



**Dhampur Sugar Mills Limited**

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Website: www.dhampur.com

8<sup>th</sup> August, 2016

Manager (Listing)  
BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai- 400001

Dear Sir,

**Sub: Submission of Investor Presentation**

Please find attached Investor Presentation in compliance with Regulation 46 (2) (o) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the information on record.

Thanking you,  
Yours faithfully,  
For DHAMPUR SUGAR MILLS LIMITED

  
(ARHANT JAIN)  
Executive President (Finance) & Company Secretary





**DHAMPUR SUGAR MILLS LIMITED**  
**INVESTOR PRESENTATION**  
**Q1 FY 2016-17**

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*The financials for FY 2015-2016 are based on audited financials approved by the Board, subject to shareholders approval.*

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# ***Agenda***

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- 1. Business Overview**
2. Segmental Information
3. Key Highlights
4. Financial Performance
5. Future Business Strategy

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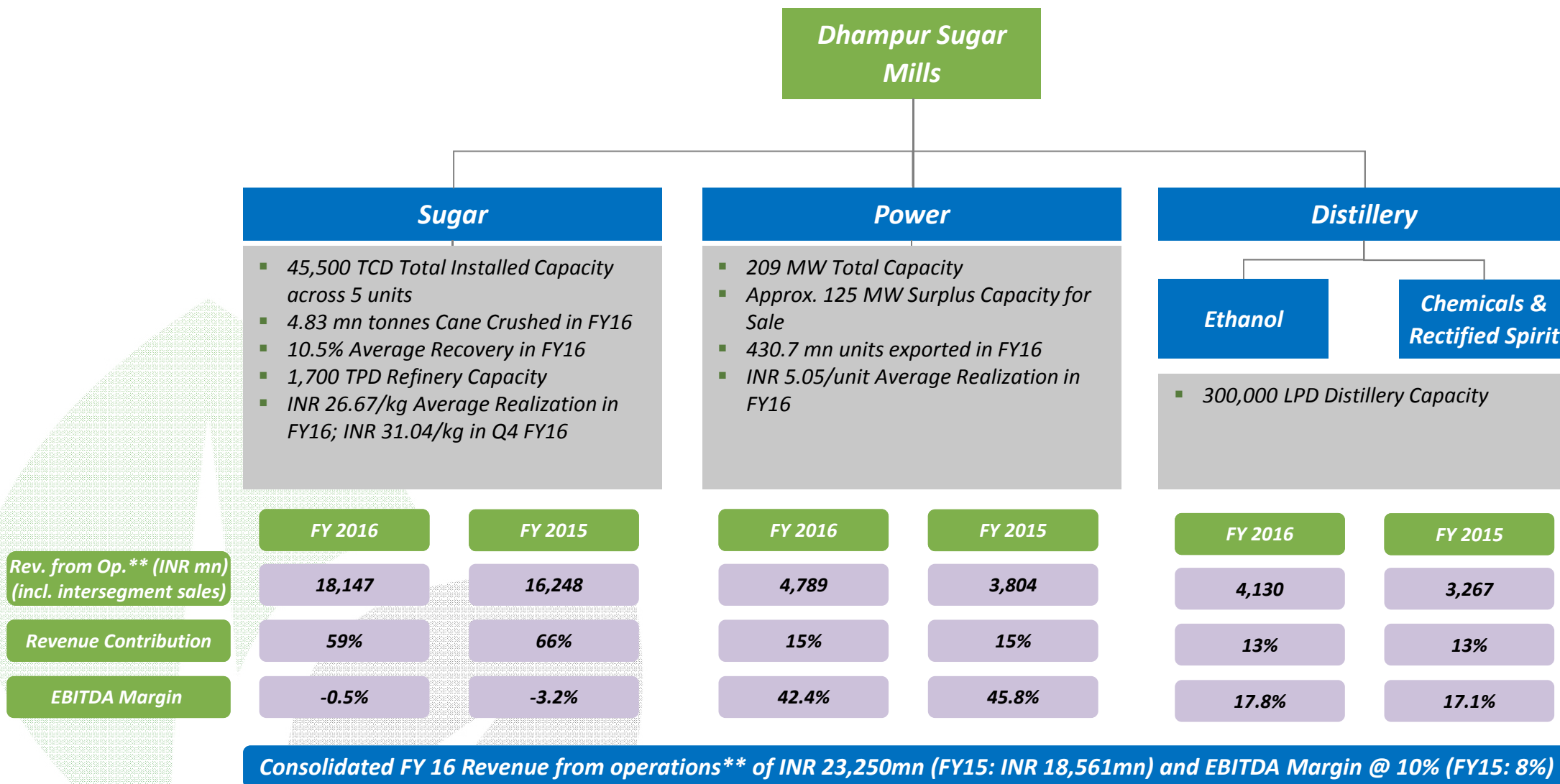
Annexure – Facilities at a Glance

A decorative graphic consisting of several overlapping circles with a fine grid pattern. The circles are arranged in a way that they partially overlap each other, creating a layered effect. The colors of the circles are light green and light grey.



# Overview – Company (FY 2015-16)

We are an integrated sugar company producing sugar, ethanol and power in U.P. with a track record of several decades



\* Segmental EBITDA is calculated as earnings before tax and interest from each segment plus depreciation allocated to that segment

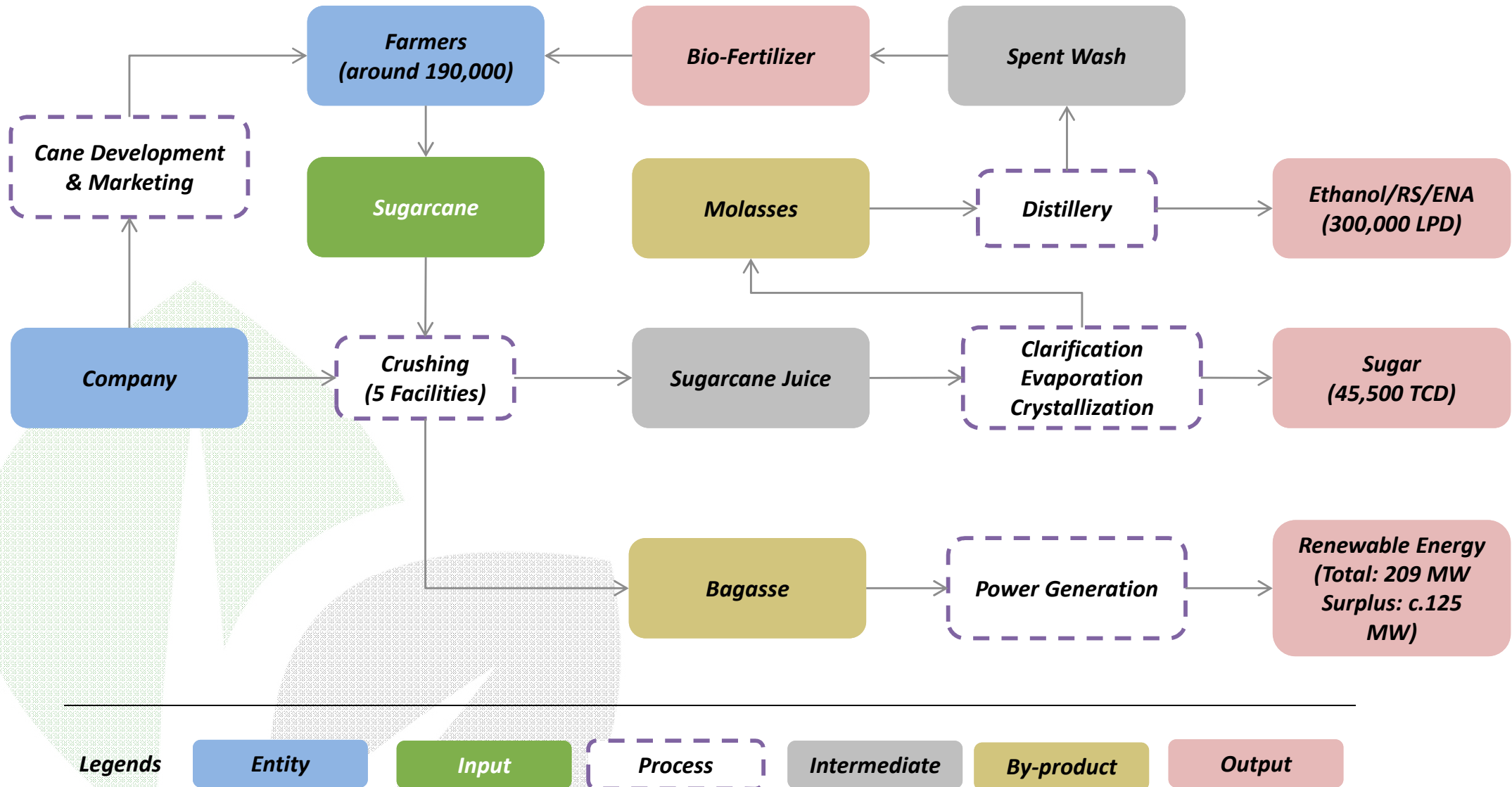
\*\* Incl. excise duty

Note: Capacity numbers as on March 31, 2016.

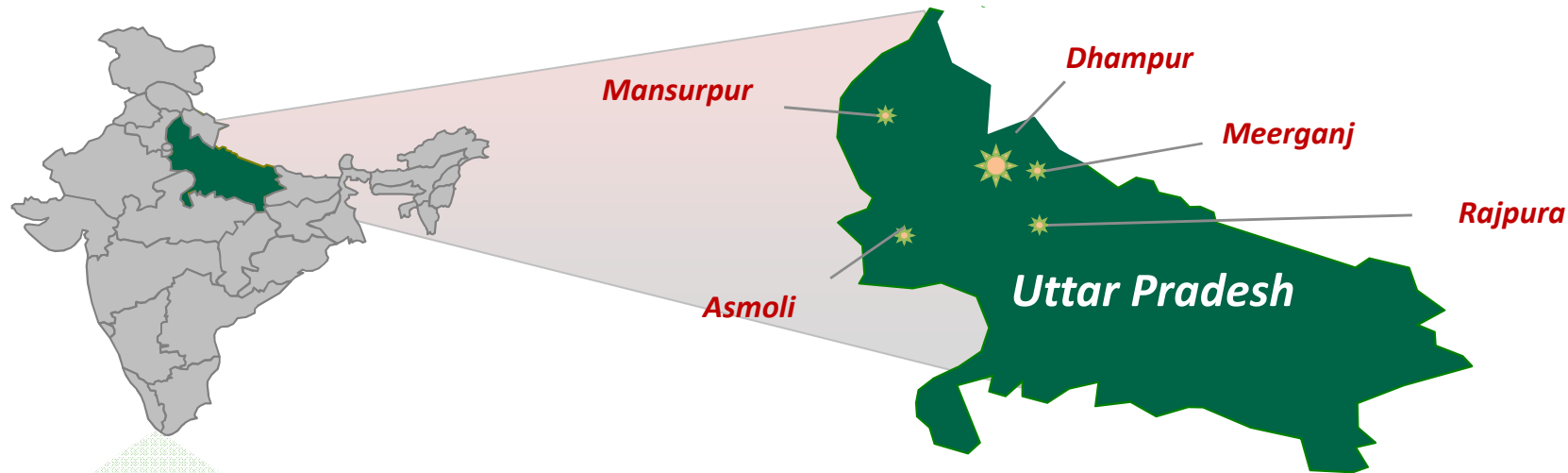
Note: TCD stands for tonnes of cane per day, TPD stands for tonnes per day, LPD stands for litres per day

# Overview – Operations

We operate with the goal of maximum efficiency and zero waste

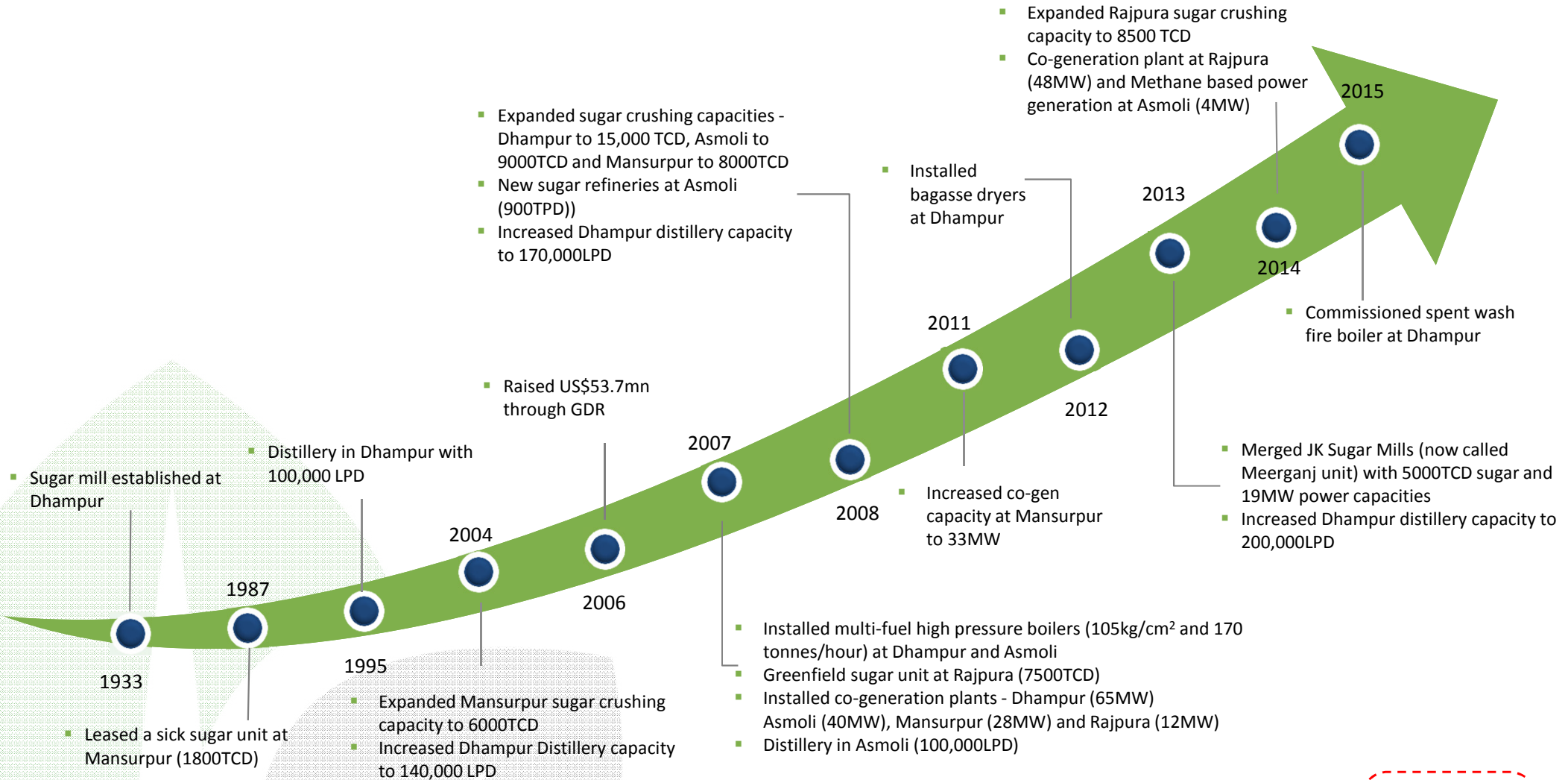


# Overview – Facilities



Capacity	Consolidated	Dhampur	Asmoli	Rajpura	Mansurpur	Meerganj
Sugar Crushing (TCD)	45,500	15,000	9,000	8,500	8,000	5,000
Sugar Refinery (TPD)	1,700		900		800	
Renewal Energy (inc. Bio Gas based Power, MW)	209 (Surplus: c.125)	65	Bio Mass - 40 Bio Gas - 4	48	33	19
Bio-Fertilizer (LPD)	1,000			1,000		
Distillery (LPD)	300,000	200,000	100,000	Molasses supplied to the nearby Dhampur and Asmoli units		
Organic Manure - 'Power Booster' (tonnes/year)	20,000	15,000	5,000			

# Key Milestones

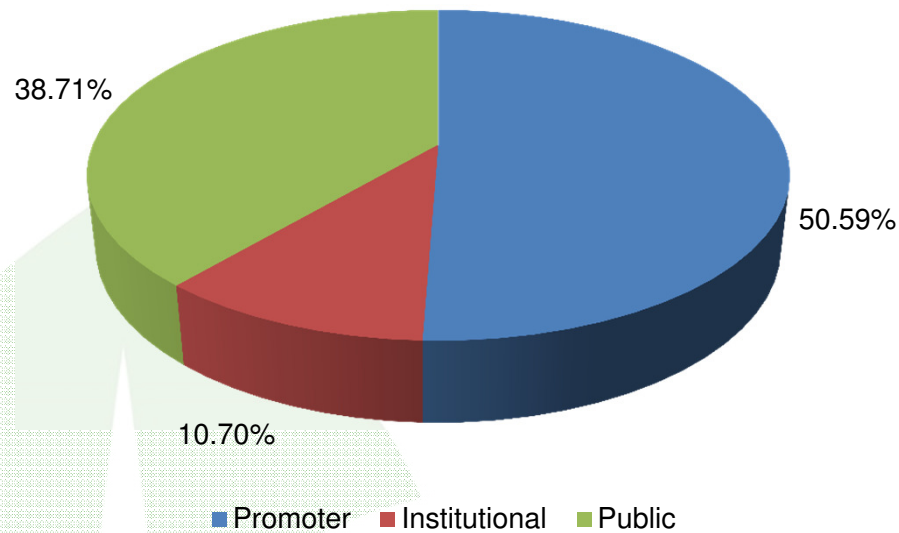


	<u>2008</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Sugar (TCD)</b>	39,500	39,500	39,500	44,500	45,500	45,500	45,500
<b>Power (MW)</b>	145	150	150	169	209	209	209
<b>Distillery (LPD)</b>	270,000	270,000	270,000	300,000	300,000	300,000	300,000

Indicates capacity addition years

# Shareholding Pattern and Corporate Structure

## Shareholding Pattern (As on June 30, 2016)



## Corporate Structure





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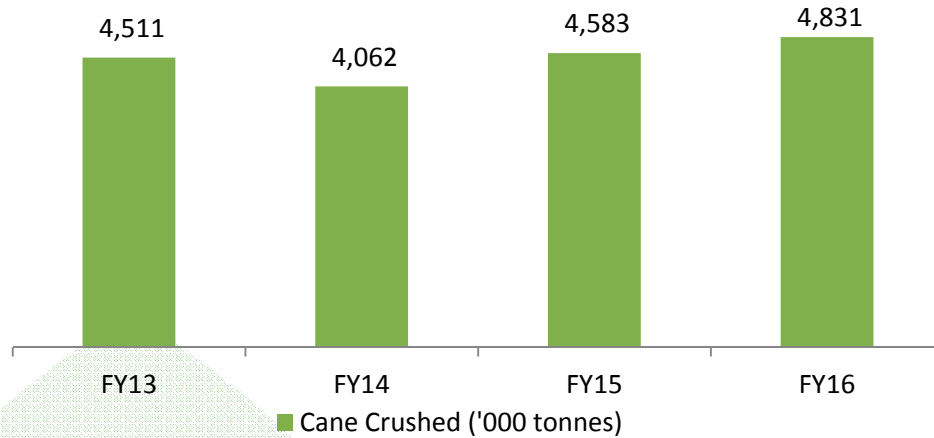
Annexure – Facilities at a Glance

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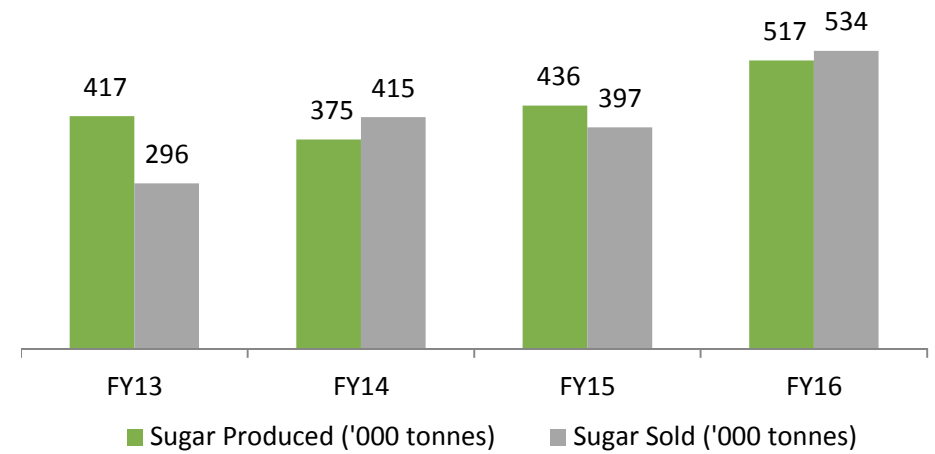
# Sugar

**Improving sugar prices and recovery rates driving the turnaround**

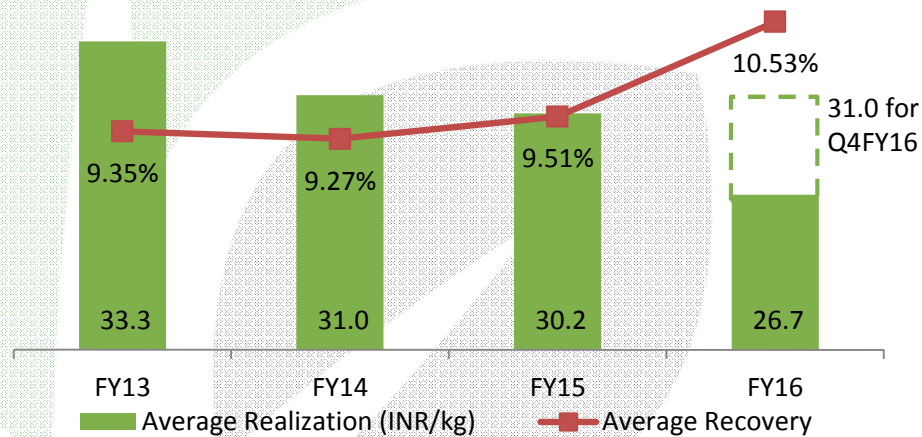
*Rising cane crushing...*



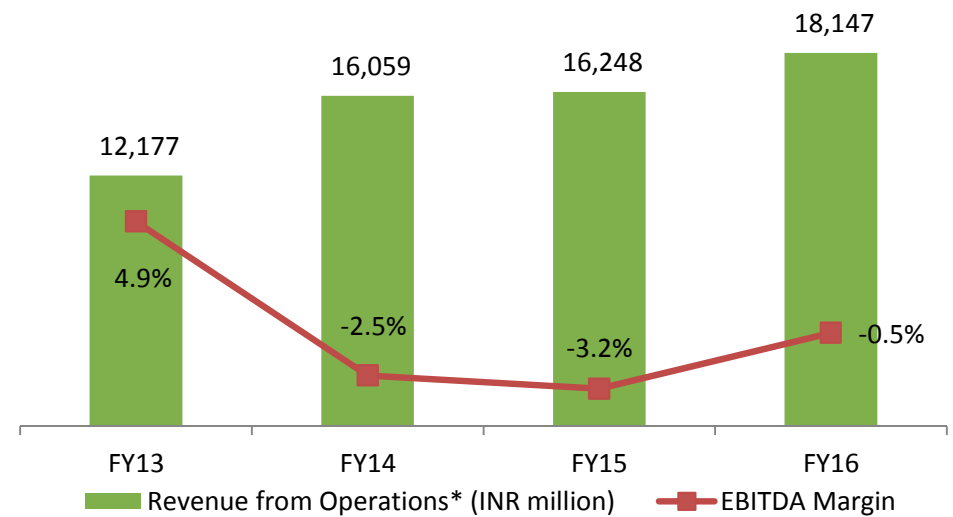
*And improving sugar production & sales...*



*Supported by improving recovery, offsetting lower realization...*



*Leading to growth in segmental Revenue and EBITDA Margin*

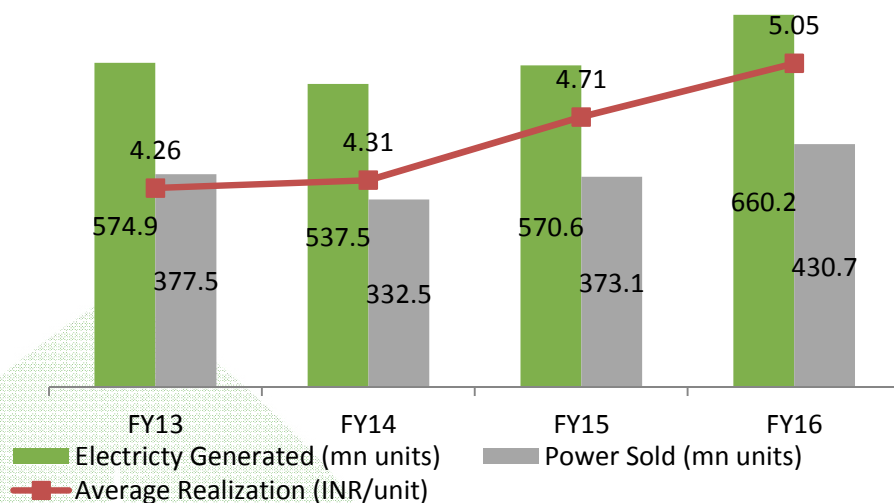


\* incl. excise duty

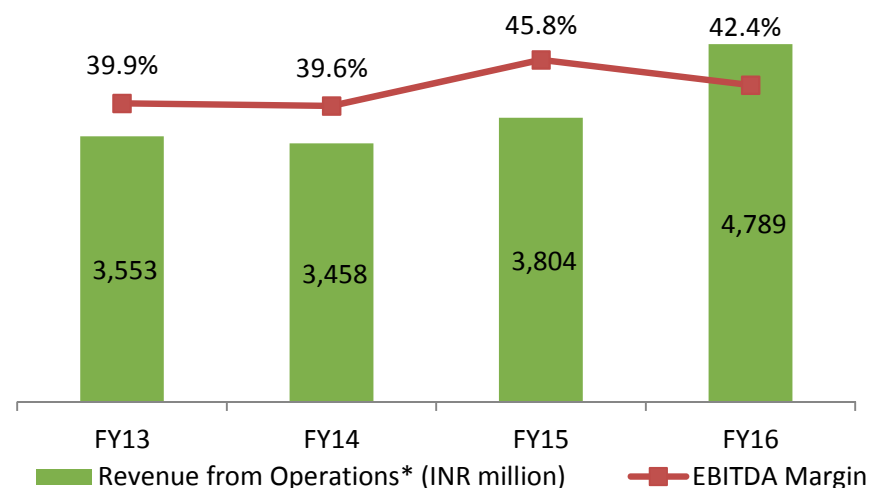
# Power

**Multi-fuel high-pressure boilers run efficiently and generate valuable profits**

**Generation and Average realizations are increasing...**



**Generating attractive EBITDA margins**



## Highlights

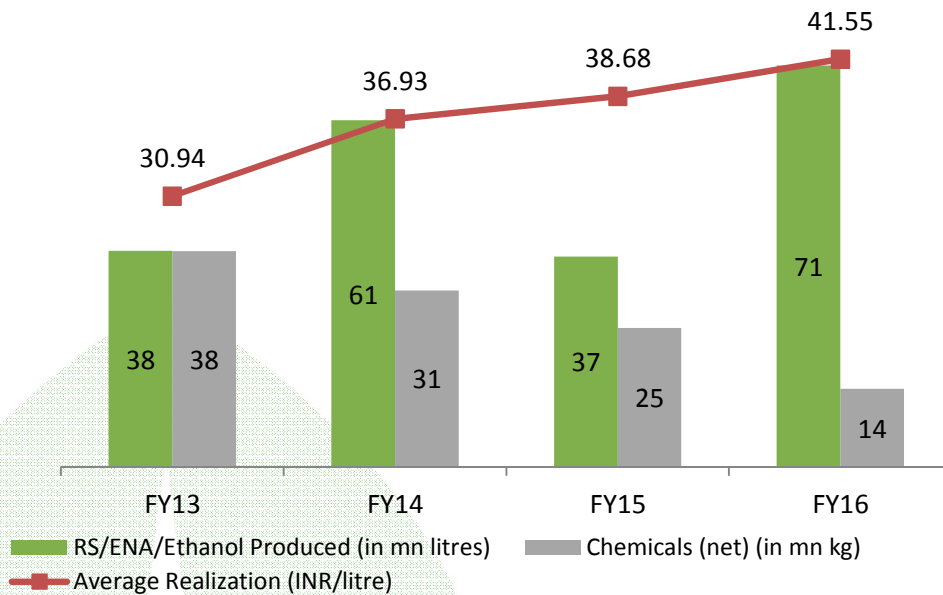
- Generation Capacity: 209 MW; Exportable capacity: approx. 125 MW
- We believe we are among the first sugar companies in India to utilize high pressure boilers of 105 kg/cm<sup>2</sup> and 170 tonnes/hour capacities
- Installed multi-fuel boilers (operate on bagasse and alternative fuels like coal and rice husk) that allow operating flexibility
- Installed state of art technology of 'Bagasse Dryers' to improve efficiency
- Average realization of INR 5.05/unit for all units for electricity supply to UP state grid (FY16)
- Continuing the trend of innovation –
  - To install additional 4.5MW Bio-methane generators in FY17
  - To implement Incineration process at Distilleries to achieve zero discharge, expected to generate additional power of 11.4MW

\* incl. excise duty

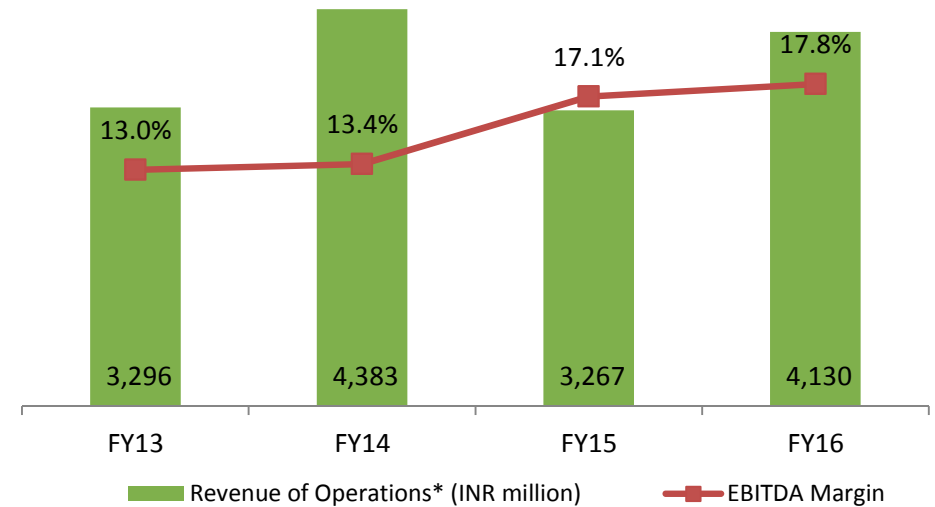
# Distillery

Among India's largest manufacturers of Ethanol

Improving average realizations...



Driving impressive growth in EBITDA margins



## Highlights

- Products include Ethanol, Rectified Spirits, ENA, Ethyl Acetate, CO<sub>2</sub>, Organic Manure
- Incineration process already in place at Dhampur plant, provides approx. 60 additional days of operating Distilleries (during rainy season)
- Won tender for supply of over 95 mn litres of Ethanol – the highest in the country and around 19% of total orders from U.P.
- Flexibility in changing product mix within the segment depending on market conditions

\* incl. excise duty

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Annexure – Facilities at a Glance





# Key Highlights

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# Established Brand with a Track Record of Innovation



## Leading Sugar Manufacturer

- Total sugarcane crushing capacity of 45,500 TCD
- Five sugar mills, each with a crushing capacity of 5,000 TCD or more
- Our size allows economies of scale
- Dhampur unit crushed 1.59 mn tonnes sugarcanes in FY 2016, largest among UP sugar mills

## Long History

- Established brand with operating history of over eight decades
- Second generation of the promoter family now running the business

## Proven Capital Markets Access

- Over two decades of access to capital markets
- Global Depository Receipt issue in 2006

## Track record of innovative breakthroughs

- We believe that we are among the first sugar companies in India to
  - Install a sugar refinery
  - Launch sulphurless sugar in consumer packs
  - Venture into energy alternatives through co-generation and ethanol production
  - Install multi-fuel high pressure boilers of 105kg/cm<sup>2</sup> and 170tonnes/hour capacities
  - Install state-of-the-art technology of bagasse dryers
  - Install 'incineration' technology using spent wash fire boiler

# Integrated Business Processes



*Enables diversification and flexibility in operations*

## Diversification

- *Helps counter cyclicalities in the sugar business*
- *During FY14-16, over 50% of Revenue was contributed by the Sugar segment, which saw negative EBITDA margins. Still the consolidated EBITDA margins remained between 7-10% due to robust profitability in the Power and the Ethanol segments*
- *In FY16, the consolidated EBITDA margin was 10% even though the Sugar segment generated a negative EBITDA margin of -0.5% on revenue from operations of INR 18,146mn. Power segment (Revenue from Operations: INR 4,789mn) and Distillery segment (Revenue from Operations: INR 4,130) helped offset the Sugar segment losses by generating very healthy EBITDA margins of 42.4% and 17.8% respectively.*

## Operational Flexibility

- *Allows adjustments in output mix, in response to changing market dynamics*
- *Multi-fuel boilers can operate on bagasse, coal, a combination of bagasse & coal, rice husk*
- *Two boilers, instead of one large, at Dhampur cogeneration facility provide operational flexibility*

# Strong Relationship with Farmers



*A hard-earned goodwill among the farmers of our reserved areas*

## *Cane Development Initiatives*

- *Dedicated cane department to supervise cane development and procurement*
- *Promotion of high yield seed varieties and more efficient pesticides*
- *Monitors harvesting program to obtain desired quality and quantity of cane*
- *Soil Testing to chalk out most efficient usage of land*
- *Fertilizer and other input subsidies to farmers*

## *Energizing Rural Economy*

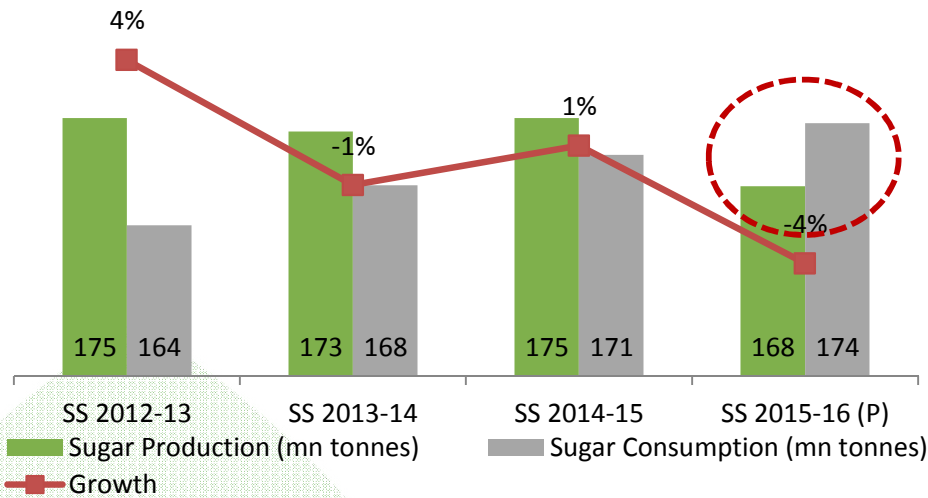
- *Associated with around 190,000 farmer families*
- *Purchased sugarcane of INR 13,414mn and INR 12,689mn in FY 2016 and FY 2015 respectively from farmers in our reserved area providing the much needed boost to rural economy*

# Improving Sectoral Trends (1/4)

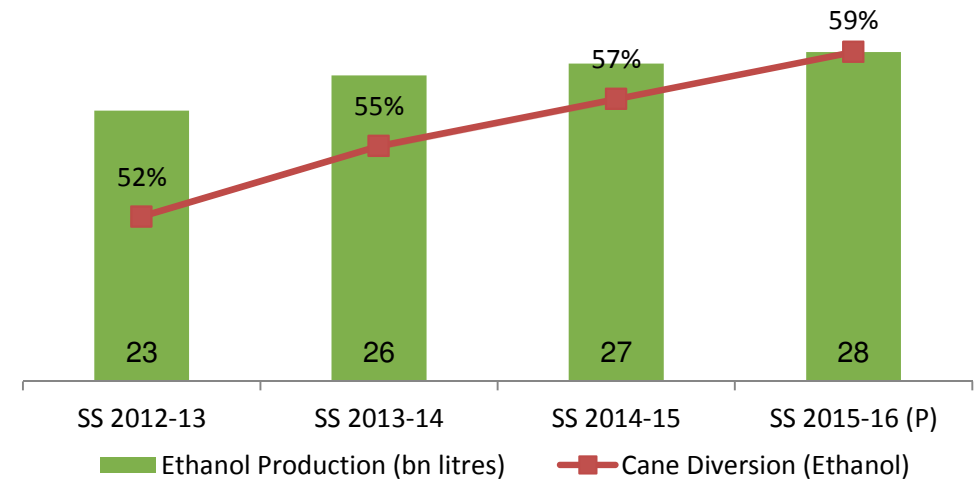


## Global Trends

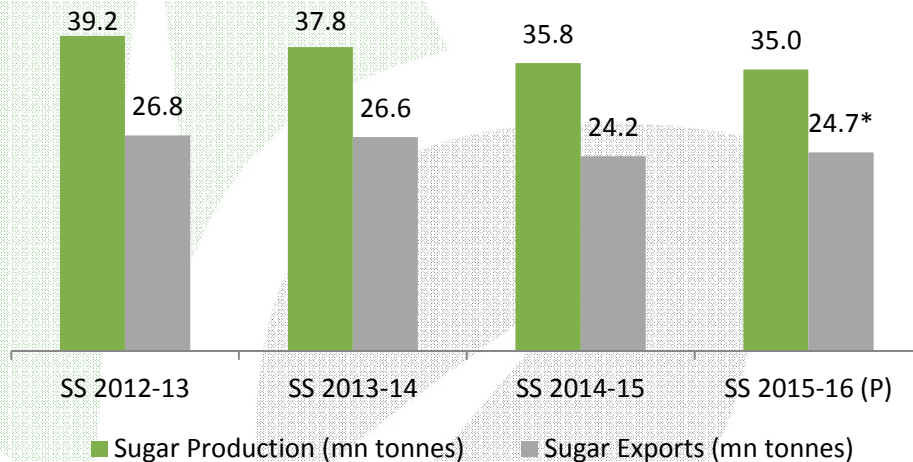
SS15-16 is the first year of deficit, after 4 consecutive surplus years



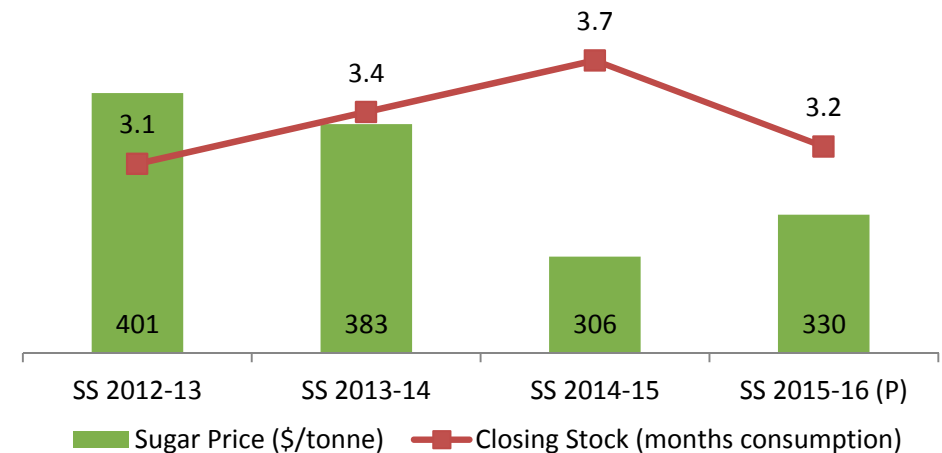
Brazil's cane is diverted towards Ethanol production



Leading to declining sugar production and exports from Brazil



Resulting in decline in global sugar stock and a rise in global prices



Source: CRISIL Research: Sugar 2016 ; ISMA: Handbook of Sugar Statistics 2014-15; Brazilian Sugarcane Industry Association  
 \* Updated until March 2016

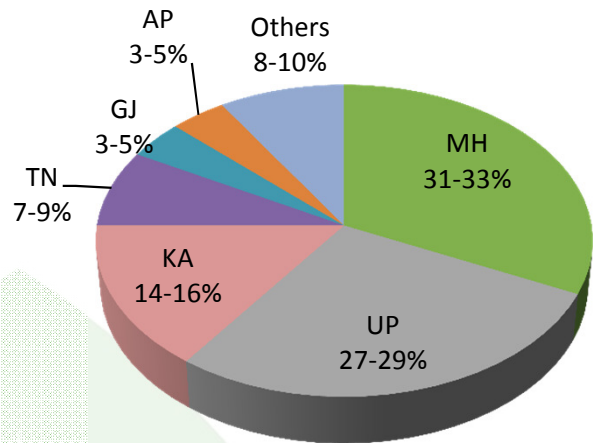


# Improving Sectoral Trends (2/4)

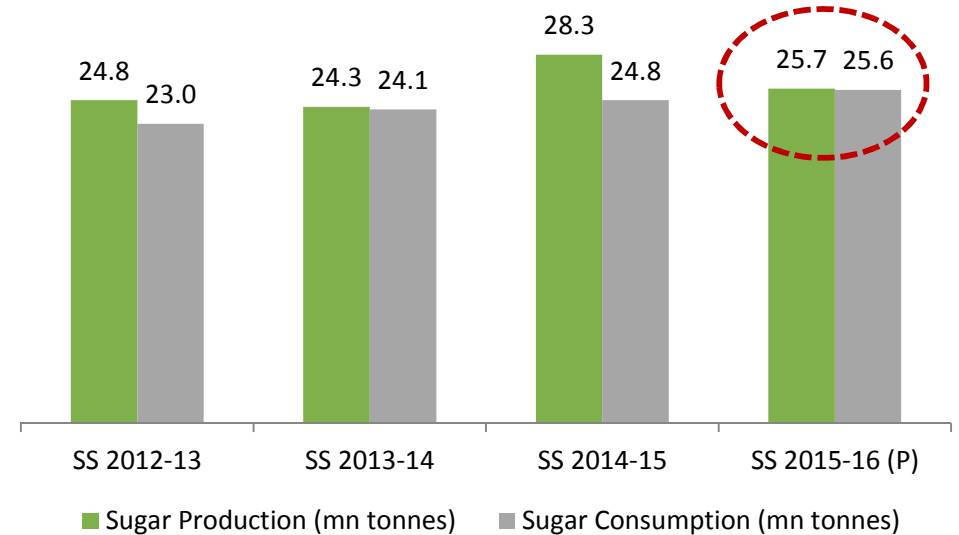


## India Trends

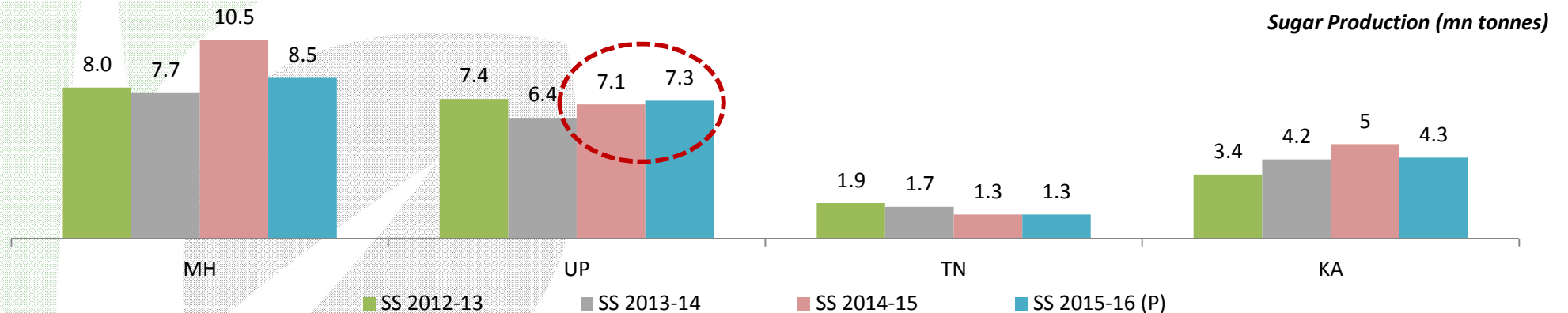
4 states contribute c.83% of total domestic sugar production



Domestic sugar production is expected to shrink to a nearly deficit situation in SS 2015-16



UP is the only state among the major producer states projected to see a rise in production in SS16

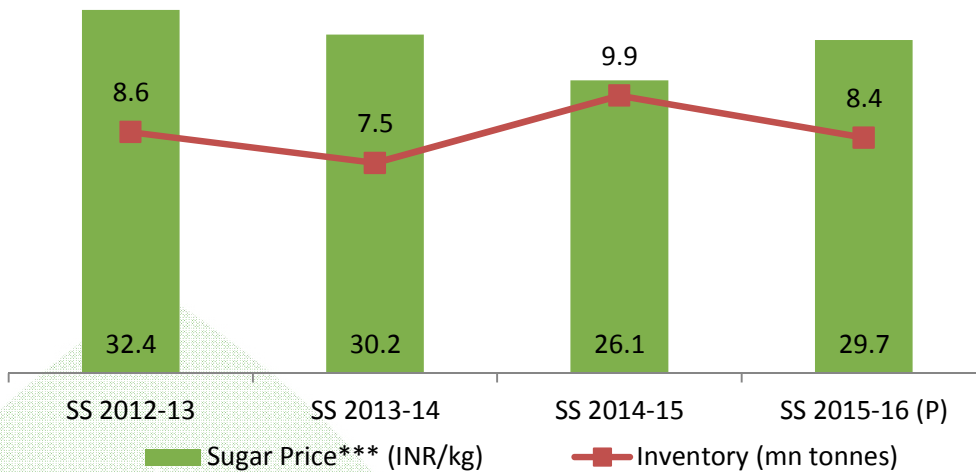


# Improving Sectoral Trends (3/4)

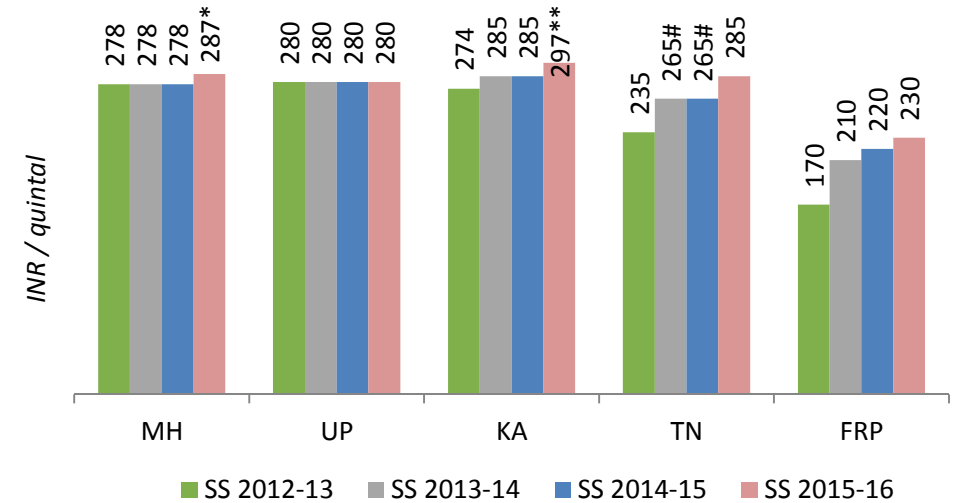


## India Trends

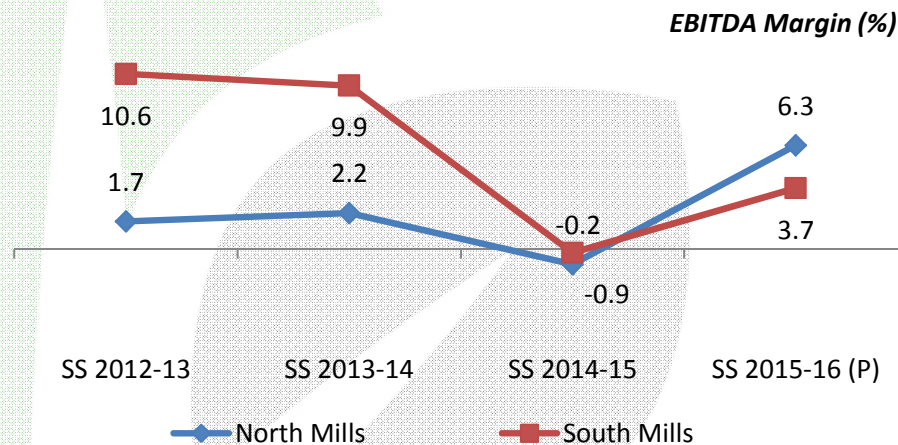
Sugar prices have declined for last three SS, SS16 to see recovery



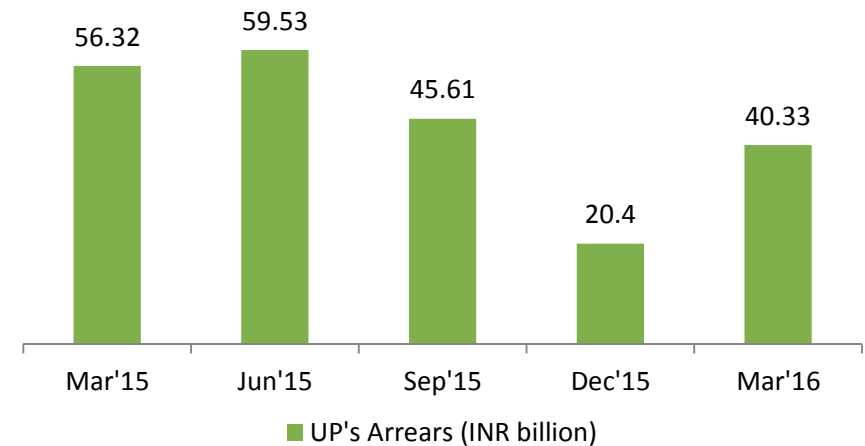
But the regulated sugarcane prices have increased, except in UP



Leading to significant increase in margins, especially in North Mills



Further, arrears to farmers now lower signalling sector recovery



\* Assuming a recovery of 11.1% for the season; \*\* Assuming a recovery of 11.6% for the season

# Actual price paid by the mills in SS 14 and SS15 has been INR 240 per quintal and INR 245 per quintal respectively; \*\*\* Prices for Mumbai S-30 variety  
Prices depicted above are cane prices at factory gate (including basic price, recovery premium, transportation and harvesting cost as applicable)

# Improving Sectoral Trends (4/4)



## Strong and consistent government support

### Subsidies for cane procurement

- UP state government announced INR 35/quintal\* subsidy for cane procurement for SS2015-16
- Supports unit economics of both the mills and the farmers

### Financial Incentives

- INR 60,000mn in soft loans in 2015 to assist clear arrears to farmers

### Ethanol Blending Program

- Ethanol blending target doubled to 10%
- Ban on ethanol imports

### Export Incentive Program

- INR 4.5/quintal in subsidy on sugarcane procurement if 80% of sugar export quota is met and 80% of committed quantity of ethanol is supplied

### Partial Deregulation

- Abolished 'levy sugar' obligation in 2013
- Increased drive towards linking sugarcane prices to average realizations

\* Breakup: INR 11.7 in form of Tax Relaxation and INR 23.3 as subsidy subject to approval by the UP state government  
Source: CRISIL Research: Sugar 2016

# Experienced Promoters and Management Team



## Direct involvement of promoter directors with decades of experience

- Around 56 years of experience
- A reputed Sugar Technologist and Entrepreneur
- Former President of Indian Sugar Mills Association
- Promoter Director since 1960



**V K Goel**  
Chairman



**A K Goel**  
Vice Chairman

- Around 47 years of experience
- Founder President of Indian Agro paper Mills Association
- Former President of Indian Sugar Mills Association and former President of UP Sugar Mills Association
- Promoter Director since 1969

- Associated with the Company since 1994
- Handles operational management of the Company
- Former President of Indian Sugar Mills Association



**Gautam Goel**  
Managing Director



**Gaurav Goel**  
Managing Director

- Associated with the Company since 1994
- Holds a Business Management degree from UK
- Handles financial management of the Company
- Director of Indian Sugar Exim Corporation Limited; a member of Indian Sugar Mills Association and a member of The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Former President of the Young Presidents Organization, Delhi Chapter and of the EO, Delhi

### Senior Management

**Sandeep Sharma**  
Chief Operating Officer and Head of  
Dhampur and Rajpura Mills

**Arhant Jain**  
Executive President (Finance)  
and Company Secretary

### Corporate

**S K Bhatnagar**  
President

**Monika Sharma**  
Vice President - System Design &  
Implementation

**B N Jha**  
Vice President

### Mill Heads

**Subhash Pandey**  
President and Head of Asmoli Mill

**Sanjay Sharma**  
Vice President and Head of  
Mansurpur Mill

**Arvind K. Dixit**  
Asst. Vice President and Head of  
Meerganj Mill

### Marketing

**Arvind Jain**  
Vice President - Marketing

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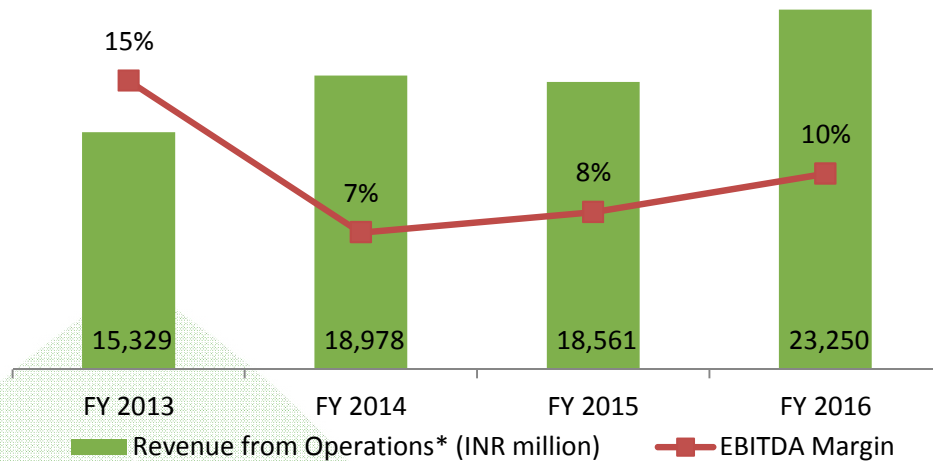
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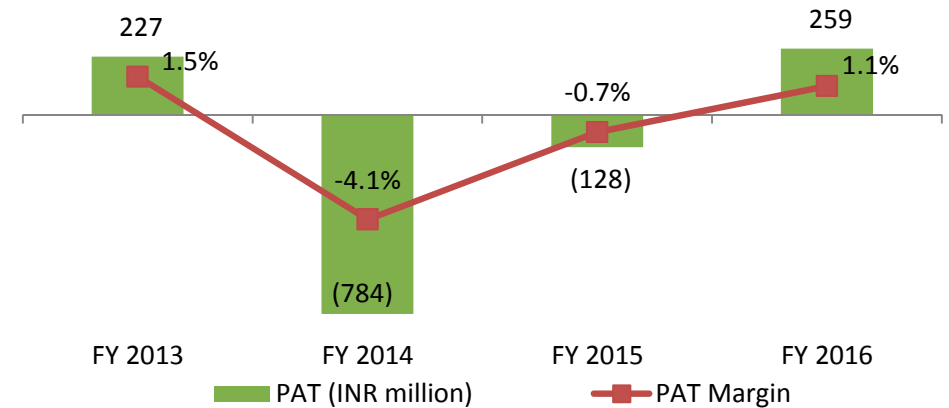
# Annual Financial Trends

## Improving Financial Performance

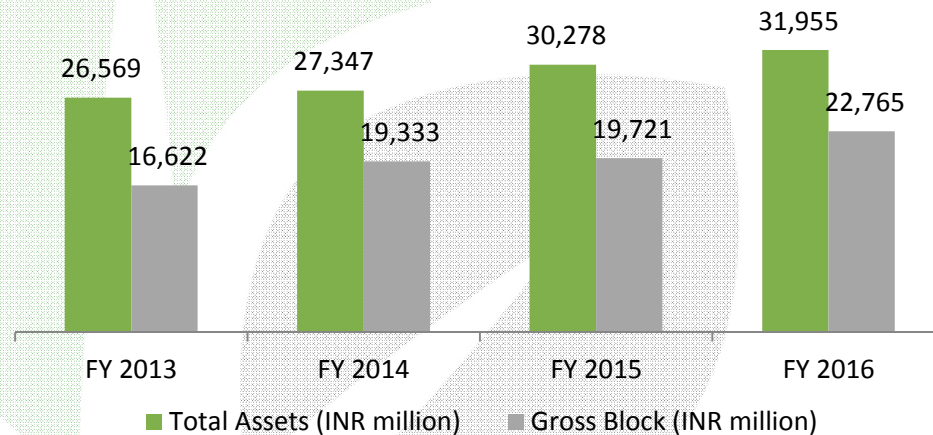
Impressive growth in Revenue and EBITDA Margin in FY 2016



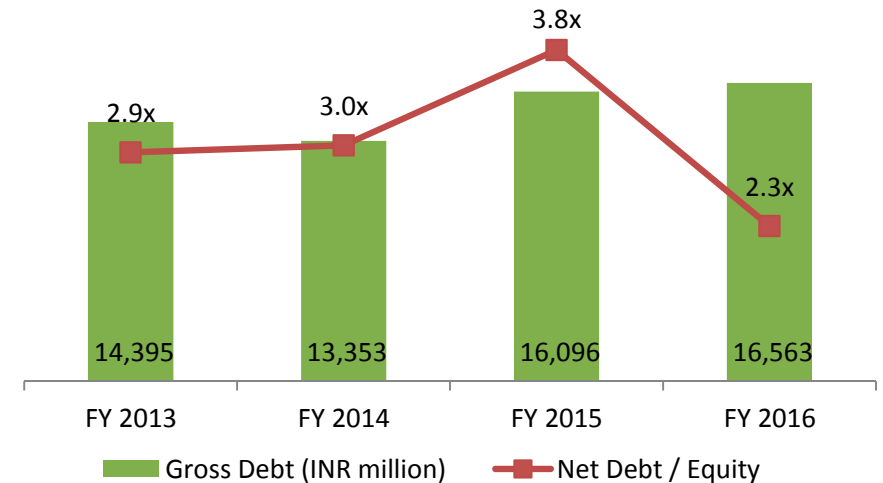
Losses have shrunk and it's time to make profits again



We have expanded our Gross Block to meet future demand



Increasing our leverage, which we have started reducing strategically

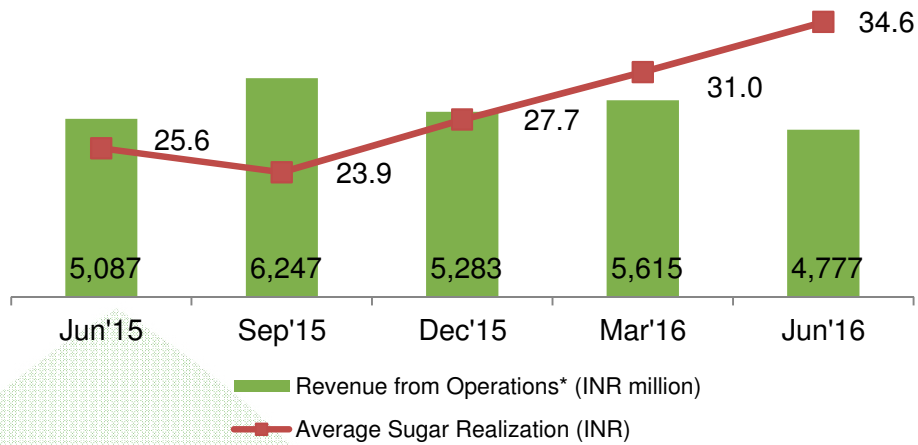


\* incl. excise duty

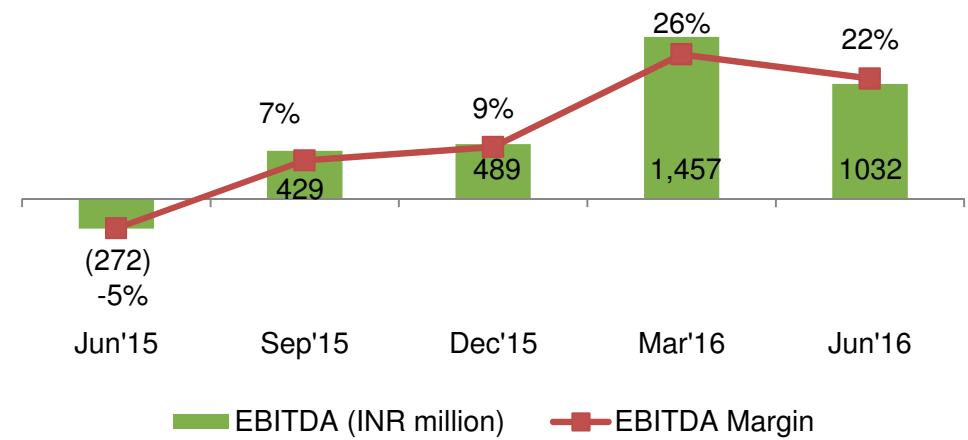
# Quarterly Financial Trends

## Improving Financial Performance

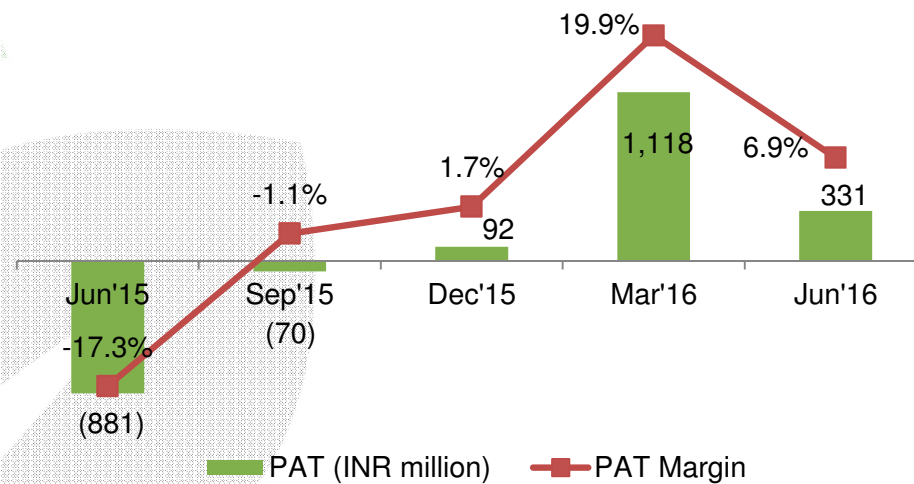
### Increasing Revenues...



### Sharp Improvement in EBITDA and EBITDA Margins...



### Significant improvement in profitability



\* Net of excise duty

# Summary Financials

## Key Balance Sheet Items

(INR million) Particulars	Mar-14	Mar-15	Mar-16 <sup>#</sup>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds	4,438	4,237	7,107
Long-term Borrowings*	5,447	5,719	5,463
Short-term Borrowings	6,654	8,943	9,285
Trade Payables	7,026	6,750	4,714
Other Current Liabilities	3,427	4,285	5,041
	<b>27,347</b>	<b>30,278</b>	<b>31,955</b>
<b>ASSETS</b>			
Fixed Assets	12,931	12,717	15,239
Inventories	12,243	12,523	12,613
Trade Receivables	1,193	2,230	2,512
Cash and Equivalents	195	167	258
Short-term Loans and Advances	352	395	369
Other Current Assets	275	1,658	402
	<b>27,347</b>	<b>30,278</b>	<b>31,955</b>
Net Debt to Equity Ratio	3.0x	3.8x	2.3x

Note: Only major line items are shown

\* incl. INR 436mn from Sugar Development Fund at a blended interest rate of 4.69% ; \*\* incl. excise duty;

# The financials for FY 2015-2016 are based on audited financials approved by the Board, subject to shareholders approval.

## incl. other income

## Key Profit & Loss Items

(INR million) Particulars	Mar-14	Mar-15	Mar-16	Jun-16 (3M)
Revenue from Operations (incl. excise duty)	18,978	18,561	23,250	5,207
Revenue from Operations (net of excise duty)	18,228	17,902	22,231	4,777
<b>Total Revenue##</b>	<b>18,288</b>	<b>17,977</b>	<b>22,577</b>	<b>4,990</b>
Cost of Raw Materials	13,437	12,741	15,158	979
Purchases of Stock-in-Trade	223	1,042	2,371	342
(Increase)/Decrease in Inventories	696	199	-169	2,174
Employee Benefit Expenses	733	762	844	188
Other Expenses	1,856	1,726	2,024	239
<b>Total Expenses</b>	<b>16,945</b>	<b>16,470</b>	<b>20,228</b>	<b>3,921</b>
EBITDA (Inc. of Other Income)	1,343	1,507	2,349	1,069
Depreciation	759	552	551	123
EBIT	584	955	1,798	946
Finance Cost	1,422	1,497	1,586	469
<b>PBT</b>	<b>-839</b>	<b>-542</b>	<b>212</b>	<b>478</b>
<b>PAT</b>	<b>-784</b>	<b>-128</b>	<b>259</b>	<b>331</b>

# Key operational data

## Key Operational Data

Particulars	Unit	Jun 16	Jun 15
<b><u>SUGAR</u></b>			
Cane Crush	Mn Qtls	2.69	5.83
Recovery	%	10.9%	10.1%
Sugar Sale	Mn Qtls	0.9	1.2
Average Realisation	Rs/Kg	34.62	25.6
Closing Stock	Mn Qtls	2.76	3.02
Closing Valuation Rate	Rs/kg	2.93	2.45
<b><u>POWER</u></b>			
Power Generated	Mn units	84.5	146.6
Power Exported	Mn units	55.8	103.8
Average Realisation	Rs/Unit	5.25	5.06
<b><u>CHEMICAL/DISTILLERY</u></b>			
Industrial Alcohol			
Production	Mn Litres	17.0	20.82
Sale	Mn Litres	22.3	17.9
Average Realisation	Rs/Litre	43.22	40.27
Industrial Alcohol			
Production	Mn Kg	2.9	6.5
Sale	Mn Kg	2.9	6.2
Average Realisation	Rs/Kg	47.81	53.02

Note: Only major line items are shown

# ***Agenda***

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1. Business Overview
2. Segmental Information
3. Key Highlights
4. Financial Performance
- 5. Future Business Strategy**

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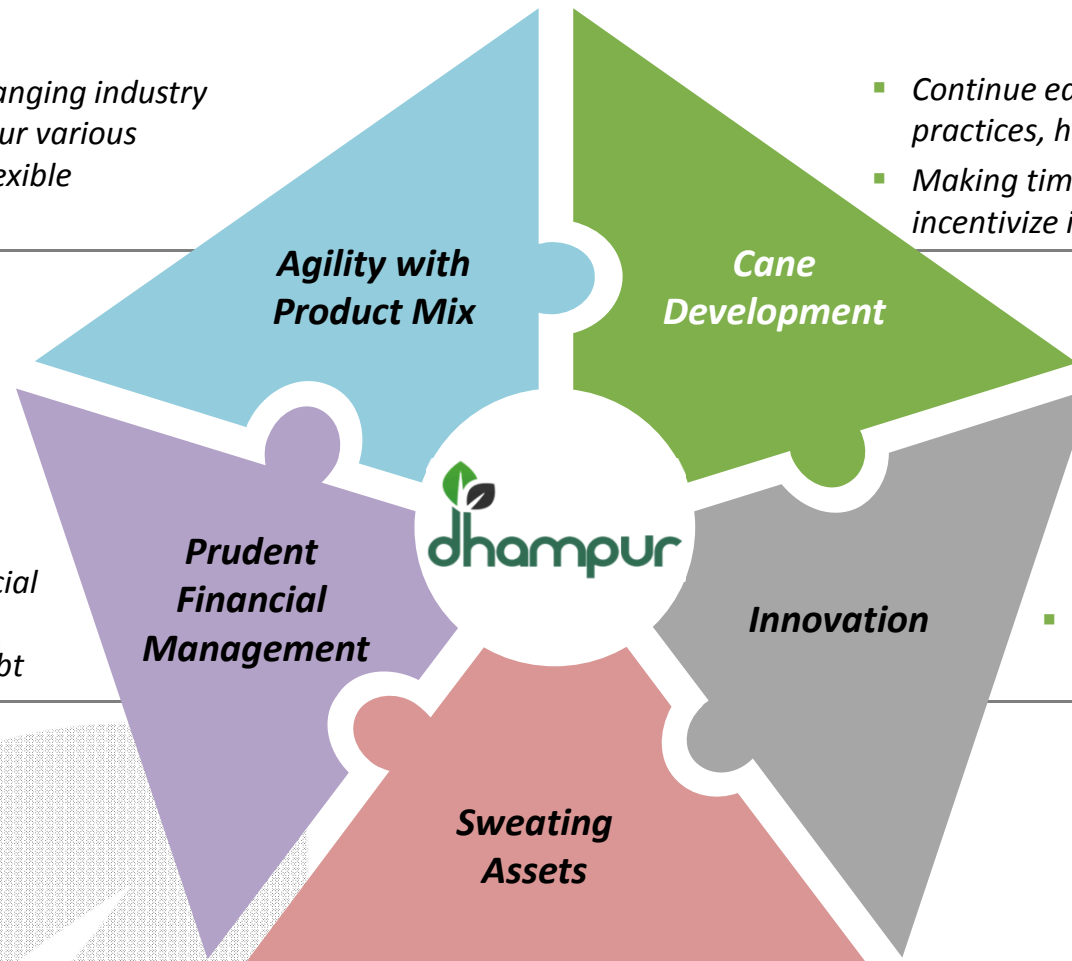
Annexure – Facilities at a Glance

# Future Business Strategy

We are currently one of the leading integrated sugar companies in India. We plan to increase our asset utilization while we keep improving on our best practices

- Be agile in our response to changing industry trends of demands/prices of our various products on the back of our flexible manufacturing processes

- Continue educating farmers on best farming practices, high-yield seeds, pesticides etc.
- Making timely payment to farmers to incentivize increase in area under sugarcane



- Reduce leverage through a combination of prudent financial management and prepayment/repayment of debt

- With focus on zero waste, continue product and process innovation

- Mid-term focus not on adding new capacities but on increasing existing capacity's utilization
- Capitalize on any future demand pickup by increasing production

# ***Agenda***

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1. Business Overview
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## **Annexure – Facilities at a Glance**



# Dhampur Facility (1/3)

*Mill House and Cane Receiving Station*



*Bagasse Handling*



*Power Generator*



*Power Generation yards, ESPs and Flue Stacks*





# Dhampur Facility (2/3)

*Bagasse Dryer*



*Cooling Towers*



*Distillation Column*



*Ethanol Plant*





# Dhampur Facility (3/3)

*Sugar Sorting*



*Water Treatment*



*Organic Manure*



*Pushp Niketan School run at Dhampur*





# Asmoli Facility

*Mill House*



*Flue Stacks and Bagasse Handling*



*Ethanol Plant*



*Fermenters*





# Rajpura Facility

*Plant*



*Bio-Fertilizer Lab*



*Bio-Fertilizer Plant*



*Finished Bio-Fertilizer Products*





# Mansurpur Facility

*Mill House*



*Refinery*



*Power House Control Room*



*Boiler and Chimney*





# Meerganj Facility

*Plant Overview*



*Entry Gate*



*Boiler*



*Chimney*







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