



BALRAMPUR CHINI MILLS LIMITED

**Q1 FY2014
RESULTS PRESENTATION
JULY 31, 2013**



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A Leading Integrated Sugar Player in India

Large Capacities

Sugarcane crushing capacity at 76,500 TCD, Distillery and Co-generation operations of 320 KLPD and 128.50 MW (Saleable) respectively

Focus on Value Maximization

One of the pioneers of Integrated Business Model in India that stabilizes revenue streams along with providing a hedge against the sugar cycle

Management expertise

Strong management team with years of sugar industry experience

Operational efficiencies

Latest technology implemented to achieve highest operational results and leverage inter-plant synergies to maximize by-product utilization

Healthy Balance sheet

One of the strongest balance sheets in the industry



Performance Highlights

Q1 FY2014 highlights v/s Q1 FY2013

- ❑ Net Revenue stood at ₹ 6,816.20 as compared to ₹ 6919.60 million
- ❑ EBITDA stood at ₹ 489.40 million
- ❑ Net Profit stood at ₹ (97.70) million
- ❑ Diluted EPS at ₹ (0.40) per share



Management's Message

Commenting on the performance for Q1 FY2014, Mr. Vivek Saraogi, Managing Director, Balrampur Chini Mills Limited (BCML), said:

“The fiscal has commenced with progressive structural reforms announced for the sector. Dismantling of the levy quota and the release mechanism for free sugar will enable the industry to partially tide over some acute challenges being faced by the sugar sector. At present, the sugar industry in UP is facing challenge of high cane costs and declining sugar prices. Further, the recent 5% hike in import duty is a rational step. Cane price for the ensuing sugar season will be the biggest challenge for the industry as well as the Company.

In terms of segmental performance, higher cane cost coupled with lower realizations impacted profitability of the sugar segment. On a y-o-y basis, sugar and distillery segments delivered improved production and realization numbers. Power segment, with higher availability of bagasse, reported healthy performance for the period under review.

Given that we have a strong Balance Sheet, integrated operations, and demonstrated execution capabilities we are positioned ahead of the curve to benefit from any positive trend in the sector.



Company Highlights

- ❑ In the current sugar season 2012-13, the Company crushed 8.63 crore quintals of sugarcane as compared to 8.60 crore quintals in the sugar season 2011 – 12
 - ✓ Sugar production for the season stood at 82.33 lakh quintals
 - ✓ Recovery stood at 9.54 % as compared to 9.55 % when compared with last sugar season
- ❑ The Company has undertaken brownfield expansion of the co-generation facility at Kumbhi unit by 12.7 MW
 - ✓ Capex to the tune of around ₹ 56 crore
 - ✓ Operations to commence by Q4 FY14
- ❑ As on 30 June 2013, the Company's Long Term Debt stood at ₹ 377 crore
 - ✓ Long-term Debt-Equity ratio at 0.29 on 30 June 2013 – one of the strongest Balance Sheets in the sector
 - ✓ Working Capital borrowings as on 30 June 2013 stood at ₹ 1,145 crore



Sector Perspectives

- ❑ The structural changes witnessed by the sugar industry with the announcement of partial decontrol by the Cabinet Committee on Economic Affairs (CCEA) have been progressive. Sustained reforms should enable both the farmers and the industry to operate in a stable and predictable environment
 - ✓ Dismantling the levy quota on the industry has been beneficial enabling market realizations on the hitherto 'levy quota sales'
 - ✓ Dismantling the release mechanism on free sugar enables the sugar companies to appropriately time sales based on demand and supply dynamics in the market
- ❑ Oil Marketing Companies (OMCs) have placed orders for procuring 21 crore litres from UP based mills at the ex-factory rate of ₹ 34 – 35 to be executed over the next 6 – 12 months
- ❑ In the recent past, in a notification issued by the Central Board of Excise and Customs (CBEC), the duty on import of both raw and white (refined) sugar have been raised to 15%



Sector Perspectives

- ❑ India's sugar production for the season 2012-13 is estimated at 24.8 million tonnes as compared to 26 million tonnes in the previous sugar season
 - ✓ Uttar Pradesh recorded an output of over 7.5 million tonnes in the current season as against 7.0 million tonnes in the previous season; Maharashtra crop better than expected – leading to sugar production of over 24.8 million tonnes for the country in 2012-13.



Financial Overview

Statement of Profit & Loss

(₹ million)	Q1 FY14	Q1 FY13	% Y-o-Y Growth
Net Operating Revenue	6,816.20	6,919.60	(1.49%)
EBITDA	489.40	571.90	(14.43%)
EBITDA Margin (%)	7.18%	8.26%	-
Depreciation	265.80	273.90	(2.96%)
Interest	400.40	535.20	(25.19%)
Profit Before Tax	(97.70)	(180.50)	-
Profit After Tax	(97.70)	(180.50)	-
Profit After Tax Margin (%)	(1.43%)	(2.61%)	-
Diluted EPS (₹)	(0.40)	(0.74)	-



Segmental Overview – Sugar

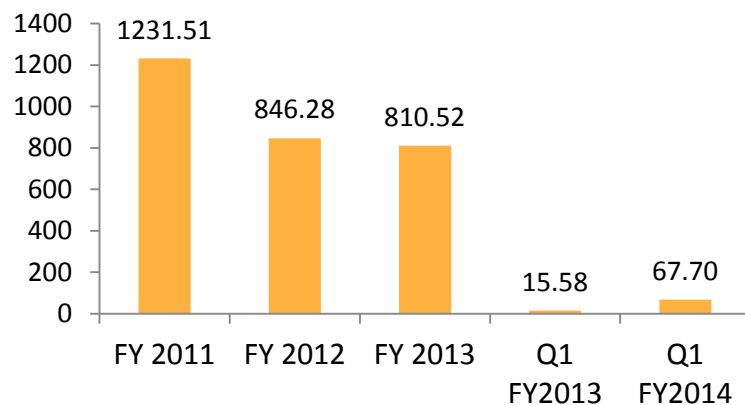
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q1 FY2014	5,787.40	79.24%	(412.60)	-
Q1 FY2013	5,819.20	81.14%	(227.70)	-
% Shift	(0.55%)	-	-	-

- ❑ Sugar production during the quarter was higher as compared to the same quarter previous year on account of higher availability of cane
- ❑ During the quarter, sales volume stood at 17.14 lakh quintals as compared to 19.19 lakh quintals in Q1 FY2013
- ❑ While the realization was higher on a y-o-y basis, high cane price result in high cost of production thereby impacting profitability
- ❑ Free sugar realizations stood at ₹ 31.90 per kg as compared to ₹ 29.67 per kg in Q1 FY2013
- ❑ As on June 30, 2013 sugar inventory stood at 42.72 lakh quintals and is valued at ₹ 31.20 per kg

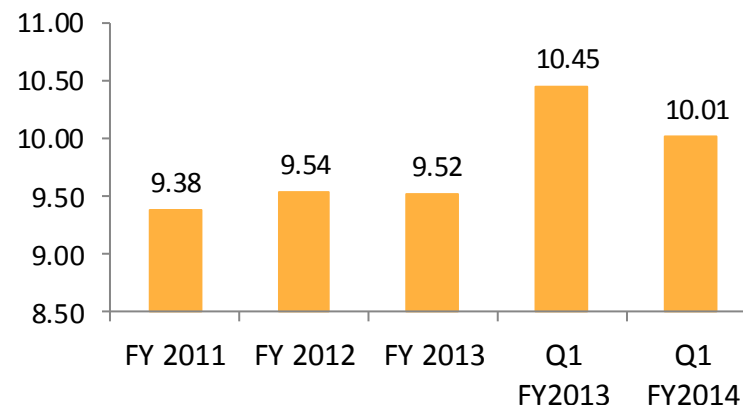


Segmental Overview – Sugar

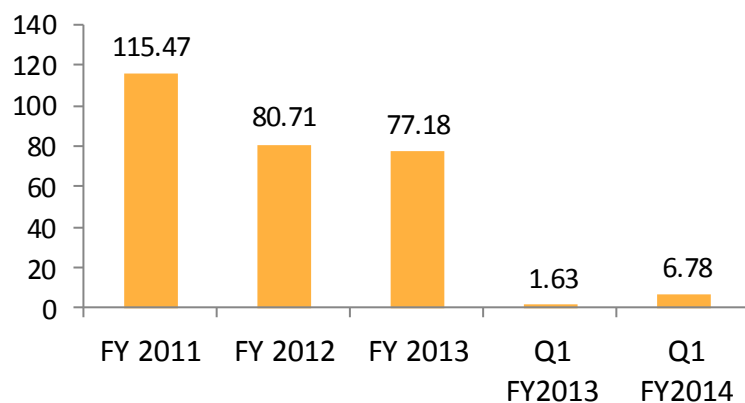
Cane Crushed (Lakh Quintals)



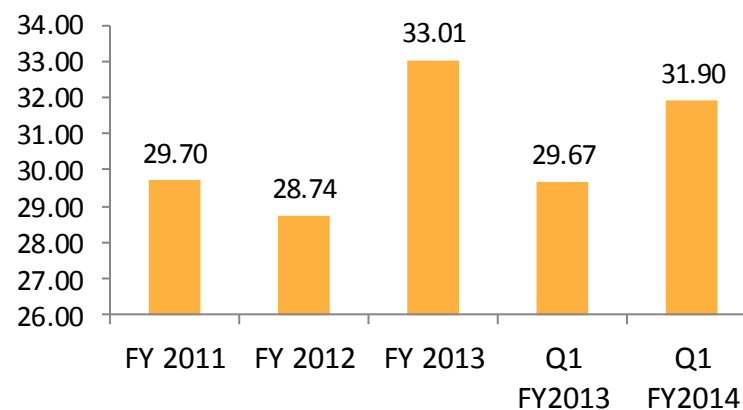
Recovery (%)



Production (Lakh Quintals)



Avg. Realization – Free Sugar (₹ per kg)



Segmental Overview – Distillery

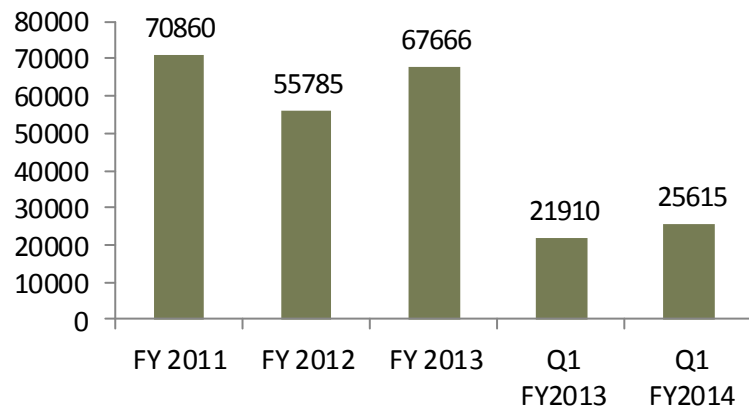
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q1 FY2014	563.30	7.71%	272.00	-
Q1 FY2013	533.70	7.44%	229.10	-
% Shift	5.55%	-	18.73%	-

- ❑ RS and ENA sales volumes stood at 18,725 KL for Q1 FY14 as against 12,387 KL in Q1 FY2013; blended realizations for RS and ENA were higher at ₹ 29.52 per BL as compared to ₹ 26.07 per BL in Q1 FY13 – thereby improving profitability
- ❑ During the quarter, ethanol sales stood at 145 KL as compared to 7,630 KL in Q1 FY2013; realizations stood at ₹ 35 per BL. Supply of Ethanol began only in the month of June 2013.
 - ✓ The contracts with the OEMs for supply of ethanol will help boost sales in the coming quarters

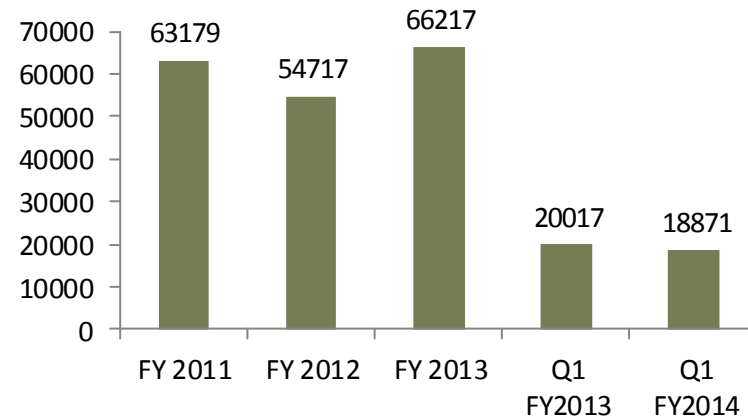


Segmental Overview – Distillery

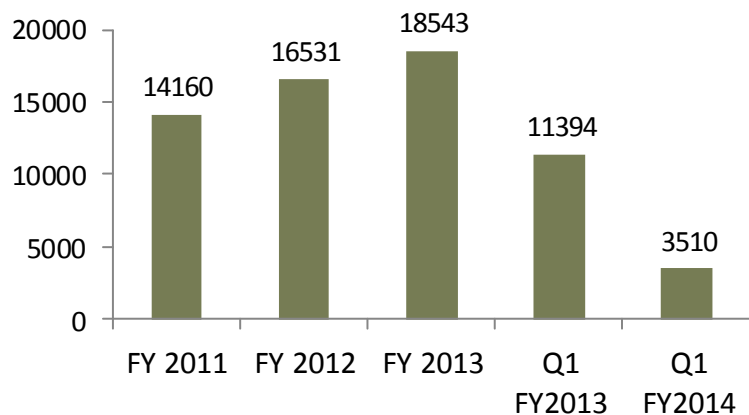
Total Alcohol Production (KL)



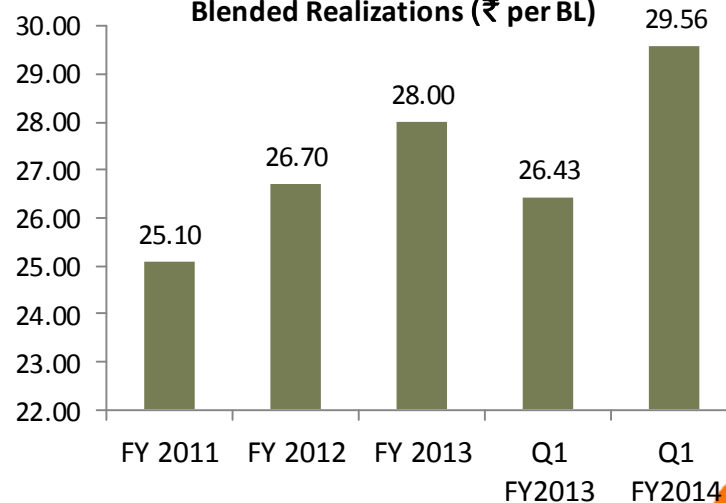
Total Alcohol Sales (KL)



Ethanol production (KL)



Blended Realizations (₹ per BL)



Segmental Overview – Co-generation

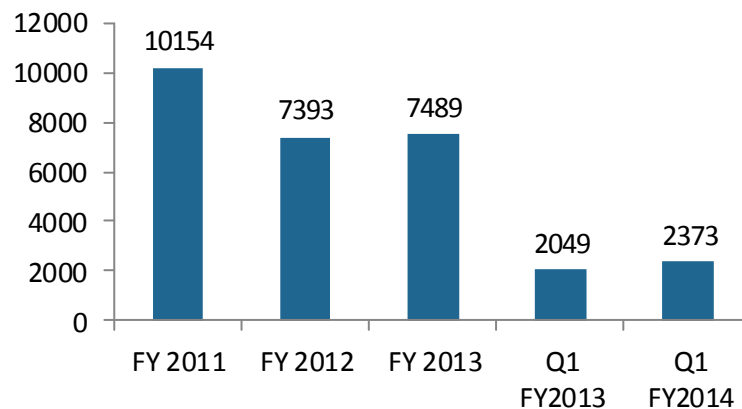
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q1 FY2014	939.30	12.86%	563.70	-
Q1 FY2013	798.90	11.14%	445.70	-
% Shift	17.57%	-	26.48%	-

- On account of higher availability of bagasse, this segment exported 1,944 lakh units of power during the quarter marking an improvement of 12.13% over Q1 FY13
- The division forms an important part of the integrated operations and continues to contribute positively to the overall performance

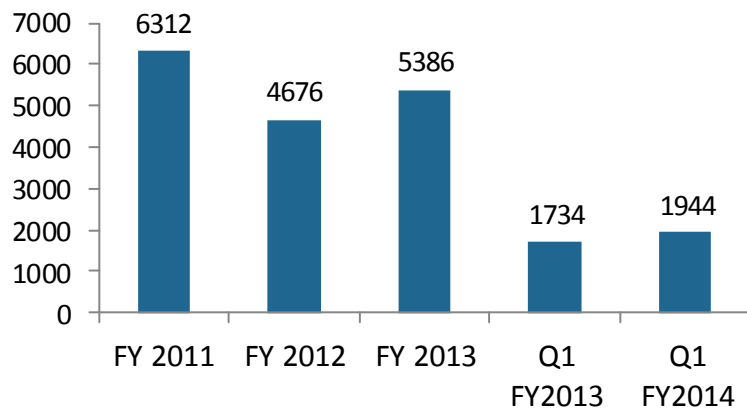


Segmental Overview – Co-generation

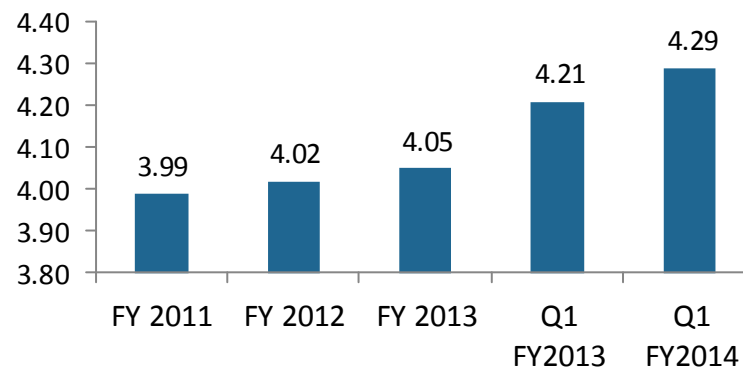
Power Generation (Lakh units)



Power sales (Lakh units)



**Realization from Bagasse Based Sales
(₹ per unit)**



About Balrampur Chini Mills Limited

Balrampur Chini Mills Limited (BCML) is one of the largest integrated sugar companies in India. The allied businesses of the Company comprise distillery operations, cogeneration of power and manufacturing of bio-compost. The Company presently has ten sugar factories located in Uttar Pradesh (India) having an aggregate sugarcane crushing capacity of 76,500 TCD, distillery and co-generation operations of 320 KLPD and 128.50 MW (Saleable) respectively.

BCML is one of the most efficient integrated sugar producers in the country. The Company has grown its capacity by well-planned capacity expansion projects and the acquisition of existing companies over recent years.

For more information on the Company, please log on to www.chini.com.

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