect of this new ethanol policy, we do not have surplus C-molasses to run our distillery at 100% capacity. To overcome this problem and looking into all these things which may happen in future also, we are converting our Sidhwalia factory to a multi-feed distillery where we can use maize, we can use rice and everything.
- Our plan is that we have the capacity of 150 right now and we can easily run on 340 days. It means we can go up to 5.50 Cr litres. Even today in the current year we have achieved only 4.9 Cr litres. And with the new ethanol policy, we are not going to produce more than 3.8 Cr litres or 3.9 Cr litres. To overcome all these problems, we are converting the Sidhwalia factory so that the balance capacity can be utilized by using grain. Hope I have answered your question.
- Sanjay Manyal:** Right sir. And availability of grain, maize and all that is sufficient?
- Dilip Patodia:** The availability of maize will be about 1 lakh metric ton from Samastipur, Begusarai and Khagaria districts. And that is already available.
- Moderator:** The next question is from the line of Vivek Mehta, an individual investor. Please go ahead.
- Vivek Mehta:** Thank you for giving me the opportunity. Sir, if you can give me the guidance on the global crop situation and what is the price mechanism going forward?
- Dilip Patodia:** Price mechanism of what?
- Vivek Mehta:** Global crop.

- Dilip Patodia:** What?
- Vivek Mehta:** Global crop.
- Dilip Patodia:** Globally, actually the kind of figure we have right now, it says that Brazil is going to produce little higher than the last year. Last year it has produced around 3.49 million metric ton of sugar. Next year it is going to produce around 3.57 million metric ton of sugar.
- Vivek Mehta:** Okay.
- Dilip Patodia:** And right now, the white sugar price in London market is hovering around 570, whereas the raw sugar prices have come down to around 19.5. And we are not seeing any substantial downfall from this price.
- Vivek Mehta:** Okay. Yes, that's it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Vikram Suryavansi from PhilipCapital. Please go ahead.
- Vikram Suryavansi:** Yes, sir. Good afternoon. What would be the landed cane cost for us?
- Dilip Patodia:** Landed cane cost for us is Rs 353 last year.
- Vikram Suryavansi:** Last means ?
- Dilip Patodia:** FY'23-'24, yes.
- Vikram Suryavansi:** So is there any separate MSP for Bihar, like UP what we have, or it is like FRP plus the way we pay the payment to the farmer?
- Dilip Patodia:** FRP is different. FRP announced by central government. In Bihar, all the players in the sugar industry sit together with the government and decide the price of sugarcane for the upcoming seasons. Right now, the price for general variety there is Rs 335, whereas for the early varieties, Rs 355. And the same is Rs 370 in UP.
- Vikram Suryavansi:** Right, okay. Got it. And is there any bagasse sale we do or mostly we convert it into power? How is the bagasse saving if you can give some broad number?
- Dilip Patodia:** Yes, the project at Narkatiaganj has been invested to save bagasse. If I am saying I am saving 10% of steam, it means I am saving 4.5% of bagasse. And bagasse, conversion of bagasse into power in Bihar is a profitable venture. In Bihar right now the prices of power tariff are around Rs 5.6 to Rs 6.5 per unit.
- Vikram Suryavansi:** So all bagasse what we save, basically you convert it into power?
- Dilip Patodia:** Yes, at the price of Rs 5.6 to Rs 6.5 it is always beneficial. Even I sell bagasse, it means I am realizing not more than Rs 3.50 per unit. It is better to convert bagasse into power.

- Moderator:** Thank you. The next question is from the line of Vikram Suryavansi from Phillip Capital. Please go ahead.
- Vikram Suryavansi:** Yes, sorry, I just have I think more questions. On the multi-fuel or multi-feed distilleries what we are talking, so is there any significant difference when you go for maize and when you go for say rice because the handling system could be different. So if you can give some highlight that, is that relatively big investment or it cannot be done with a very incremental shift?
- Dilip Patodia:** Vikram, the first part I am going to give the answer. The capital cost involved in converting this distillery, this molasses-based distillery to this multi-feed is around Rs 32 crores only. Now the second part Mr. Pankaj Singh will answer.
- Pankaj Singh:** See, as far as grain management is concerned, with the maize we are getting more this alcohol and depending upon the availability and the policies, government policies, we will be using the grain, we will be having the choice of the grain. As far as the modification or different arrangement is required, you can say once we have modified the fermenters for the grain, it can be utilized for anything, any molasses, or any grain. Second, depending upon the availability of the grain, we can utilize the silo or the grain at the dealer's place.
- Vikram Suryavansi:** Okay, so while procuring we can basically, you mean to say at the dealer's end you can do the basic preparation in case if it is a different grain?
- Pankaj Singh:** Yes, that depends on our long-term dealing. The reason being in Bihar, the availability of maize as Mr. Dilip has told, the availability of the maize is already 1 lakh metric tons from Samastipur, Begusarai and Khagaria district and our daily requirement is around 260 metric tons per day. So even if we consume total 1 lakh metric tons, means if we run for 330 days, forget about molasses, then also we will be requiring only 86000 metric tons. So there is ample availability of Maize in Bihar because it is surrounding area. That is why strategically we are going for this.
- Vikram Suryavansi:** I understand. And distillery size is 80 KLPD?
- Dilip Patodia:** Yes, it is 80.
- Vikram Suryavansi:** And in terms of cane management and all that, how much scope, further scope is there in terms of yield improvement or acreage improvement in command area and if everything goes well, what could be the peak availability of cane in or during season, say a few years down the line we are targeting?
- Dilip Patodia:** Yes, Vikram. To answer your question, last year, sugar season, we have swept around 237. We can go right now up to 288 there.
- Vikram Suryavansi:** Okay. So if everything goes well in terms of weather.
- Dilip Patodia:** Yes. We have not yet reached the saturation point. Still there is scope of, that's why we are increasing the crushing capacity of Narkatiaganj, where most of the cane goes to somewhere

else because we have the crushing capacity limited to 7500. With the increase in the capacity at Narkatiaganj itself, our crushing will go up by 28% to 29%.

Vikram Suryavansi: And in terms of days, how many days we are talking about in terms of working days?

Dilip Patodia: 140 maximum in Bihar. One of the units at Hasanpur there we run up to, you can say around 150 days.

Vikram Suryavansi: But is there any crop which can have impact on cane or there is a possibility where farmers can shift to a crop which is slightly better, or cane will continue to be like a, without much threat from other crops, particularly in Bihar?

Pankaj Singh: See, as far as Bihar is concerned, there is no threat. There is no competitive crop. The only thing in the Hasanpur area, where I was talking about this maize in the Begusarai, Samastipur, Khagaria district, the maize is already there with the 60% intensity. And there is no scope beyond this because 60% that is more than enough. And for other thing, we are going to propose to use this maize as an intra-crop with the cane so that it is not the competitive, but it is going to the supplementary.

Vikram Suryavansi: I think that's good.

Moderator: The next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead. Yes, Mr. Vikram, go with the question.

Vikram Suryavansi: I think one more question. Out of total 38-megawatt power capacity what we have, how much would be the surplus or fillable capacity?

Dilip Patodia: Fillable is around 22.

Vikram Suryavansi: 22 megawatts.

Dilip Patodia: Yes.

Vikram Suryavansi: And normally it runs for how many days?

Dilip Patodia: 140 days during the season.

Vikram Suryavansi: Okay. So it's mainly during the season only.

Dilip Patodia: At Sidhwalia unit it runs beyond, if the crushing goes beyond 60, it runs on the off-season days also. But that is minimal, around 7 to 15 days in between that.

Vikram Suryavansi: Okay, not much.

Moderator: Thank you. Okay, go with the question.

Vikram Suryavansi: In terms of cane crushing, we typically, what would be our break-up going forward in general term in terms of B Heavy and juice or do we mostly go to B Heavy only?

- Dilip Patodia:** No, we basically will go for the B heavy only if the government allows it to. Last year 44% was on C Heavy and 66% was on B heavy. Before that 93% was on B heavy and 7% on syrup.
- Vikram Suryavansi:** So if government permit, say next season gave complete freedom to us. We'll go back to our preference will be B and juice.
- Dilip Patodia:** Yes, B and juice. Yes.
- Vikram Suryavansi:** So if everything is permitted, then we can go back to around 90% & 10% kinds of mix with B and juice?
- Dilip Patodia:** Yes, Vikram. Now one has to look into only one thing because C, molasses, ethanol, they have increased the rate substantially. Whereas in B we have to look into the, after considering the cane cost and everything, whether it is beneficial to go for the syrup or do-little bit of C and B because C prices have increased by 6.78% per litre and syrup and B prices have not been increased by the government.
- Vikram Suryavansi:** So it will also require revision in pricing because even sugar prices are also going up, so we have to take that in reference of sugar price.
- Dilip Patodia:** We have to look into the breakeven . This product mix is beneficial to us.
- Vikram Suryavansi:** So hopefully I think post, election they will look into that.
- Dilip Patodia:** Yes, Vikram.
- Vikram Suryavansi:** Okay, got it. Thank you very much, sir. It was quite helpful.
- Dilip Patodia:** Thank you.
- Moderator:** Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. Pankaj Singh for closing comments. Over to you, sir.
- Pankaj Singh:** Thank you very much everyone for joining us on this call of Q4 and FY24. And for any queries and clarification, you can always reach out to us and also our investor relation team, Stellar IR Advisors. Thank you very much and have a good day.
- Moderator:** Thank you. On behalf of Magadh Sugar & Energy Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.