



BALRAMPUR CHINI MILLS LIMITED

**Q2 & H1 FY2014
RESULTS PRESENTATION
OCTOBER 31, 2013**



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A Leading Integrated Sugar Player in India

Large Capacities

Sugarcane crushing capacity at 79,000 TCD, Distillery and Co-generation operations of 320 KLPD and 126 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



Performance Highlights

Q2 FY2014 highlights v/s Q2 FY2013

- ❑ Net Revenue stood at ₹ 5,683.0 million as compared to ₹ 8,882.2 million in Q2 FY13
- ❑ EBITDA stood at ₹ (630.8) million
- ❑ Net Profit stood at ₹ (1,221.1) million
- ❑ Diluted EPS at ₹ (4.98) per share

H1 FY2014 highlights v/s H1 FY2013

- ❑ Net Revenue stood at ₹ 12,742.5 million as compared to ₹ 15,801.8 million in H1 FY13
- ❑ EBITDA stood at ₹ (162.4) million
- ❑ Net Profit stood at ₹ (1,355.0) million
- ❑ Diluted EPS at ₹ (5.53) per share



Management's Message

Commenting on the performance for Q2 & H1 FY2014, Mr. Vivek Saraogi, Managing Director, Balrampur Chini Mills Limited (BCML), said:

"The current sugar scenario remains challenging. The key concern currently is the lower sugar realization and uncertain cane prices resulting in negative earnings. There have been certain positives for the sector in the recent past including partial de-control of the sugar sector, and purchase of ethanol by oil marketing companies at market driven prices, which have been overshadowed by skewed cane prices.

As the new sugar season commences, we are hopeful of the rationalization of the SAP price mechanism being considered actively especially taking cognizance of inverse movement of sugarcane cost viz-a-viz sugar price realization.

Talking about the segmental performance, revenues have remained muted considering this is the non-production quarter for the Company. The sugar segment registered lower volumes at lower realization owing to the dampened sugar prices in the domestic markets."



Company Highlights

- ❑ During the quarter, Hon'ble BIFR approved the merger of Khalilabad Sugar Mills Pvt. Ltd (KSMPL) with Balrampur Chini Mills Ltd (BCML) under the Modified Draft Rehabilitation Scheme
 - ✓ The members of KSMPL, whose names will appear in the Register of Members as on October 30, 2013 will be allotted 1 equity share of Re. 1 each in BCML credited as fully paid up for every 20 shares of ₹ 10 each held by them in KSMPL
 - ✓ KSMPL is situated at Khalilabad, U.P., which is in close proximity of the existing Babhnan unit of BCML; consequently the proposed merger shall result in various locational and inter-plant synergies
 - ✓ Benefits shall also accrue on account of brought forward business losses and unabsorbed depreciation of KSMPL as per Income Tax Act, 1961
 - ✓ KSMPL is located in a cane rich area – existing crushing capacity of 2,500 TCD has potential for increase in future



Company Highlights

- ❑ In the upcoming sugar season 2013 - 14, BCML expects to crush approximately 5% lower sugarcane as compared to the previous sugar season 2012 – 13
- ❑ The Company's brownfield expansion of the co-generation facility at Kumbhi is progressing well and the facility is expected to commence operations by Q4 FY14
 - ✓ Capacity to be expanded by 12.7 MW
 - ✓ Capex to the tune of ₹ 59 crore, to be funded by rupee term loan of ₹ 36 crore
- ❑ As on 30 September 2013,
 - ✓ The Company's Long Term Debt stood at ₹ 334.8 crore
 - ✓ Working Capital borrowings at ₹ 917.8 crore



Sector Perspectives

- ❑ Sugar production in the country in 2012-13 stood at 25.14 million tonnes (mt), while consumption was estimated at 22.8 mt.
 - ✓ The industry will start the new crushing season with an opening inventory balance of 8.8 mt. as compared to 6.5 mt at the beginning of the previous season
 - ✓ Expected production for the sugar season 2013 – 14 is 25 mt.
 - ✓ Uttar Pradesh likely to produce around 7.5 million tonnes in the current season as against 7.7 million tonnes in the previous season
- ❑ SAP prices for the forthcoming sugar season likely to be announced soon
 - ✓ The industry players have presented their case for a rational SAP mechanism for cane that is aligned with the sugar price realization
 - ✓ Current cane arrears due to the farmers stand at ₹ 3,200 crore with UP having the largest arrears of ₹ 2,200 crore



Financial Overview

Statement of Profit & Loss						
(₹ million)	Q2 FY14	Q2 FY13	% Y-o-Y Growth	H1 FY14	H1 FY13	% Y-o-Y Growth
Net Operating Revenue	5,683.0	8,882.2	(36.02%)	12,742.5	15,801.8	(19.36%)
EBITDA	(630.8)	1,206.6	-	(162.4)	1,778.5	-
EBITDA Margin (%)	(11.10%)	13.58%		(1.27%)	11.26%	
Depreciation	274.9	275.6	(0.25%)	549.9	549.5	0.07%
Interest	335.2	421.0	(20.38%)	741.7	956.2	(22.43%)
Profit Before Tax	(1,201.6)	565.9	-	(1,335.5)	385.4	-
Profit After Tax	(1,221.1)	488.8	-	(1,355.0)	308.3	-
Profit After Tax Margin (%)	(21.49%)	5.50%		(10.63%)	1.95%	
Diluted EPS (₹)	(4.98)	2.00		(5.53)	1.26	



Segmental Overview – Sugar

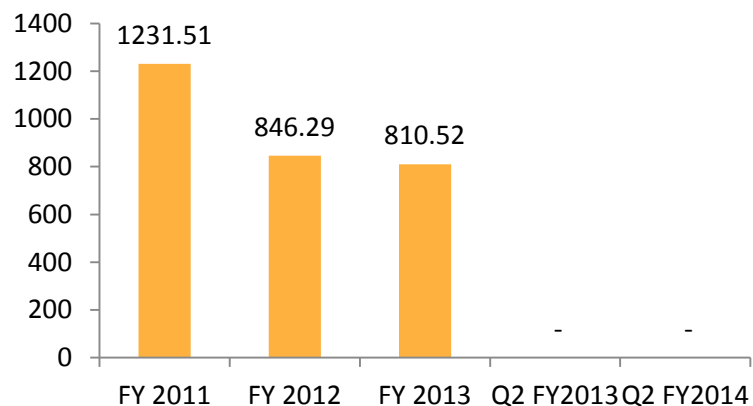
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2014	5,034.5	85.95%	(975.9)	-
Q2 FY2013	8,243.2	91.20%	749.4	-
% Shift	(38.93%)		-	
H1 FY2014	11,071.2	82.56%	(1,418.6)	-
H1 FY2013	14,062.4	86.75%	521.7	-
% Shift	(21.27%)		-	

- ❑ Volumes remained muted at lower realizations resulting in moderation in performance for the segment
 - ✓ In Q2 FY14 sugar sales stood at 15.7 lakh quintals as against 23.98 lakh quintals in Q2 FY13
 - ✓ Realization was lower owing to supply exceeding demand
- ❑ Lower market prices necessitated further inventory write-down impacting profits
- ❑ As on September 30, 2013 sugar inventory stood at 27 lakh quintals and is valued at ₹ 30.20 per kg

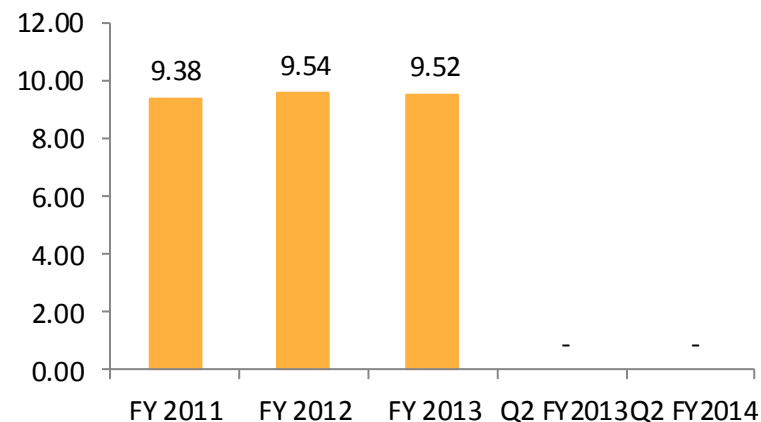


Segmental Overview – Sugar

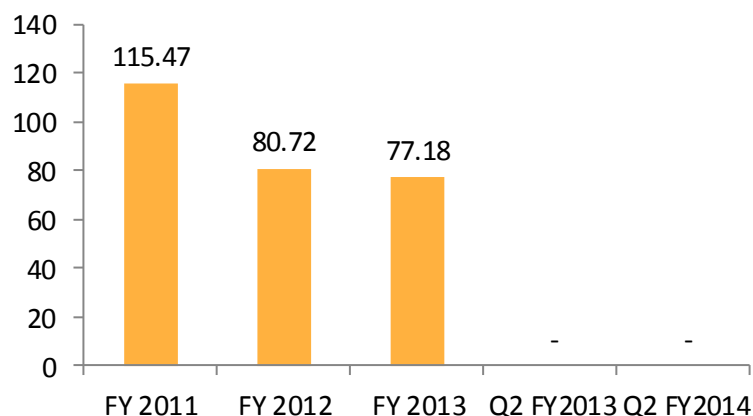
Cane Crushed (Lakh Quintals)



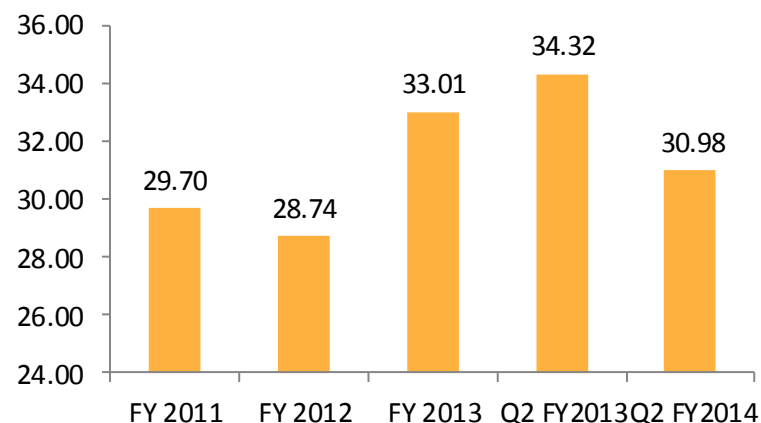
Recovery (%)



Production (Lakh Quintals)



Avg. Realization – Free Sugar (₹ per kg)



Segmental Overview – Distillery

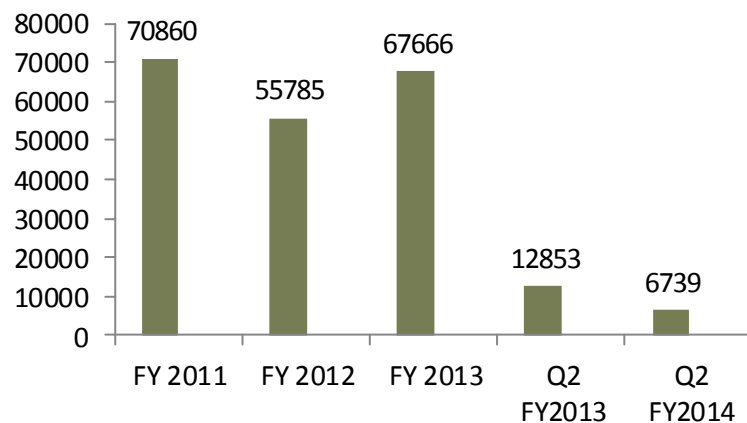
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2014	620.8	10.60%	258.1	
Q2 FY2013	590.8	6.54%	232.3	
% Shift	5.08%		11.11%	
H1 FY2014	1,184.1	8.83%	530.1	
H1 FY2013	1,124.5	6.94%	461.4	
% Shift	5.30%		14.89%	

- During the quarter, though the sales volumes were lower but higher realization as compared to the corresponding quarter previous year resulting in improved top-line and bottom-line for the business division
 - ✓ RS, ENA and SDS sales volumes for Q2 FY14 stood at 14,305 KL as compared to 11,216 KL in corresponding period previous year; For ethanol, the sales stood at 4,557 KL as compared to 10,122 KL in Q2 FY12
 - ✓ Q2 FY13 blended realizations were higher at ₹ 32.07 per BL as compared to ₹ 27.55 per BL in Q2 FY13

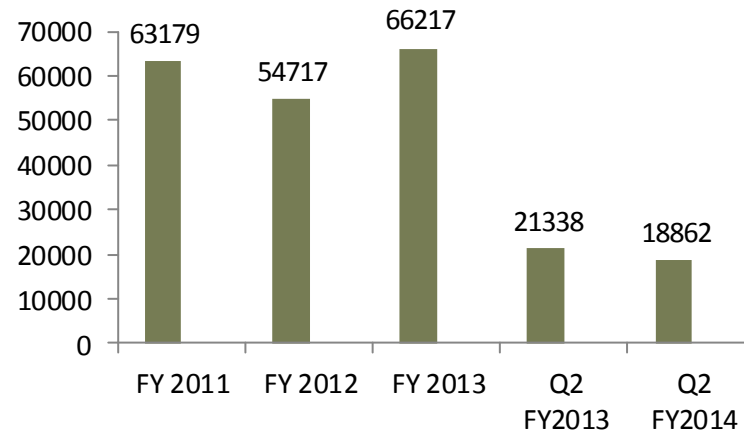


Segmental Overview – Distillery

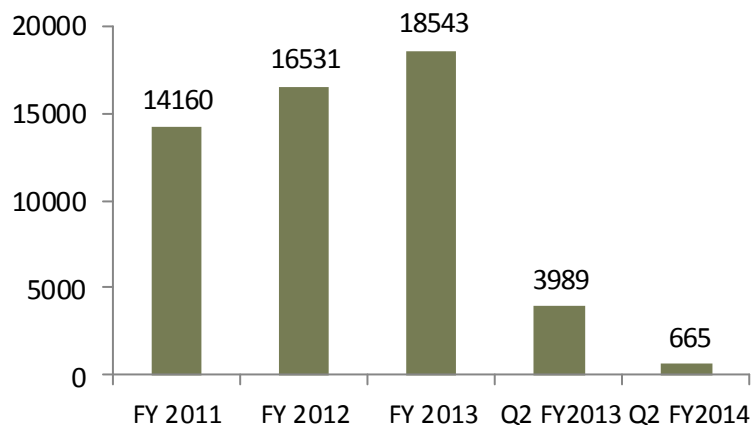
Production (KL)



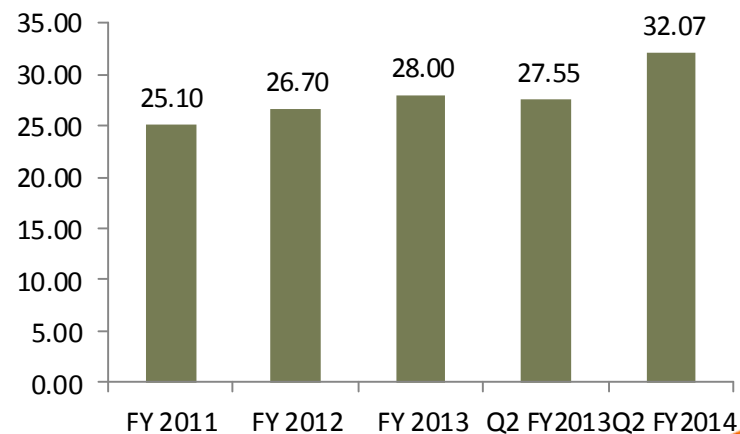
Total Sales (KL)



Ethanol production (KL)



Blended Realizations (₹ per BL)



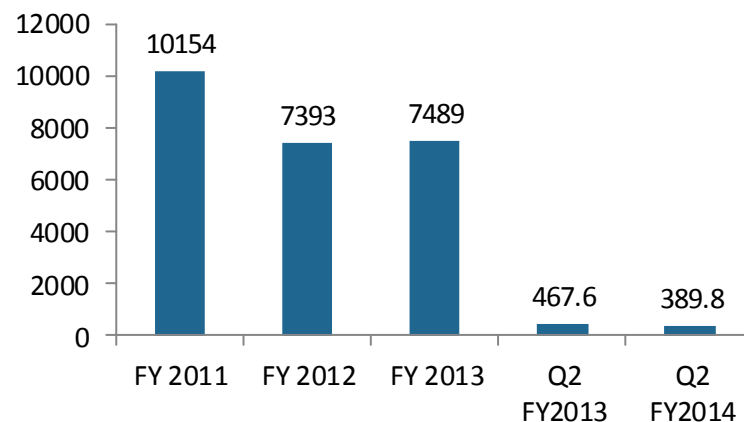
Segmental Overview – Co-generation

(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2014	200.2	3.42%	(42.8)	-
Q2 FY2013	203.7	2.25%	(4.5)	-
% Shift	(1.72%)		-	
H1 FY2014	1,139.5	8.50%	520.9	-
H1 FY2013	1,002.6	6.18%	441.2	-
% Shift	13.65%		18.06%	

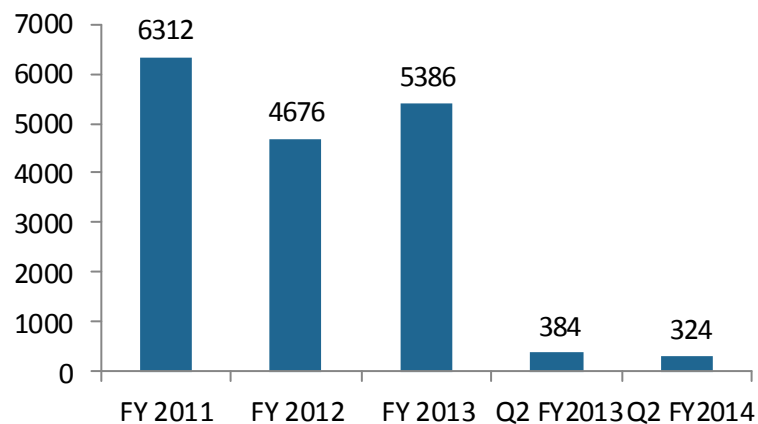
- This being the non-production quarter, lower availability of bagasse coupled with plant shut down for regular repairs resulted in low level of operations for the segment

Segmental Overview – Co-generation

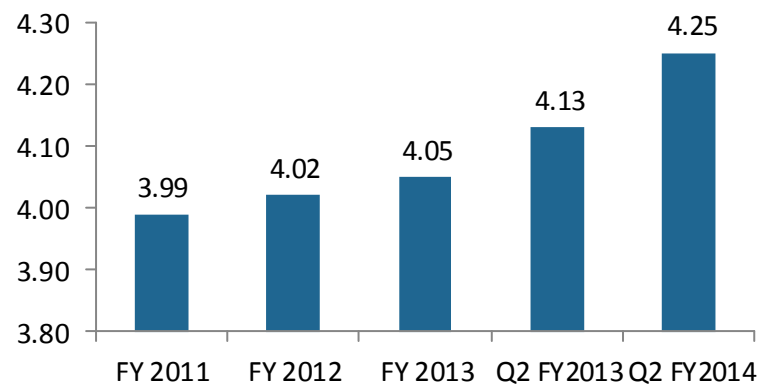
Total Power Generation (Lakh units)



Power sales from Bagasse (Lakh units)



Realization from Bagasse Based Sales (₹ per unit)



15 *FY 2011 was for a period of 18 months



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 eleven sugar factories located in Uttar Pradesh (India) having an aggregate sugarcane crushing capacity of 79,000 TCD, distillery and co-generation operations of 320 KLPD and 126 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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