



# BALRAMPUR CHINI MILLS LIMITED

**Q3 & 9M FY2014  
RESULTS PRESENTATION  
FEBRUARY 06, 2014**



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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

## Healthy Balance sheet

Debt-equity ratio stood at 0.31 as on December 31, 2013



# Performance Highlights

## Q3 FY2014 highlights v/s Q3 FY2013

- ❑ Net Revenue stood at ₹ 6,907.1 million as compared to ₹ 9,499.3 million in Q3 FY13
- ❑ EBITDA stood at ₹ (80.7) million as compared to ₹ 1,183.8 million in Q3 FY13
- ❑ Net Profit stood at ₹ (507.6) million as compared to ₹ 602.2 million in Q3 FY13
- ❑ Diluted EPS at ₹ (2.07) per share

## 9M FY2014 highlights v/s 9M FY2013

- ❑ Net Revenue stood at ₹ 19,649.6 million as compared to ₹ 25,301.0 million in 9M FY13
- ❑ EBITDA stood at ₹ (243.2) million as compared to ₹ 2,962.3 million in 9M FY13
- ❑ Net Profit stood at ₹ (1,862.6) million as compared to ₹ 910.5 million in 9M FY13
- ❑ Diluted EPS at ₹ (7.60) per share



# Management's Message

**Commenting on the performance for Q3 & 9M FY2014, Mr. Vivek Saraogi, Managing Director, Balrampur Chini Mills Limited (BCML), said:**

*“The sugar industry is witnessing a challenging scenario with subdued sugar realizations on one hand and higher input costs on the other. High State Advised Price (SAP) for the cane price announced earlier, has dampened the overall operating environment and will have a severe impact on the survival of the industry at current realizations.*

*During the quarter, the sugar segment registered lower volumes at lower realizations leading to negative performance in the segment. The dynamics of the Distillery and Co-gen businesses remain encouraging.*

*The two major sugar producing states, Maharashtra and Karnataka have enacted requisite legislation to link cane price to sugar realizations and its byproducts and UP has constituted a committee headed by Chief Secretary to look into the matter of linking of sugarcane prices with sugar prices. We are hopeful that a long-term solution on cane pricing will emerge soon and improve sustainability of the sector. At BCML, we continue to fortify our integrated business model and strengthen our balance sheet which will continue to help us overcome the volatilities of the sector.”*



# Company Highlights

- ❑ BCML crushed 1.36 crore quintals of cane in the current quarter of sugar season 2013-14 as against 2.27 crore quintal for the corresponding period of sugar season 2012 – 13
  - ✓ This is on account of a delay in commencement of crushing during the current season
  - ✓ BCML targets to crush approx. 8.0 crore quintals for the current sugar season
  - ✓ Recovery for the quarter were higher at 9.1% and expected to further improve as the season progresses
- ❑ Expansion of the Co-generation facility at Kumbhi is on track – to enhance capacity by 12.7 MW. The facility is expected to commence operations by April 2014
  - ✓ Anticipated capex of ₹ 59 crore, to be funded by rupee term loan of ₹ 36 crore
- ❑ As on 31 December 2013, the Company's Long Term Debt stood at ₹ 323 crore
  - ✓ Working Capital borrowings stood at ₹ 433 crore



# Sector Perspectives

- ❑ India's sugar production for the current sugar season is estimated at 24 million tonnes as compared to 25 million tonnes in the previous sugar season
  - ✓ Sugar production till January 31<sup>st</sup> 2014 stood at 11.54 million tonnes, 16% lower than last year because of late crushing
  - ✓ Uttar Pradesh likely to produce 6.5 million tonnes in the current season as against 7.5 million tonnes in the previous season
- ❑ The U.P. government declared State Advice Price of ₹ 280 per quintal for the current sugar season
  - ✓ High cane cost and subdued sugar realizations have resulted in unviable operating environment for the U.P. based sugar millers



# Financial Overview

<b>Statement of Profit &amp; Loss</b>						
<i>(₹ million)</i>	Q3 FY14	Q3 FY13	% Y-o-Y Growth	9M FY14	9M FY13	% Y-o-Y Growth
Net Operating Revenue	6,907.1	9,499.3	(27.29%)	19,649.6	25,301.0	(22.34%)
EBITDA	(80.7)	1,183.8	-	(243.2)	2,962.3	-
<i>EBITDA Margin (%)</i>	<i>(1.17%)</i>	<i>12.46%</i>	-	<i>(1.24%)</i>	<i>11.71%</i>	-
Depreciation	274.6	271.3	1.22%	824.5	820.8	0.45%
Interest	208.1	216.0	(3.66%)	949.8	1,172.2	(18.97%)
Profit Before Tax	(507.6)	752.9	-	(1,843.1)	1138.3	-
Profit After Tax	(507.6)	602.2	-	(1,862.6)	910.5	-
<i>Profit After Tax Margin (%)</i>	<i>(7.35%)</i>	<i>6.34%</i>	-	<i>(9.48%)</i>	<i>3.6%</i>	-
Diluted EPS (₹)	(2.07)	2.46	-	(7.60)	3.72	-





## Segmental Overview – Sugar

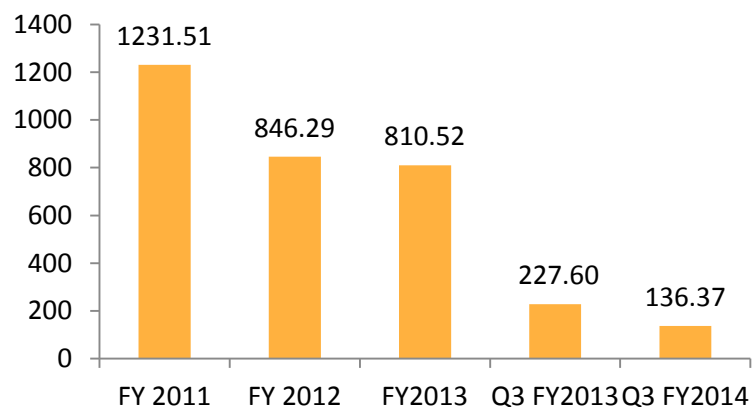
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q3 FY2014	6,194.3	83.53%	(772.3)	-
Q3 FY2013	9,208.6	91.73%	634.2	61.87%
% Shift	(32.73%)	-	-	-
9M FY2014	17,265.5	82.90%	(2,190.8)	-
9M FY2013	23,271.0	88.65%	1,155.9	47.19%
% Shift	(25.81%)	-	-	-

- ❑ Lower volumes due to late crushing and subdued realizations resulted in muted performance of the segment
  - ✓ In Q3 FY14 sugar sales stood at 19.32 lakh quintals as against 26.50 lakh quintals in Q3 FY13
  - ✓ Free sugar realizations stood at ₹ 30.16 per kg as compared to ₹ 34.68 per kg in Q3 FY13
- ❑ As on December 31, 2013 sugar inventory stood at 18.93 lakh quintals and is valued at ₹ 30.00 per kg

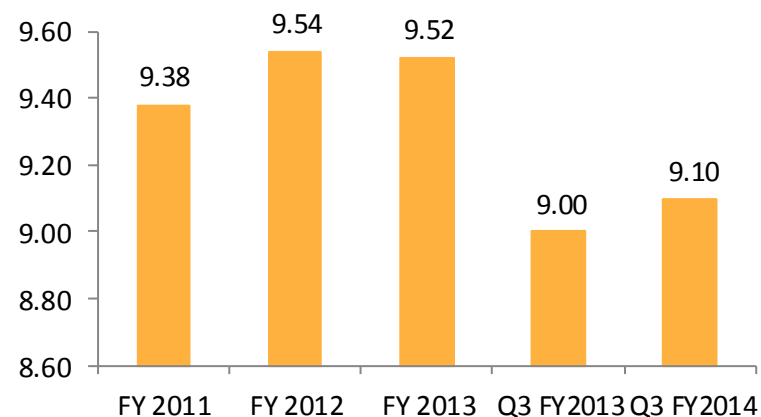


# Segmental Overview – Sugar

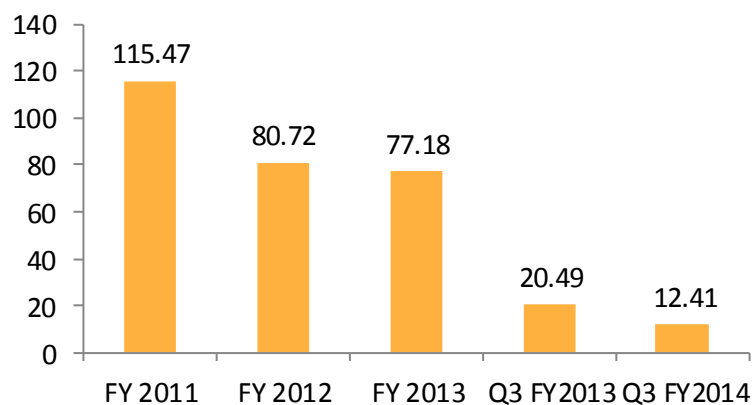
**Cane Crushed (Lakh Quintals)**



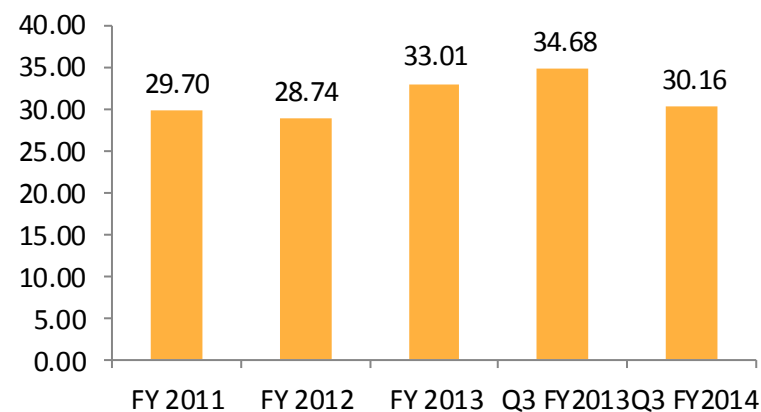
**Recovery (%)**



**Production (Lakh Quintals)**



**Avg. Realization – Free Sugar (₹ per kg)**



# Segmental Overview – Distillery

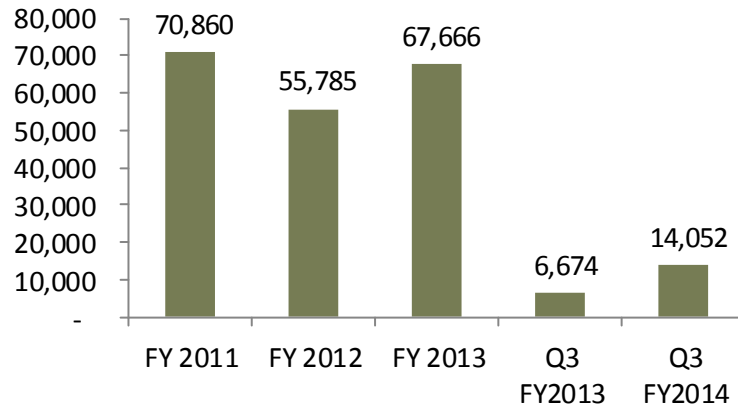
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q3 FY2014	620.5	8.37%	256.9	-
Q3 FY2013	133.5	1.33%	50.7	4.95%
% Shift	364.79%	-	406.71%	-
9M FY2014	1,804.6	8.67%	786.9	-
9M FY2013	1,258.0	4.79%	512.1	20.91%
% Shift	43.45%	-	53.66%	-

- In Q3FY14, sales volumes witnessed significant growth as compared to Q3 FY13, this resulted in improved top-line and bottom-line for this segment
  - ✓ Ethanol, sales stood at 8,304 KL in Q3 FY14 as compared to Nil in corresponding period previous year
  - ✓ RS, ENA etc. sales volumes for Q3 FY14 stood at 9,506 KL as compared to 3,868 KL in Q3 FY13
  - ✓ Blended realizations for the quarter were higher at ₹ 34.18 per BL as compared to ₹ 33.81 per BL in Q3 FY13

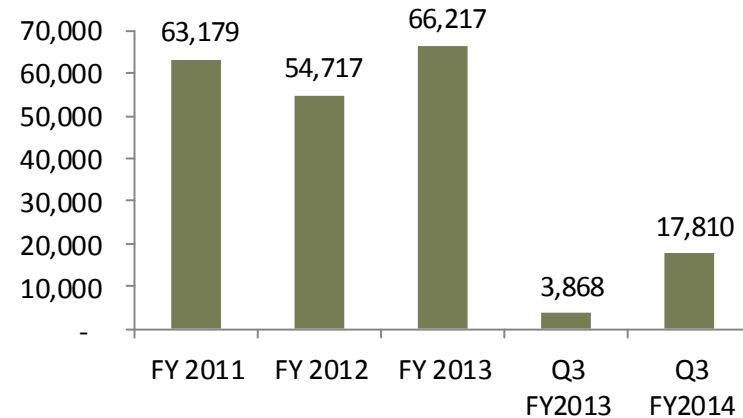


# Segmental Overview – Distillery

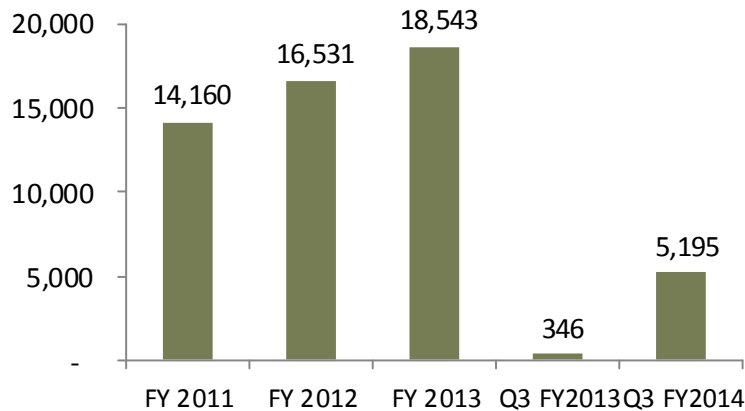
**Production (KL)**



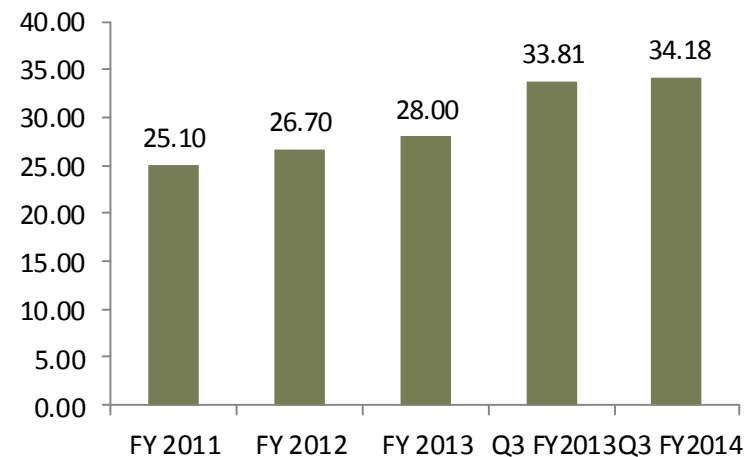
**Total Sales (KL)**



**Ethanol production (KL)**



**Blended Realizations (₹ per BL)**



12 \*FY 2011 was for a period of 18 months



# Segmental Overview – Co-generation

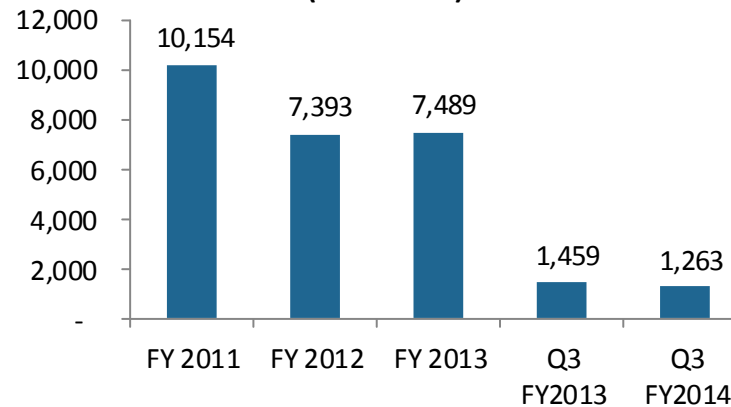
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q3 FY2014	581.6	7.84%	232.9	-
Q3 FY2013	678.5	6.76%	332.8	32.47%
% Shift	(14.28%)	-	(30.02%)	-
9M FY2014	1,721.1	8.26%	753.8	-
9M FY2013	1,681.1	6.40%	774.0	31.60%
% Shift	2.38%	-	(2.61%)	-

- Due to the delayed start of sugar crushing, sales and production volumes remained subdued.
  - ✓ With an increase in sugarcane crushing, the performance is expected to improve in the ensuing quarters
  - ✓ Expansion of the facility at Kumbhi by 12.7 MW is expected to commence operations by April 2014 and will contribute to overall improvement in performance going forward

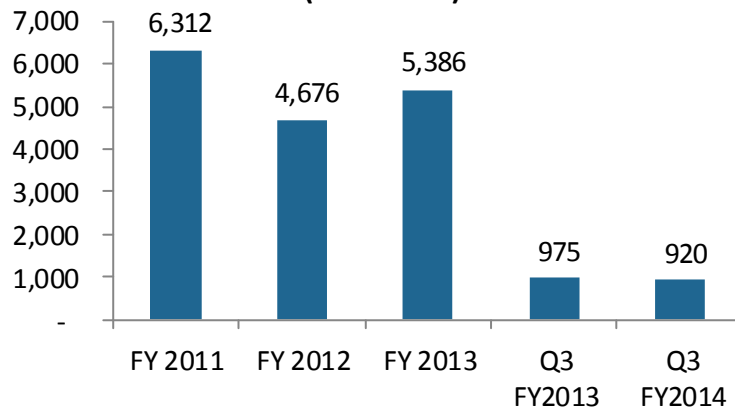


# Segmental Overview – Co-generation

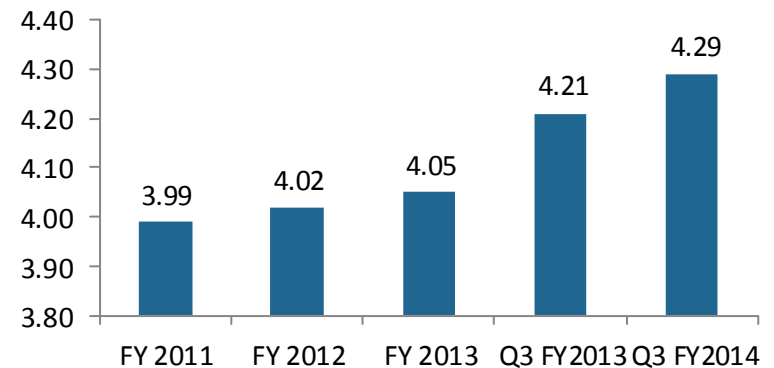
**Total Power Generation  
(Lakh units)**



**Power sales from Bagasse  
(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 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](http://www.chini.com).

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