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BALRAMPUR CHINI MILLS LIMITED

4th August, 2022

National Stock Exchange of India Limited Listing Department, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai- 400051	**BSE Limited** The Corporate Relationship Department 1st Floor, New Trading Wing, Rotunda Building, Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai- 400001
Scrip Code: BALRAMCHIN	**Scrip Code:** 500038

Dear Sir/ Madam,

Sub: Results Presentation

Please find attached Results Presentation in relation to the Financial Results of the Company for the Quarter ended 30th June, 2022, declared on 4th August, 2022.

This is for your information and record.

Thanking you,

Yours faithfully,
For Balrampur Chini Mills Limited

Manoj Agarwal
Company Secretary and Compliance Officer

Balrampur Chini Mills Limited

Q1FY23 Results

Investors Presentation

4th August 2022

“STRETCH”

Graduating the Company from one level to another

Safe Harbour

Certain statements made in this document may constitute forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, agricultural policies, climatic conditions, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Balrampur Chini Mills Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Conference Call Details

Timing	12:00 noon IST on Friday, August 5, 2022
Conference dial-in	Primary number: +91 22 6280 1141 / 7115 8042
Toll free Number	Singapore: 800 101 2045
	Hong Kong: 800 964 448
	USA: 1 866 746 2133
	UK: 0 808 101 1573

Table of Contents

This presentation comprises of eight parts

A message from the Chairman and Managing Director

Commenting on the performance for Q1FY23, Mr. Vivek Saraogi, Chairman and Managing Director, Balrampur Chini Mills Limited, said:

"The Company reported muted performance during the quarter owing to a challenging operating environment in our sugar division.

Lower sugarcane yields/recovery in the season impacted the segment's performance. Further, fixed overheads could not be absorbed fully in this quarter due to lower crushing/season days.

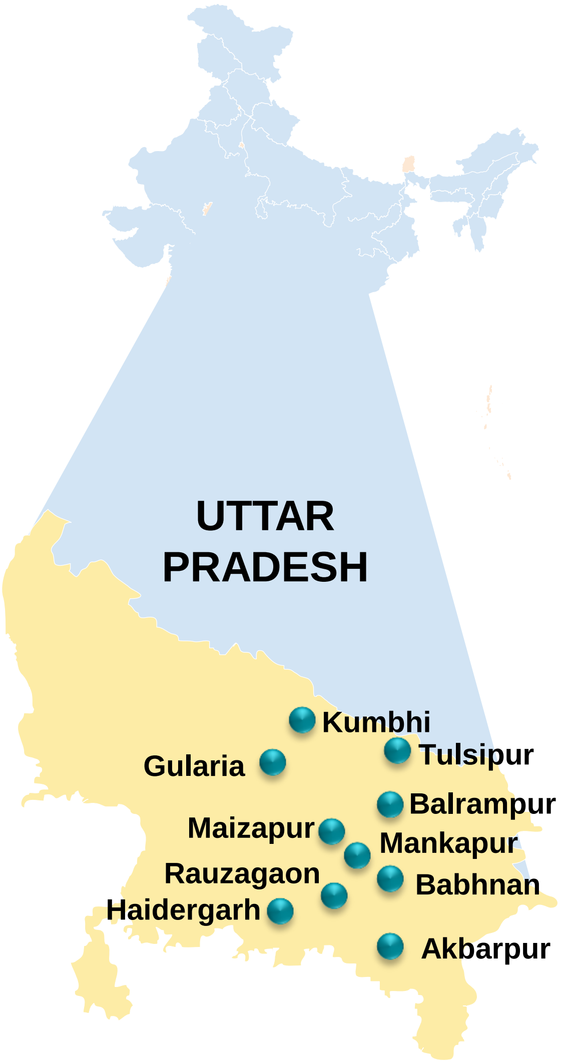
With good quality rains in our command areas, we are hopeful of reporting improvement in the operational performance when we begin next sugar season in the month of November.

I am pleased to share that we are making healthy progress on commissioning the state-of-the-art distillery facility at Maizapur unit which would operate on direct sugarcane juice in season and on grains in off-season. This, along with our expansion at Balrampur unit, will take our distillery capacity to 1,050 KLPD, resulting in ~35 crore of distillation capacity on an annual basis, by December 2022.

Overall, we are focused on creating value for our diverse stakeholders through our integrated operations, which has enabled us to maintain a strong balance sheet and generate healthy cash flows. We will continue to invest capital judiciously and return excess cash flows to our shareholders from time to time."

A Brief perspective about our company

BCML – A multi-product integrated Company with manufacturing capability of Sugar, Ethanol and Co-Generation



FACTORY LOCATIONS

10
manufacturing units in close proximity

77,500
Aggregate cane crushing capacity (TCD)

560
Aggregate distillery capacity (KLPD)

175.7
Aggregate Saleable co-generation capacity (MW)

Units	Existing Capacities	Proposed Expansion	Capacities post expansion
Sugar (TCD)	77500	-	77500
Saleable Cogen (MW)	175.7	-	175.7
Distillery (KLPD)	560	490	1050

Among the largest integrated sugar companies

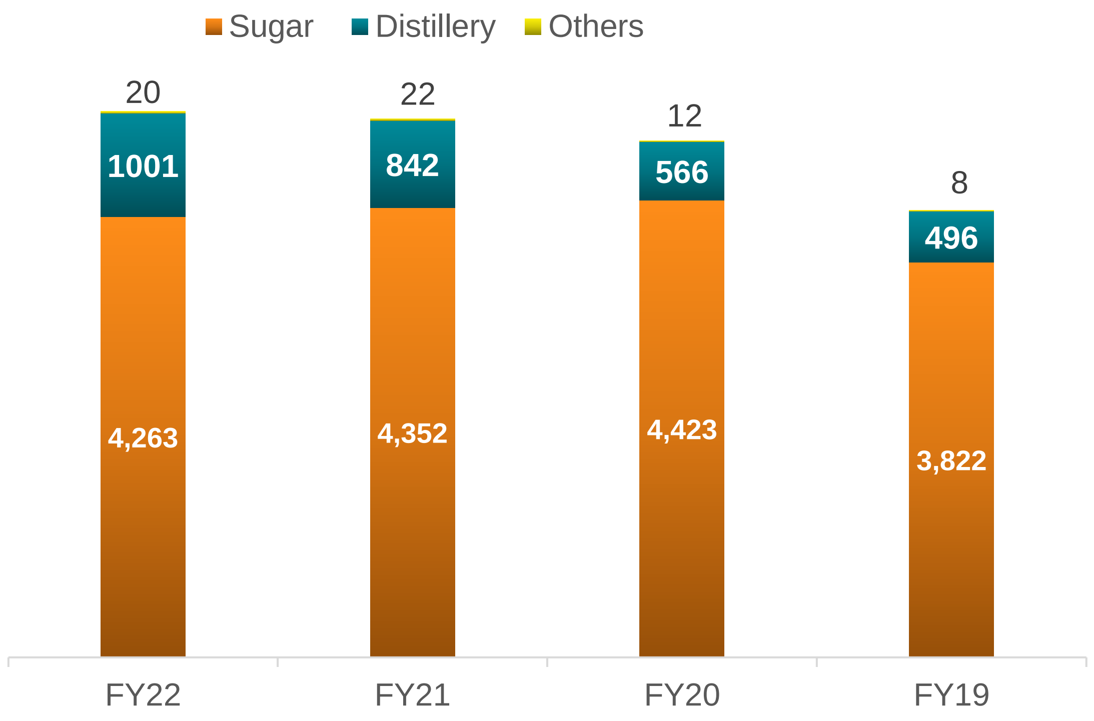
Principle business sugar + distillery

Rs. 7334.22 cr. market capitalization as on 30th June 2022

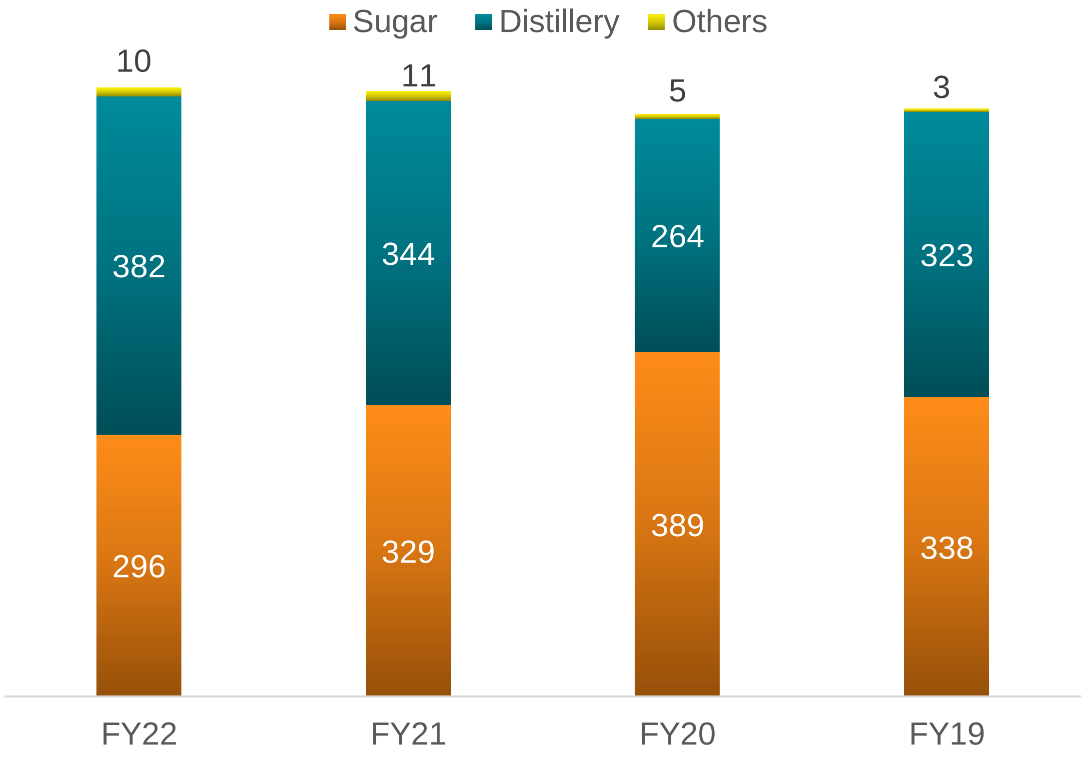
42.42% promoter shareholding

Robust and Sustainable Financial Performance on the back of structural changes

Segmental Revenues (Rs. Cr.) *



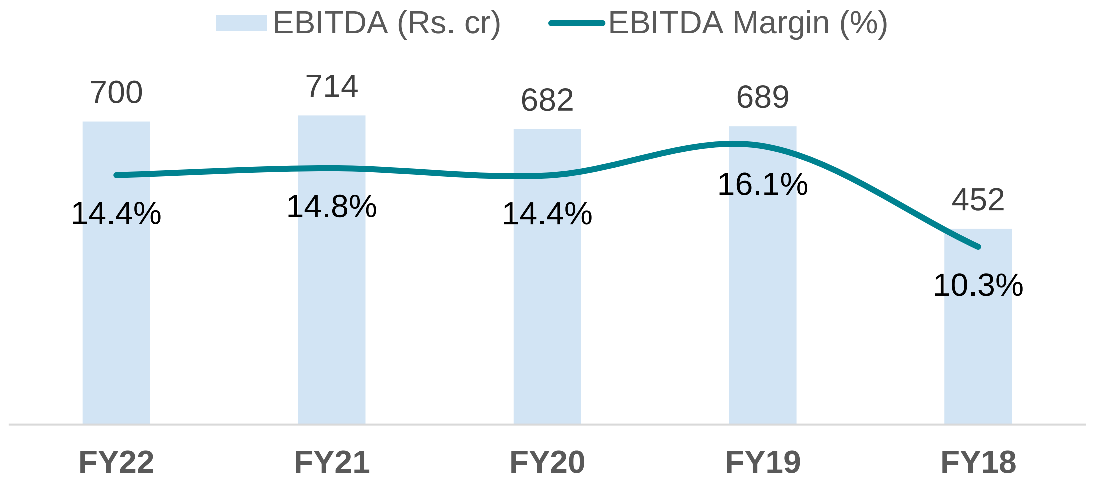
Segmental PBIT (Rs. Cr.)

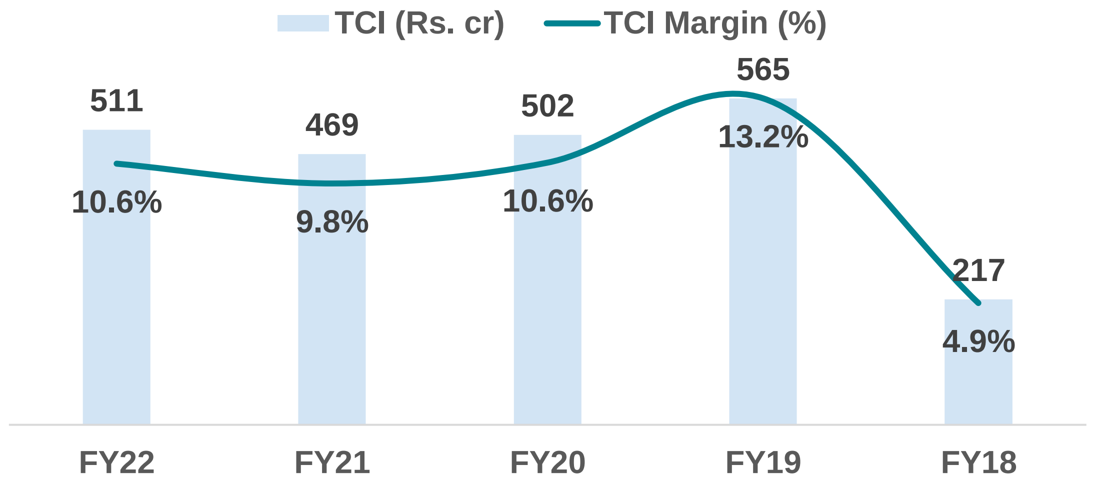


- **Revenues includes inter segment revenues**

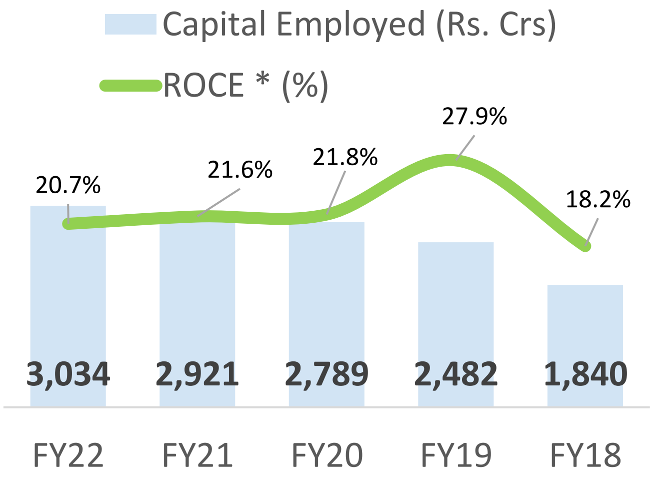
Revenue from distillery segment contributed ~19% of overall revenues in FY22 as compared to 11% in FY19
Going forward distillery segment is expected to contribute around 35% of overall revenues
Distillery segment contributed ~56% of PBIT in FY22 compared to 49% in FY19
Company is focusing on increasing the share of revenue / profit from distillery

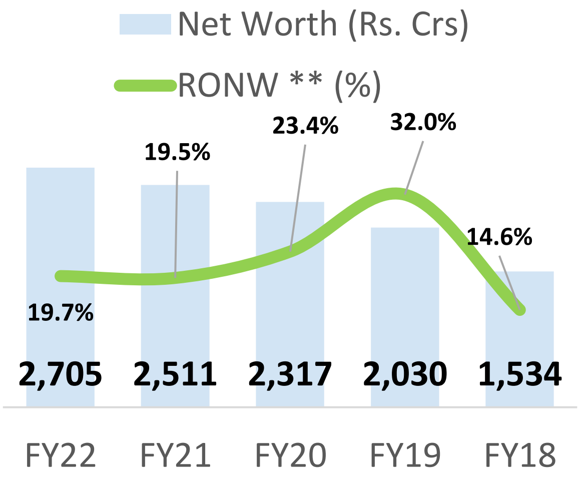
Robust and Sustainable Financial Performance on the back of structural changes (contd.)

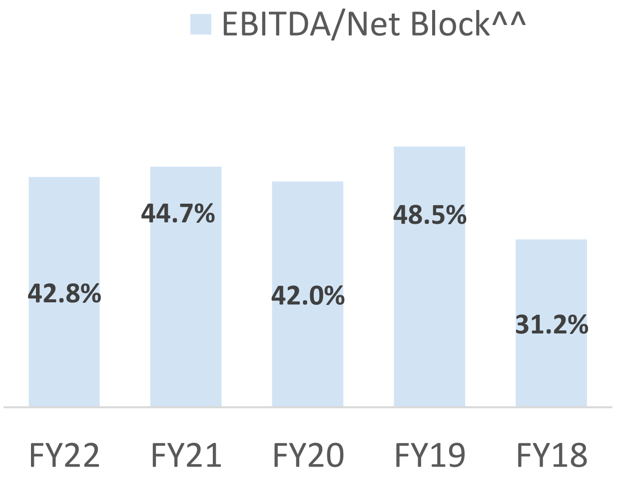




Sustainable profitability on the back of structural changes in the industry







** EBIT / Avg. Capital Employed where Capital Employed is sum of Total Long Term Borrowings + Deferred Tax Liabilities + Tangible Net-worth*

*** PAT / Avg. Net-worth where Net-worth excludes Capital Reserve & Amalgamation Reserve*

^^ excluding CWIP

➢ PART ONE

Our Q1 performance in numbers

This is what we achieved in Q1FY 23 (standalone numbers)

10.81

Rs. cr. of total comprehensive income (TCI)

(Rs. 72.70 cr. in the corresponding quarter, Q1FY 22)

44.42

Rs. cr. of EBITDA

(Rs. 134.03 cr. in the corresponding quarter, Q1FY 22)

0.57

Rs. earnings per share

(Rs. 3.48 in the corresponding quarter, Q1FY 22)

74.96%

% revenues from sugar

(77.56% in the corresponding quarter, Q1FY 22)

24.44%

% revenues from distillery

(22.20% in the corresponding quarter, Q1FY 22)

0.60%

% revenues from others

(0.24% in the corresponding quarter, Q1FY 22)

Financial performance (standalone numbers)

Q1 FY23 (Rs. Cr)	Q1 FY22 (Rs. Cr)	Change (%)	Particulars	FY22 (Rs. Cr.)	FY21 (Rs. Cr.)	FY20 (Rs. Cr)	FY19 (Rs. Cr)	FY18 (Rs. Cr)
1080.08	1140.44	-5.3%	Revenue from Operations	4846.03	4811.66	4741.29	4285.78	4400.72
44.42	134.03	-66.9%	EBITDA	699.70	713.83	681.97	689.07	451.66
4.1%	11.8%	-	EBITDA Margin (%)	14.4%	14.8%	14.4%	16.1%	10.3%
28.22	29.31	-3.7%	Depreciation & amortization	113.86	111.88	101.42	95.85	95.16
13.84	13.11	5.6%	Finance Costs	30.87	39.30	64.17	40.94	52.03
-	-	-	Exceptional income	52.74	-	-	-	-
16.86	96.83	-82.6%	Profit Before Tax	655.62	596.11	554.93	595.03	332.18
1.6%	8.5%	-	PBT Margin (%)	13.5%	12.4%	11.7%	13.9%	7.6%
5.25	23.80	-77.9%	Tax	140.96	126.34	45.65	24.39	111.06
(0.80)	(0.33)	-	Other Comprehensive Income	(3.62)	(0.56)	(7.01)	(5.14)	(4.55)
10.81	72.70	-85.1%	Total Comprehensive Income	511.04	469.21	502.27	565.50	216.57
0.57	3.48	-	EPS (Rs.)	24.86	22.01	22.98	24.98	9.41

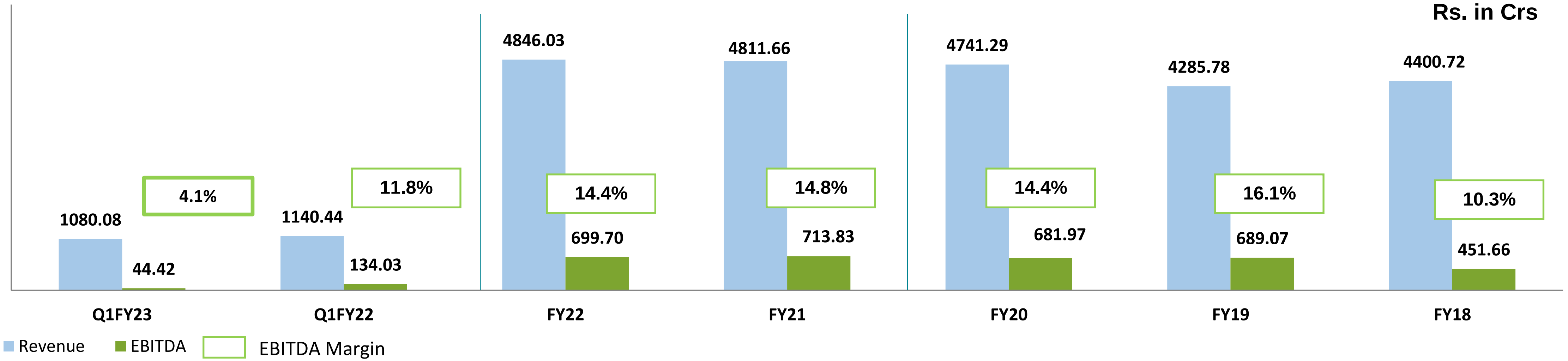
Foot Note:

- Seasonal nature of the industry.
- Lower cane availability in the sugar season 2021-22 owing to weather conditions.
- The Company is actively working on varietal re-balancing of cane / disease management activities.
- Because of sugar sacrifice for conversion into Ethanol, there has been a corresponding sacrifice of potential profit on the sacrificed sugar, resulting in enhanced profitability in the distillery segment.

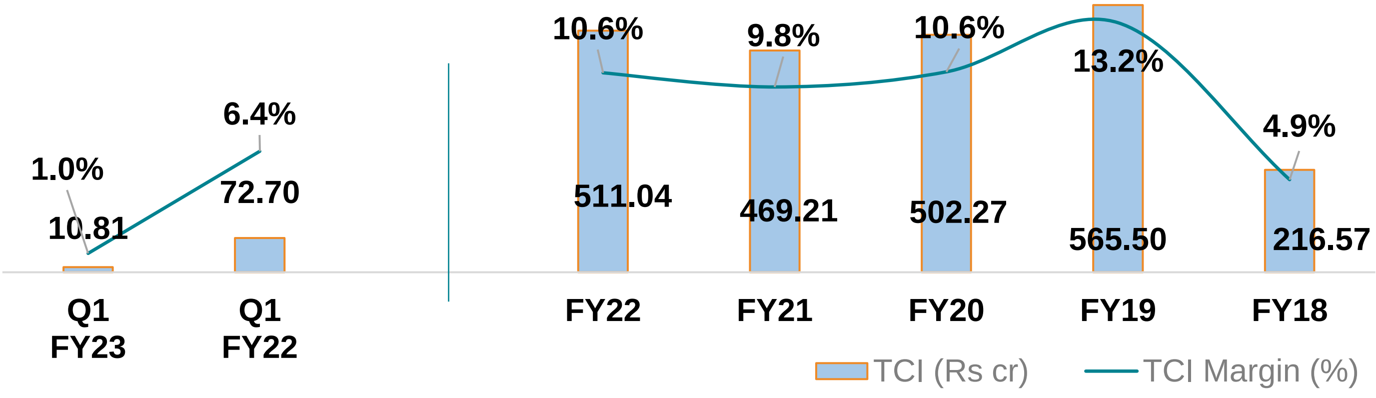
Outcome: In view of the aggressive diversion of cane towards B-heavy molasses route resulting in sacrifice of sugar for production of Ethanol, dependence on sugar export has declined.

Performance highlight (standalone numbers)

Rs. in Crs



5.3% decrease in revenue in Q1FY23 as compared to Q1FY22 is primarily due to lower quota by Government for sale of sugar which was partly off-set by higher sugar realizations along with enhanced volumes and realizations in distillery segment.



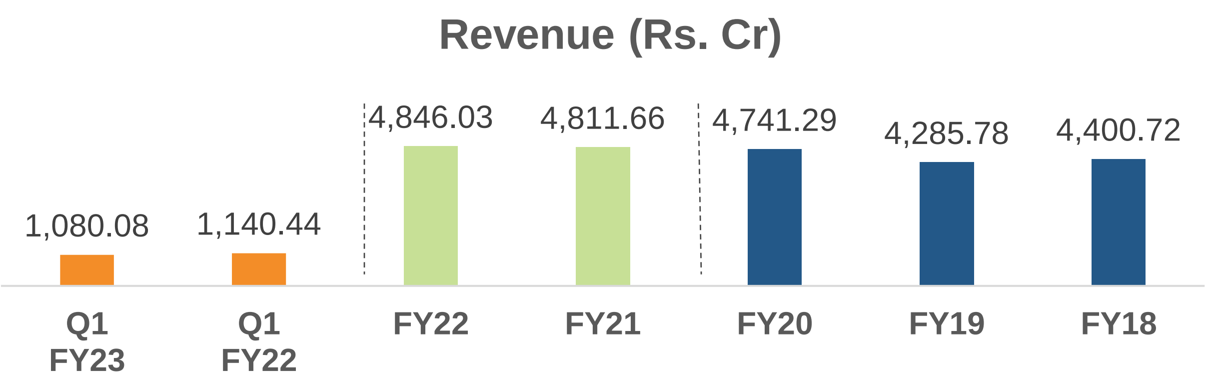
TCI - Total Comprehensive Income

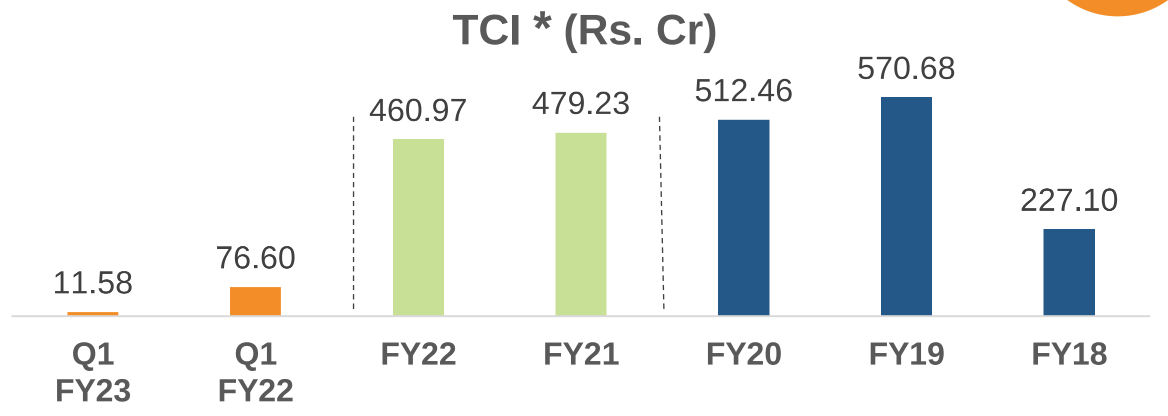
Sugar being a seasonal industry, it is recommended that the performance of the Company be appraised on annual basis and not on quarterly basis.

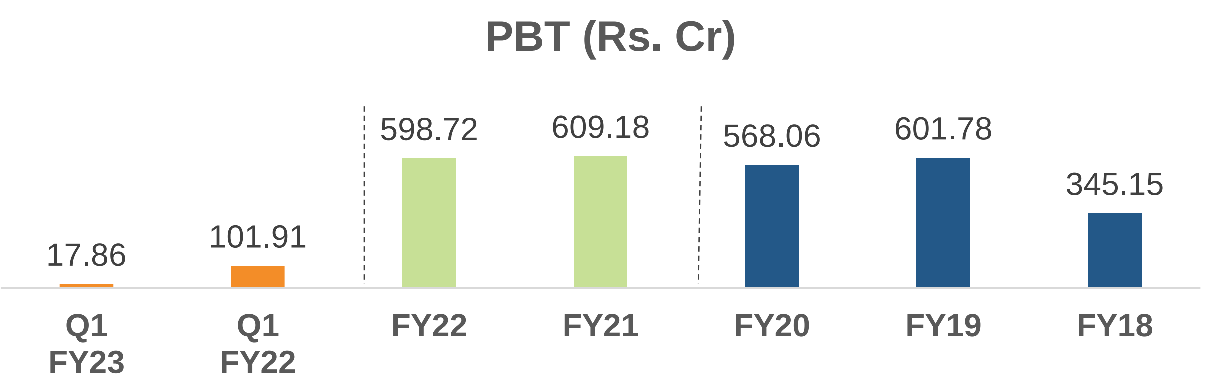
Our Q1 performance (standalone numbers) explained

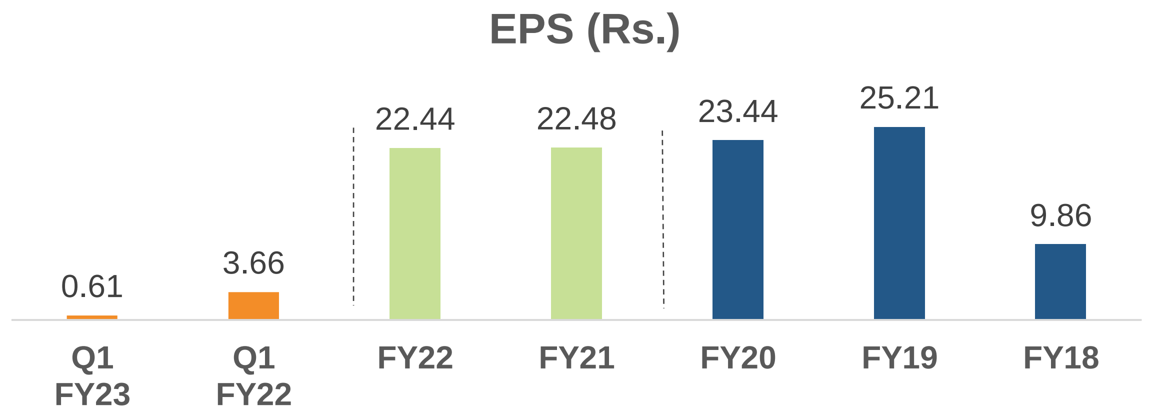
	Q1FY23 (Rs. Cr)	Q1FY22 (Rs. Cr)	Variance (%)	Key Reasons
Revenue from operations	1080.08	1140.44	-5.3%	Lower sugar volumes
Other income	14.51	5.21	178.5%	Sale of scrap
Cost of materials consumed	203.04	192.52	5.5%	Impact of hike in SAP
Changes in inventories of finished goods, by-products and work-in-progress	687.32	659.49	4.2%	-
Employee benefits expense	73.95	65.62	12.7%	Impact of increments
Finance costs	13.84	13.11	5.6%	Higher interest rates
Depreciation and amortization expense	28.22	29.31	-3.7%	-
Other expenses	71.35	88.78	-19.6%	Expenses incurred in Q1FY22 on account of exports
Tax expense	5.25	23.80	-77.9%	-
Other comprehensive income	(0.80)	(0.33)	-	-

Our Consolidated Financial Performance









Note:

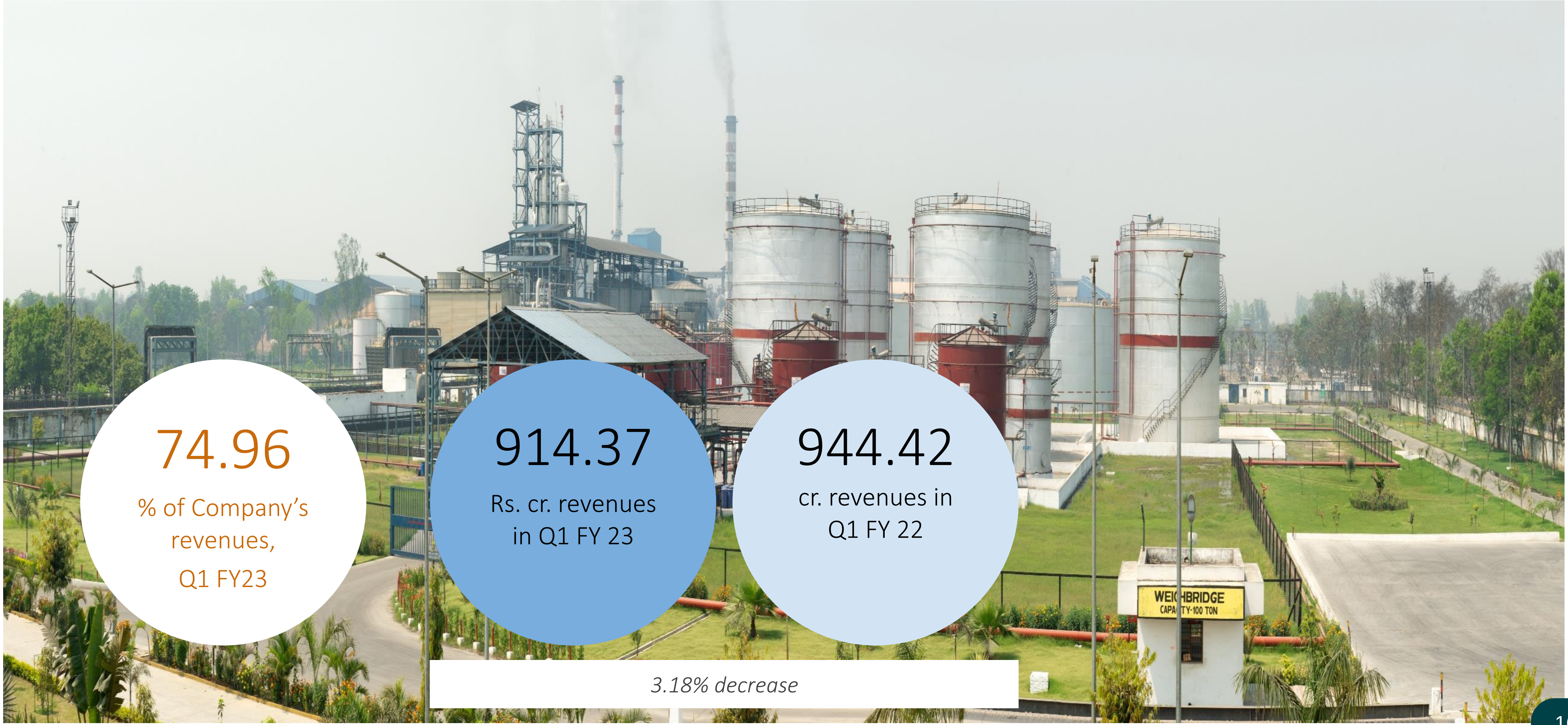
- Consolidated results of the Company upto 31st March 2022 includes results of two Associates of the Company viz. Visual Percept Solar Projects Pvt. Ltd. (upto the date of disposal) & Auxilo Finserve Pvt. Ltd.
- During Q4FY22, Company sold its Investment in Visual Percept Solar Projects Pvt. Ltd.
- Company's share in Auxilo Finserve Pvt. Ltd. as on 30th June 2022 stands at 44.36%.

* *TCI - Total Comprehensive Income*

PART TWO

This is how our principal businesses performed

Business Overview - Sugar



74.96

% of Company's revenues, Q1 FY23

914.37

Rs. cr. revenues in Q1 FY 23

944.42

cr. revenues in Q1 FY 22

3.18% decrease

Policy intervention from Government

- **FRP:** Fair & Remunerative Price (FRP) of sugarcane for the sugar season 2022-23 has been increased to Rs. 305 per quintal (linked to a basic recovery of 10.25%) as compared to Rs. 290 per quintal in the sugar season 2021-22 (linked to a basic recovery of 10%).
- **SAP:** State Advised Price (SAP) of sugarcane for the sugar season 2021-22 for the state of Uttar Pradesh increased by Rs. 25 to Rs. 350 per quintal for early variety of cane, revised after a period of 4 years.
- **MSP:** Minimum Selling Price (MSP) of sugar was first fixed at Rs. 29 per kg in June 2018 and later increased to Rs. 31 per kg in February 2019. MSP is the ex-factory price (excluding GST and transportation charges) below which no mill can sell sugar in India. Due to surplus sugar scenario, the MSP environment is expected to continue. However, the prevailing selling price of sugar is much above the MSP.
- **Stock Holding:** Along with MSP, stock holding limits on mills regulates the supply of sugar in domestic market which in return supports the local prices.
- **Export:** Export of sugar continues to attract zero customs duty.
- **Import:** A higher customs duty continues on import of sugar.
- **Soft Loans**: Soft loans through banks for encouraging new distillery capacities or the augmentation of existing capacities, which facilitate higher ethanol production and reduces surplus sugar through the diversion of B-heavy molasses and direct cane juice/sugar syrup to ethanol.
- **Taxes**: A lower GST of 5% on ethanol.

Recent interventions by both the Central Government and the State Government reflects a clear shift in the mind-set of policy makers which augurs well for the industry

This is what our sugar business achieved

- **3.18%** decrease in sugar segment revenues in Q1 FY23 (compared with Q1 FY22)
- **11.78%** decrease in sugar sales volumes in Q1 FY23 (compared with Q1 FY 22)
- **7.16%** increase in average sugar realizations in Q1 FY23 (compared with Q1 FY22)
- **Bottomline**: Lower sugar volumes partly off-set by higher realizations

Inventory size

36.47
Lac quintals, sugar inventory, as on 30th June 2022

45.74
Lac quintals, sugar inventory, as on 30th June 2021

Inventory valuation

34.12
Rs./ kg, value of sugar inventory, Q1 FY 23

31.40
Rs./ kg, value of sugar inventory, Q1 FY 22

Cane diversion

79.8%
Cane diverted for B-heavy Ethanol in Q1FY23

79.9%
Cane diverted for B-heavy Ethanol in Q1FY22

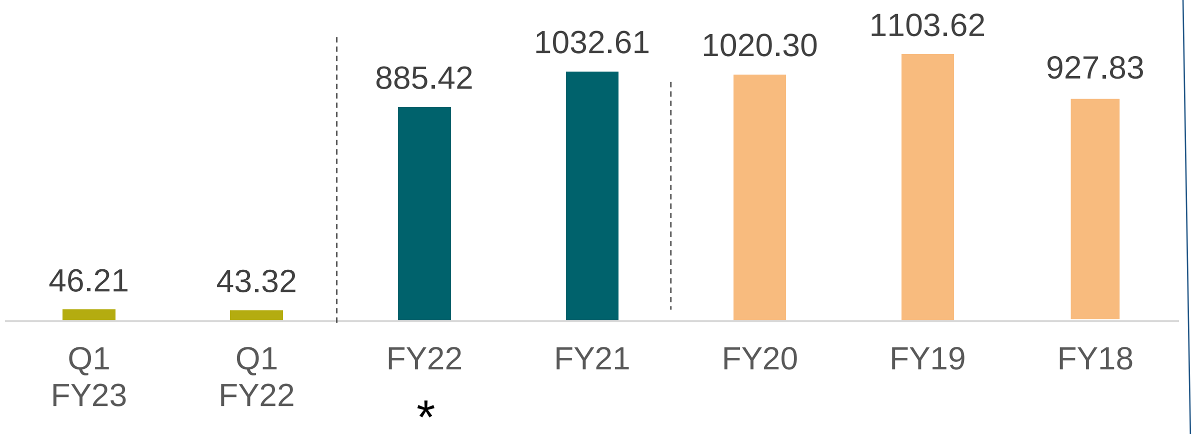
Performance Overview – Sugar

Financial data	U.O.M.	Q1 FY23	Q1 FY22	Change (%)	FY22	FY21	FY20	FY19
Segment Revenues *	(Rs. Cr)	914.37	944.42	-3.18%	4262.98	4351.68	4423.26	3822.44
Segment PBIT	(Rs. Cr)	(55.72)	6.83	-	296.30	329.47	389.04	338.41
PBIT %	%	-6.1%	0.7%	-	6.9%	7.6%	8.8%	8.9%

* Includes	U.O.M.	Q1 FY23	Q1 FY22	Change (%)	FY22	FY21	FY20	FY19
Revenue from physical export of sugar	(Rs. Cr)	-	13.00	-	179.80	139.75	548.53	354.13
Financial assistance from Government on exports has been accounted under “Other Operating Revenues”	(Rs. Cr)	-	48.22	-	72.76	136.77	272.25	49.31

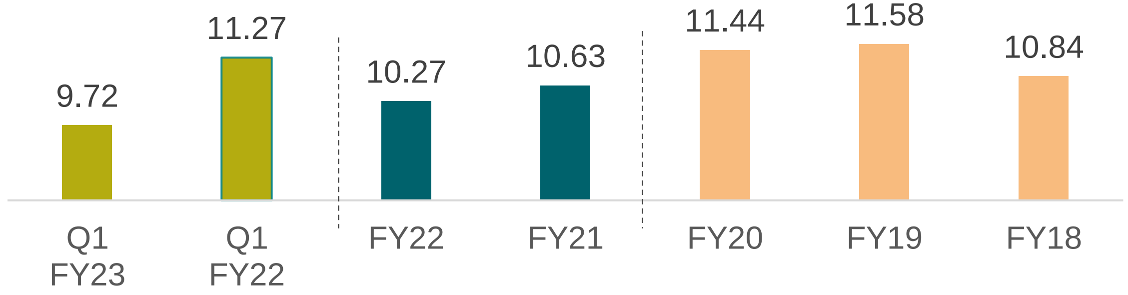
Business Overview: Sugar - Operational numbers

Sugarcane Crushed (lac quintals)



** Lower cane availability owing to weather conditions*

Sugar Recovery (%) (post B-heavy diversion)

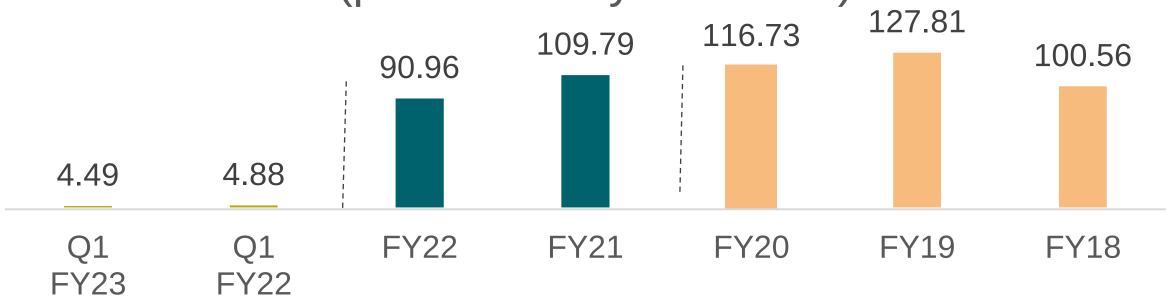


Pre-diversion sugar recovery (%)

11.24	12.69	11.55	11.77	11.93	11.58	10.84

Lower recovery (post diversion) due to high percentage of sugar sacrifice

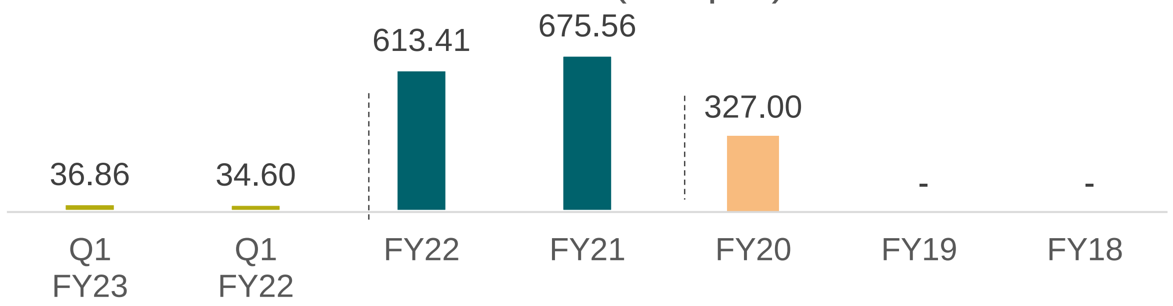
Sugar Production (lac quintals) (post B-heavy diversion)



Sugar Sacrifice (lac quintals)

0.70	0.62	11.32	11.73	5.10	-	-

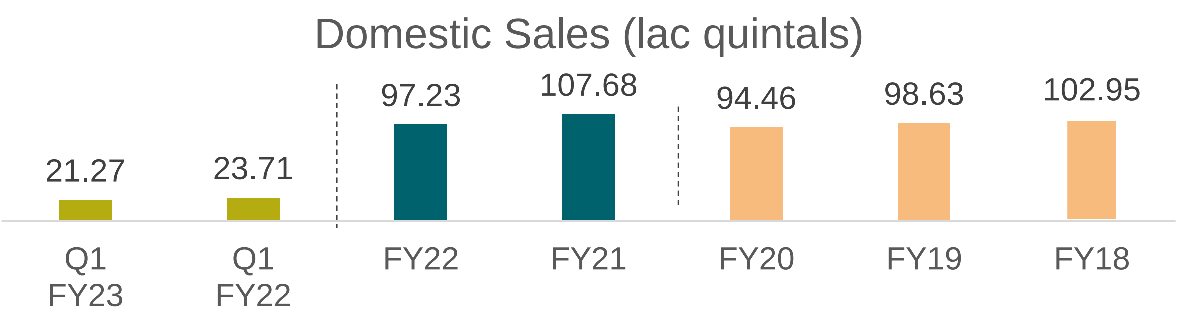
Cane diverted towards B-heavy molasses (lac qtls.)

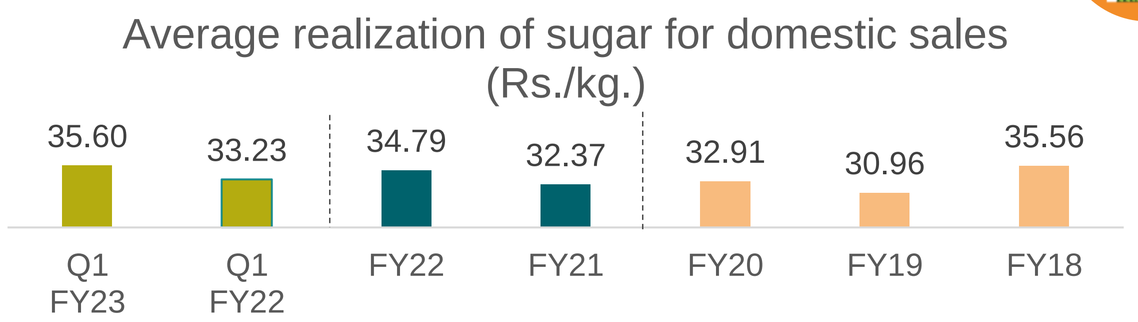


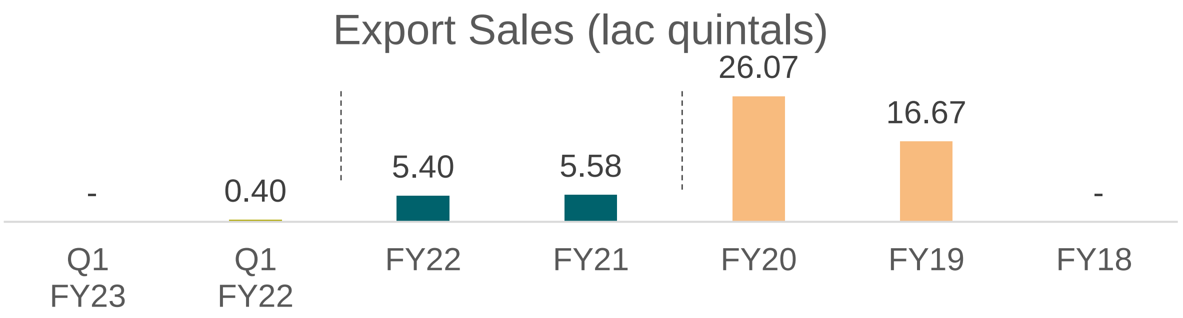
Cane diverted towards B-heavy molasses (%)

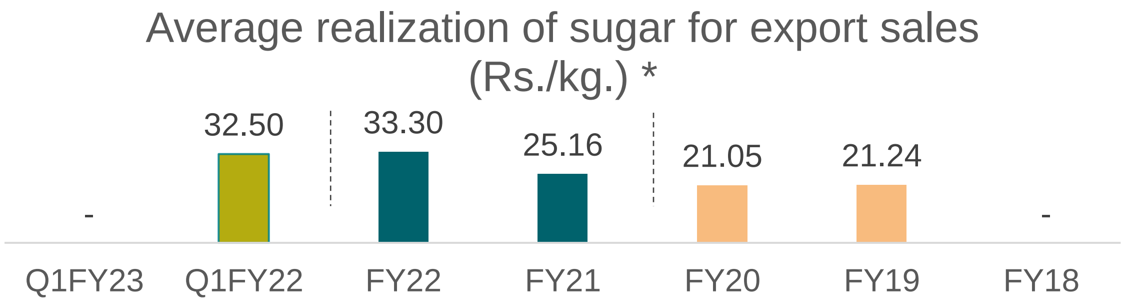
79.8%	79.9%	69.3%	65.4%	32.0%	-	-

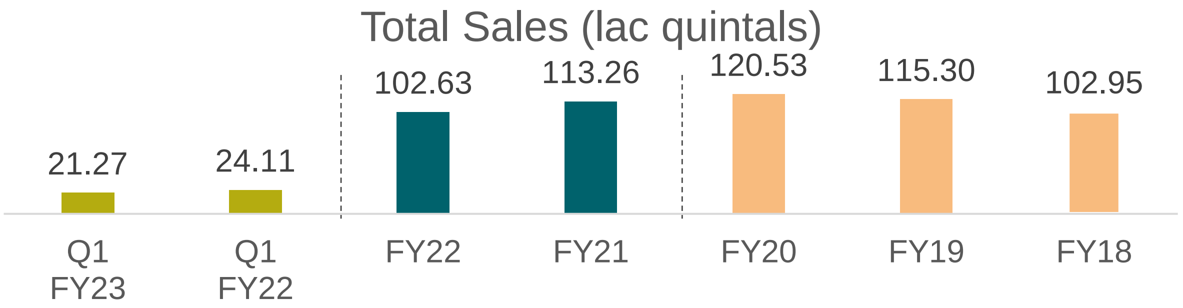
Business Overview: Sugar - Operational numbers

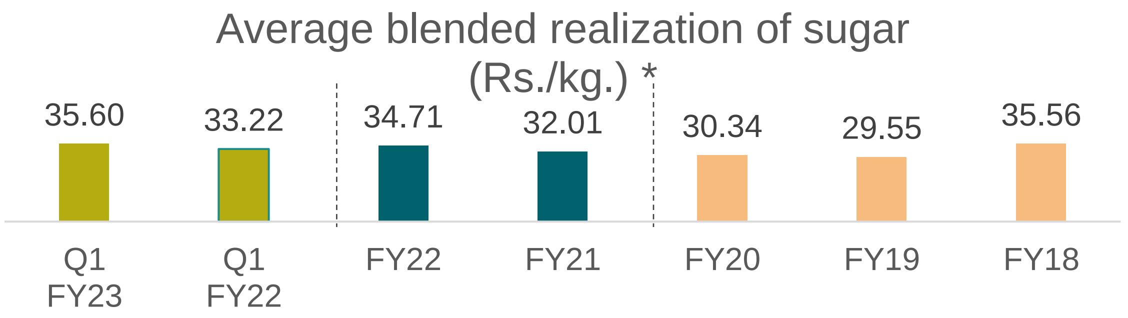








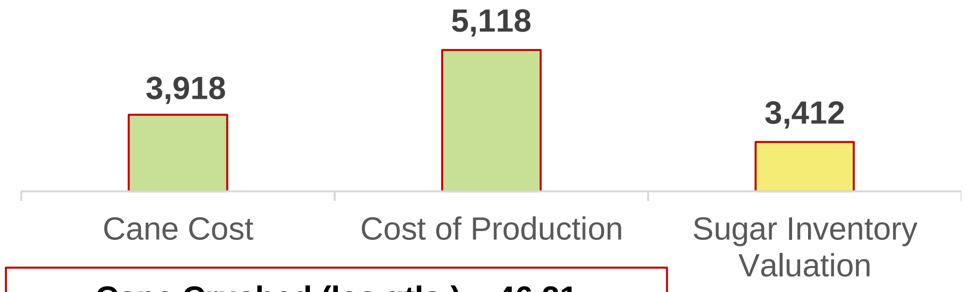




* Excluding Government assistance

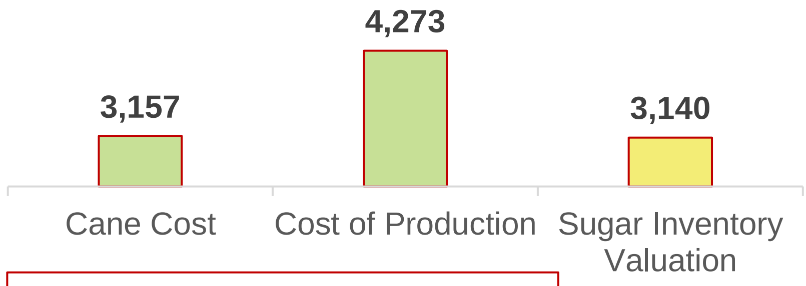
Movement in Sugar Costs & Valuation (Rs./qtl. of sugar)

Q1FY23



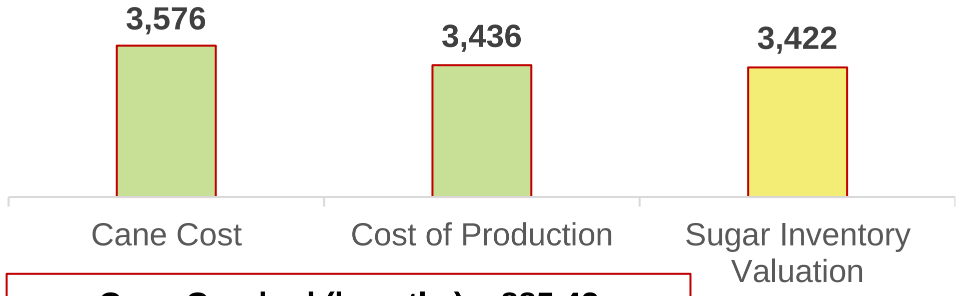
Cane Crushed (lac qtls.) – 46.21
Sugar Produced (lac qtls.) – 4.49

Q1FY22



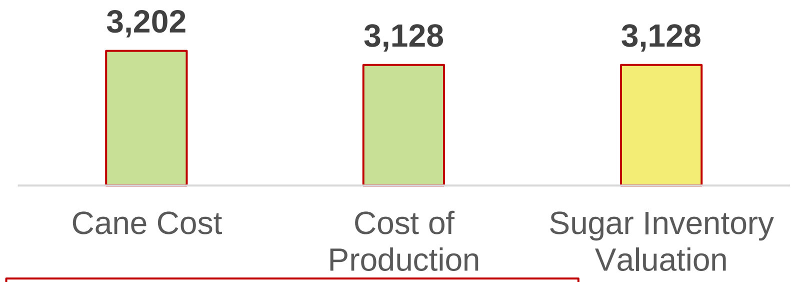
Cane Crushed (lac qtls.) – 43.32
Sugar Produced (lac qtls.) – 4.88

12M FY22



Cane Crushed (lac qtls.) – 885.42
Sugar Produced (lac qtls.) – 90.96

12M FY21



Cane Crushed (lac qtls.) – 1032.61
Sugar Produced (lac qtls.) – 109.79

Sugar inventory as on 30th June 2022 stood at 36.47 lac quintals valued at an average rate of Rs. 34.12 per kg as compared to 45.74 lac quintals as on 30th June 2021 valued at an average rate of Rs. 31.40 per kg

Note:
- ***Cost of production (including cane cost) was net of credit for bagasse, molasses and pressmud.***
- ***Sugar inventory was valued at lower of net realizable value (NRV) or cumulative year to date costing***

Sugarcane price for sugar season 2021-22 increased by Rs. 25/- per qtl. Cost of production has also gone up because of higher diversion of cane to B-heavy molasses route with higher sugar sacrifice ratio, which resulted in lower sugar production.

This is the outlook of our sugar business

- Expectation of better cane availability in ensuing season
- Asset modernization and upgradation are expected to be completed by December 2022
- Relatively low incentive in our cogeneration business is on account of moderated tariffs
- Focus on sweating existing assets
- With depleting inventory, sugar realization to improve

Business overview: Distillery

Distillery revenues

298.10

Rs. cr. Q1FY 23

270.35

Rs. cr. Q1FY 22

10.26% higher

24.44

% of revenues, Q1, FY23

Distillery PBIT

98.43

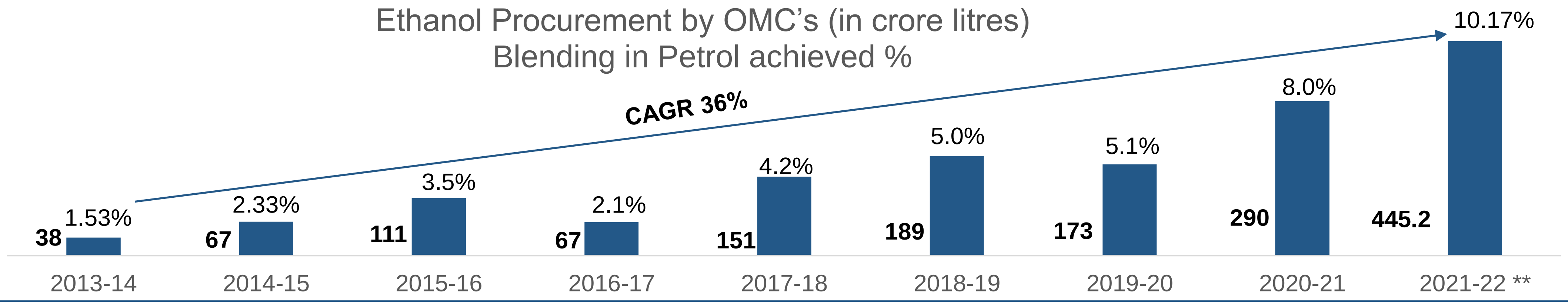
Rs. cr. Q1FY 23

117.56

Rs. cr. Q1FY 22

16.27% lower

Rising Fuel Ethanol Supply to meet huge Demand in India



**** OMC have finalized tenders for 449.02 crore litres out of which 445.2 crore litres has been contracted and 282.51 crore litres has been delivered till 17th July 2022 resulting in Pan India Ethanol blending of 10.17%**

Price fixed by Government (Rs./BL)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
C-route Ethanol	39.00	40.85	43.46	43.75	45.69	46.66
B-route Ethanol	-	-	52.43	54.27	57.61	59.08
Juice-route Ethanol	-	-	59.19	59.48	62.65	63.45

Central Government approved the National Policy on Biofuels to achieve 20% blending of Ethanol in petrol. Key benefits highlighted by the government include:

- Eliminate dependence on exports of sugar (target to sacrifice ~6 million tonnes of sugar by 2024-25)
- Reduce import dependency of fuels (savings of ~$4 billion forex i.e. Rs. 30,000 crs.)
- Cleaner environment through E20 fuel Carbon Monoxide emissions will be 50% lower in two-wheelers and 30% lower in four-wheelers. Hydrocarbon emissions will be 20% lower in both
- Additional income to farmers, Infrastructural investment in rural areas

- Employment generation
- Health benefits
- Municipal Solid Waste Management

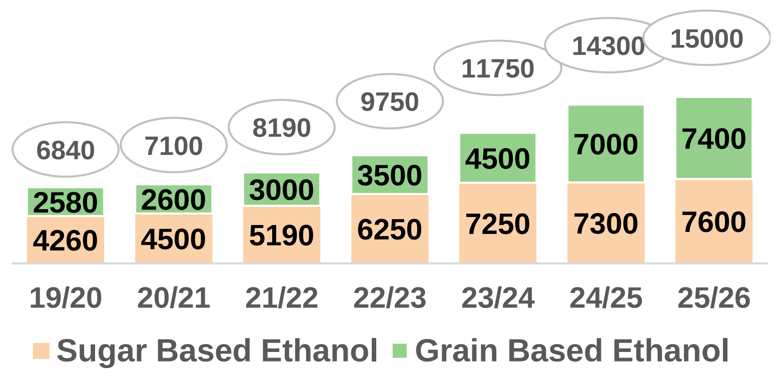
In January 2021, the target of achieving 20% Ethanol-blending with petrol was preponed to 2025. For the same, the country will need to produce ~1016 crore litres of Ethanol

In June 2021 Central Government announced that from April 2023 blending upto 20% to be implemented so as to reach E20 by 2025.

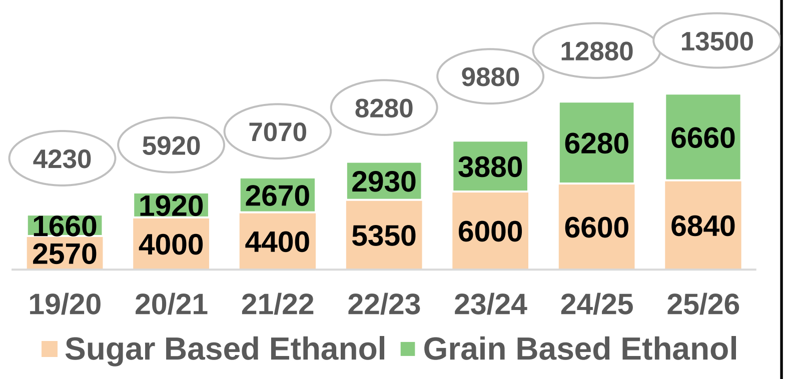
Road-map for Ethanol Blending in India 2025-26

= total

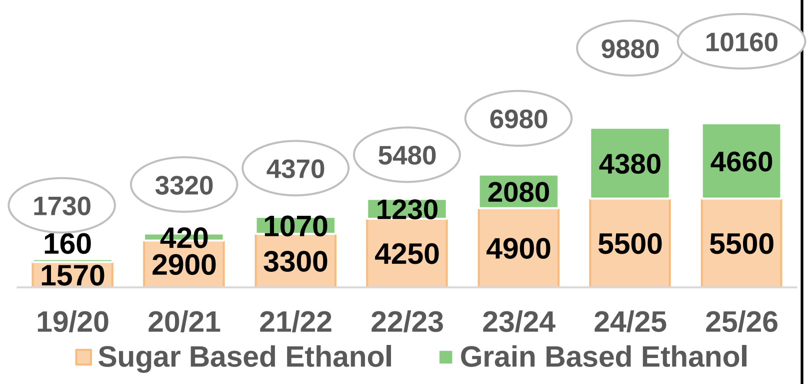
Distillation Capacity (in million ltrs)



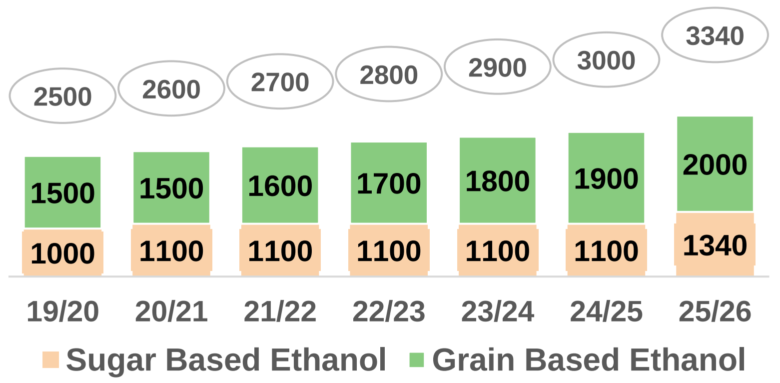
Ethanol Demand (in million ltrs)



Ethanol available for fuel (in million ltrs)

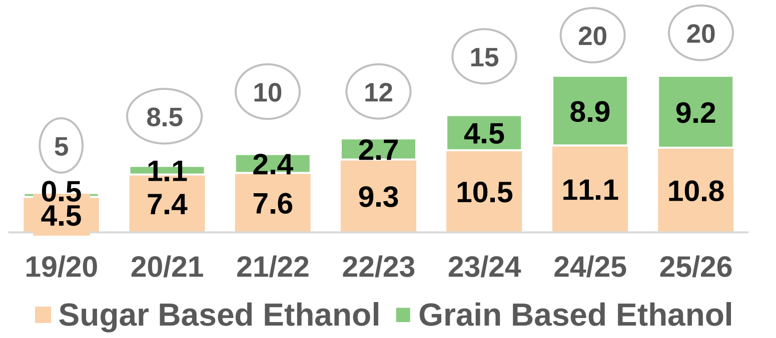


Ethanol available for other uses (in million ltrs)



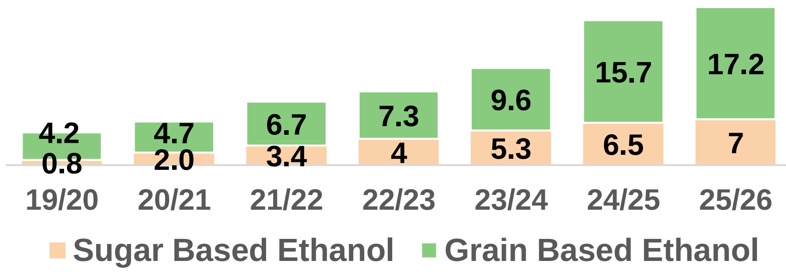
Ethanol Blend (%)

Country already achieved 10% Ethanol blend ahead of the target



Sugar Diversion / Grain Usage for Ethanol (MMT)

Sugar diversion for 21-22 is on expected lines



Source: Report of the Expert Committee, NITI Aayog | Ministry of Petroleum and Natural Gas

This is what our distillery business achieved

- **10.26%** improvement in distillery segment revenues in Q1 FY23 (compared with Q1 FY22)
- **7.69%** increase in distillery sales volumes in Q1 FY23 (compared with Q1 FY 22)
- **2.49%** increase in average ethanol realizations in Q1 FY23 (compared with Q1 FY22)
- **Bottomline**: Higher volumes and realizations leading to increased profitability

B-heavy Molasses Stock

11.34 lac qtl. As on 30th June 2022

12.84 lac qtl. As on 30th June 2021

Alcohol Stock

0.54 Cr BL inventory, as on 30th June 2022

1.65 Cr BL inventory, as on 30th June 2021

Ethanol Sale (B-heavy)

4.36 Cr BL in Q1 FY23

4.11 Cr BL in Q1 FY22

C-heavy Molasses Stock

4.30 lac qtl. As on 30th June 2022

4.62 lac qtl. As on 30th June 2021

Business Overview – Distillery

Financial data	U.O.M.	Q1 FY23	Q1 FY22	Change (%)	FY22	FY21	FY20	FY19
Segment Revenues *	(Rs. Cr)	298.10	270.35	10.26%	1001.41	841.52	566.38	495.82
Segment PBIT	(Rs. Cr)	98.43	117.56	-16.27%	382.36	344.09	264.19	322.87
PBIT %	%	33.0%	43.5%	-	38.2%	40.9%	46.7%	65.1%
Transfer price of B-heavy molasses	Rs./qtl.	*1030*	*700*	*47.1%*	*1030 w.e.f Oct-21*	*700*	*700*	*N.A.*
Transfer price of C-heavy molasses	Rs./qtl.	*210*	*350*	*-40.0%*	*210 w.e.f Oct-21*	*350 w.e.f Oct-19*	*300 w.e.f Apr-19*	*15 w.e.f Apr-18*

Notes:

*** Includes Freight reimbursement on the sale of Ethanol**	**(Rs. Cr)**	**9.18**	**7.06**	**30.03%**	**32.61**	**22.44**	**12.28**	**5.37**
Transport charges incurred on sales booked on the expense side of the P/L account	(Rs. Cr)	14.40	12.54	14.83%	50.35	40.89	25.78	21.15
Net freight expenses	(Rs. Cr)	5.22	5.48	-4.74%	17.74	18.45	13.50	15.78
Incidence of net freight expenses per/BL of ethanol despatch	(Rs./BL)	1.14	1.27	-10.24%	1.13	1.27	1.24	1.46

Status of Ethanol contracts by the Company for the Ethanol Year 2021-22

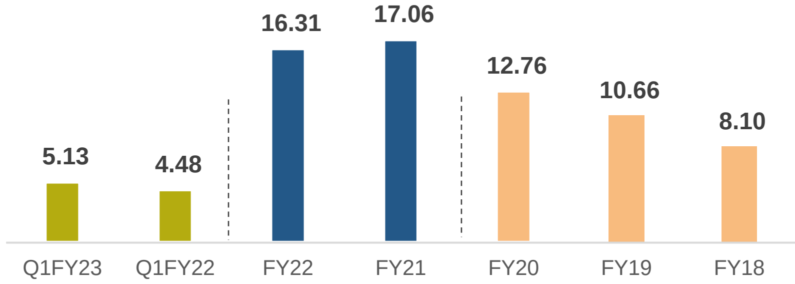
B-heavy Ethanol (Cr. BL)	Total
Contracted volume	14.82
Supplied	12.17

C-heavy Ethanol (Cr. BL)	Total
Contracted volume	0.90
Supplied	0.68

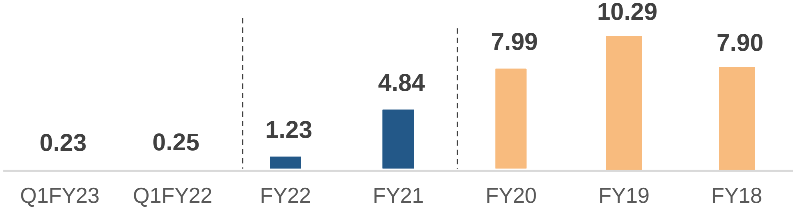
Higher the transfer prices of molasses, lower is the margin in the distillery segment

Business Overview – Distillery - Operational numbers

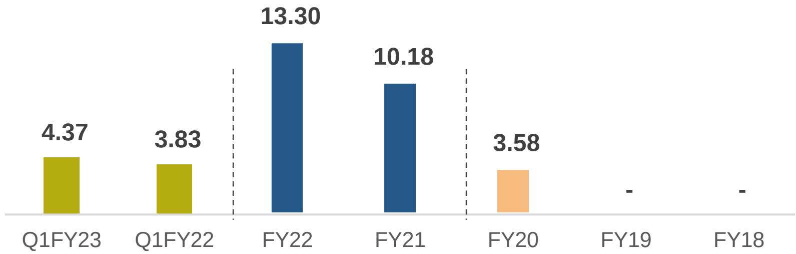
Total Production * (Cr BL)



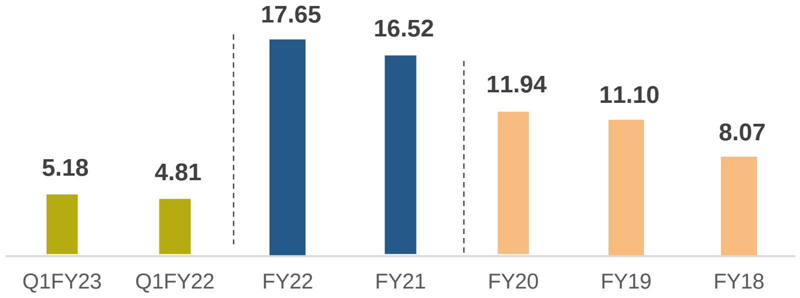
Ethanol Production from C-heavy molasses route (Cr BL)



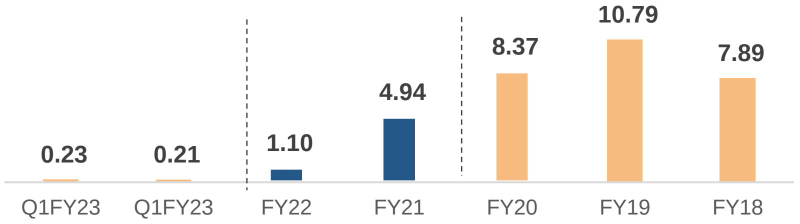
Ethanol Production from B-heavy molasses route (Cr BL)



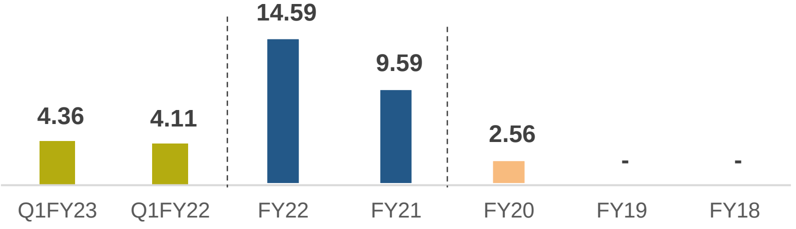
Total Sales * (Cr BL)



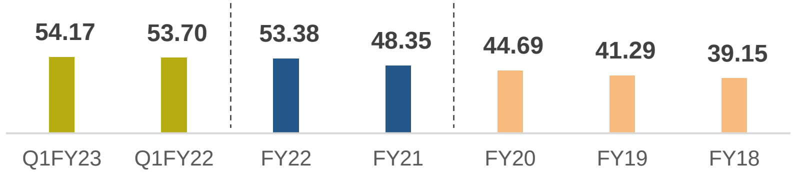
Ethanol Sales from C-heavy molasses route (Cr BL)



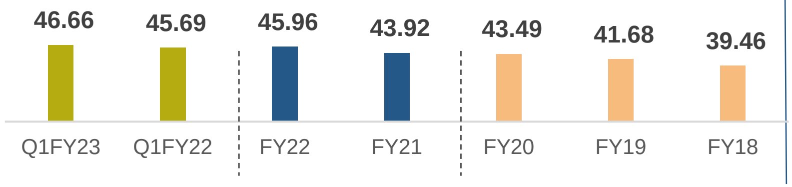
Ethanol Sales from B-heavy molasses route (Cr BL)



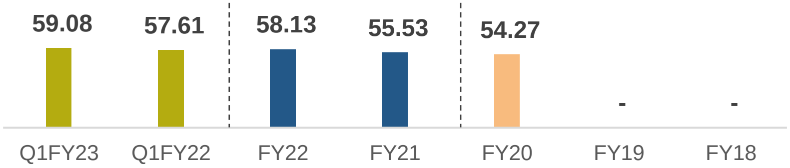
Average Blended Realization – Alcohol (Including ENA / Others) (Rs./BL)



Average Realization – C-heavy Ethanol (Rs./BL)



Average Realization – B-heavy Ethanol (Rs./BL)



* Includes ENA & Other products

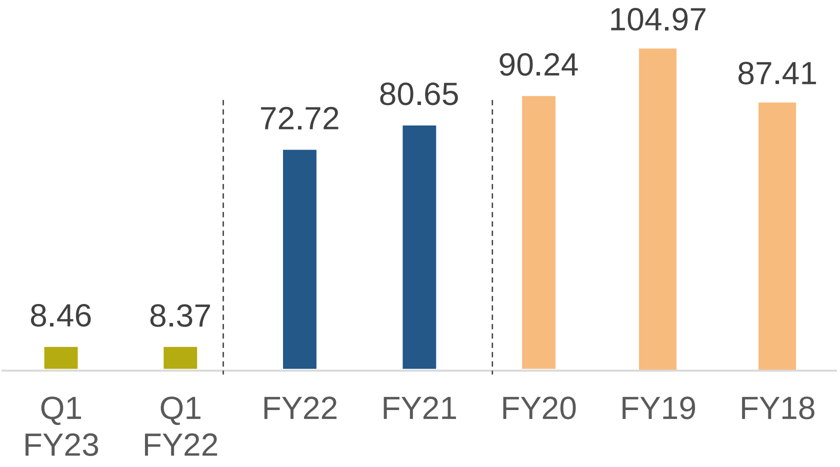
We are focusing on B-heavy route Ethanol over C-heavy route Ethanol

This is the outlook of our distillery business

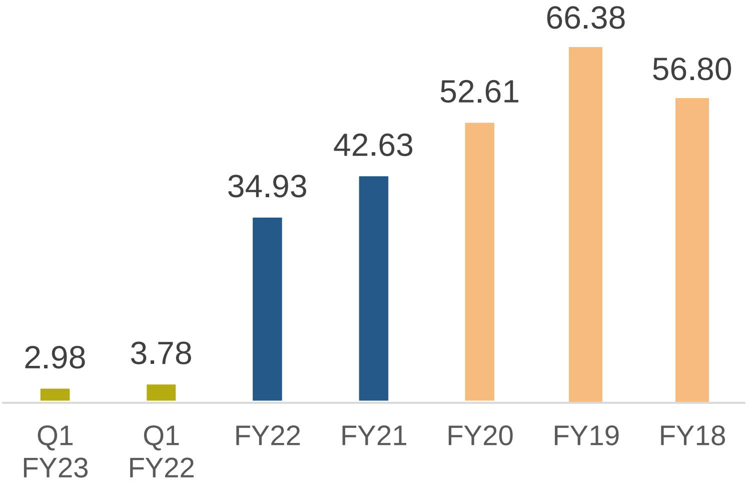
- Encouraging long-term government policy on increasing the use of ethanol in India’s vehicular fuel mix
- Profitable foundation for sustainable growth
- Projected increase in distillation capacity from 560 KLPD to 1050 KLPD (December 2022).
- Projected increase from ~19% of the company’s revenues in FY22 to ~35% when all distillery expansions are completed
- Ethanol business to have increased contribution to top-line as well as bottom-line

Business overview: Cogeneration

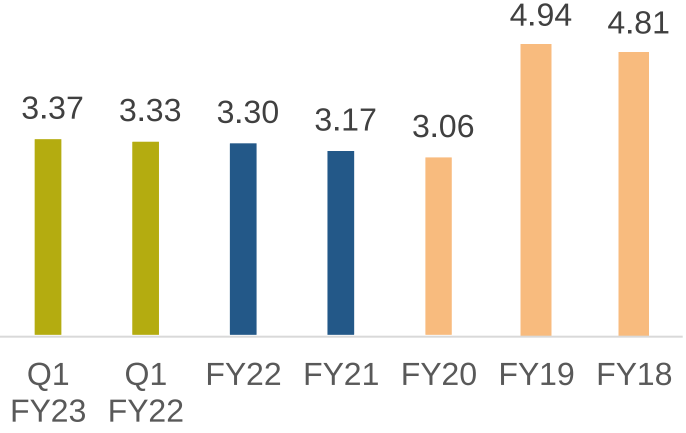
Production (Cr units)



Power sales (Cr units)



Average Realization (Rs. per unit)



As on 30th June 2022 stock of bagasse stood at 1.53 lac MT as compared to 1.55 lac MT as on 30th June 2021

Transfer price of bagasse currently stands at Rs. 1400/MT.

UPERC has reduced the tariff for power w.e.f. 1st April 2019 which resulted in lower revenue and profit.

The same is being contested and presently the case is lying with Hon'ble High Court at Allahabad. Next date for hearing is yet to be fixed.

Owing to reduced power tariff, we have decided to operate Cogen plants for lower number of days during off-season and sell surplus bagasse.

➢ PART THREE

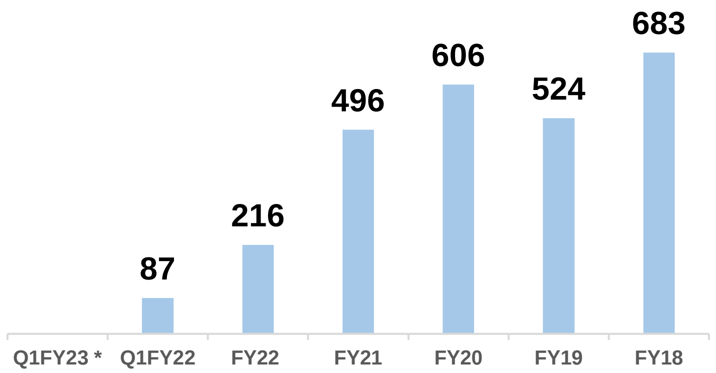
Our treasury management

Factors influencing our treasury management

- Our product mix (to manufacture sugar or produce ethanol)
- To sell sugar within India or export
- The government’s allocation of sugar sale quota to the company
- The terms of trade related to sales
- The cost of debt on the company’s books / external credit rating

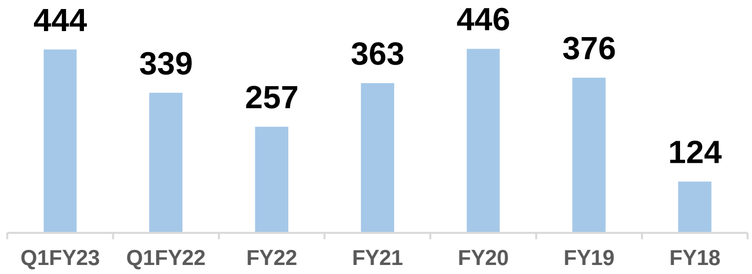
Major Working Capital Components / Long Term Debt

Cane Dues
(Rs. Cr.)



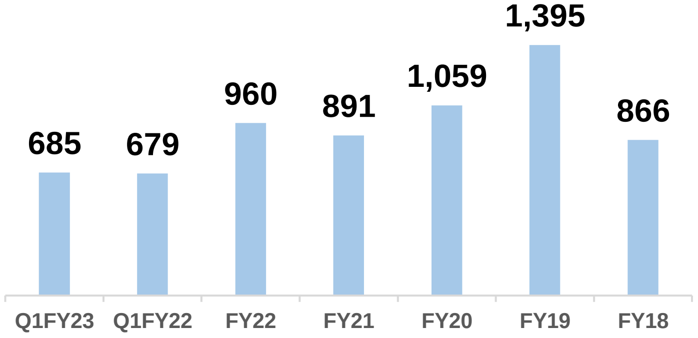
* Zero cane dues

Long Term Debt
(including current maturities)
(Rs. Cr.)



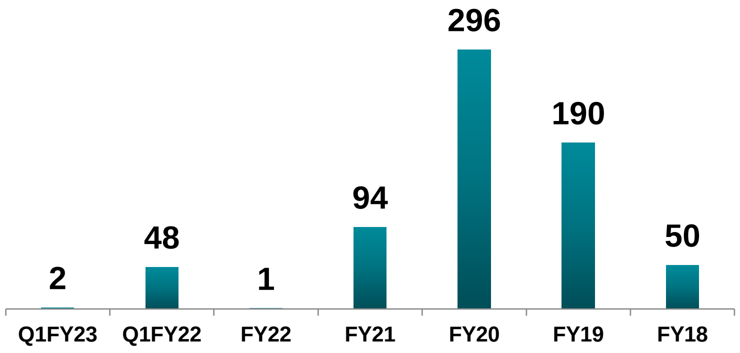
Borrowings increased to fund on-going capex

Short Term Debt [excluding current maturities of long term debt]
(Rs. Cr.)



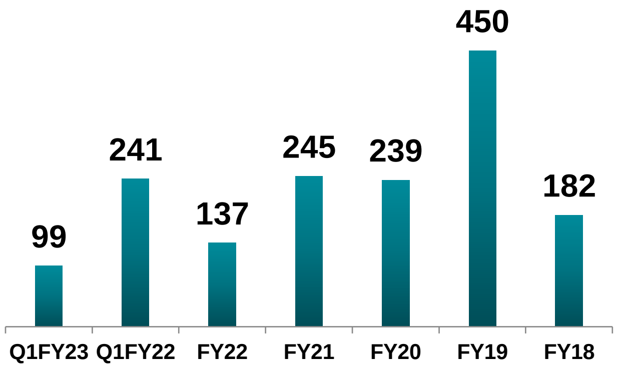
Debt reduced/moderated over the years
Increase in FY22 owing to speedy cane price payments

Subsidies receivable from Govt.
(Rs. Cr.)



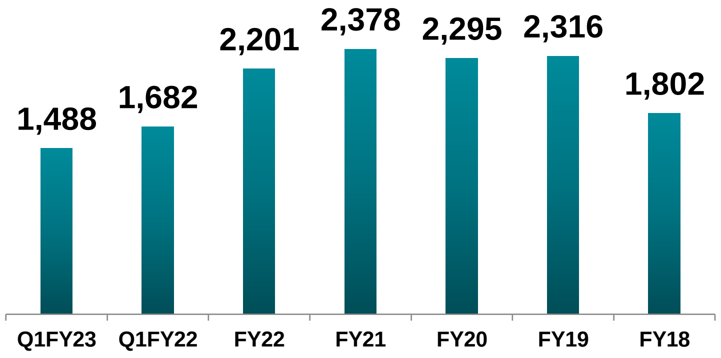
Lower dependence on exports and hence declining subsidy receivables

Debtors
(Rs. Cr.)



Declining debtors

Inventories
(Rs. Cr.)



Declining inventories

How we managed our cash flow

Strong cash flow funds multiple drivers of value for shareholders

Strong Cash Flow
#
(INR 3419 cr FY17-FY22)

Capital Expenditure	**INR 1155 cr (33.8%)**
Dividend + Taxes	**INR 413 cr (12.1%)**
Buy-back + Taxes	**INR 908 cr (26.6%)**
Debt Repayment (Long Term & Short Term)	**INR 371 cr (10.9%)**

ROBUST SHAREHOLDER VALUE CREATION

83% utilized for distribution, capex & debt repayment

17% deployed in business

 # PBT + Depreciation – Current Tax

Cash Flow Analysis – (standalone)

Rs. Cr

Sl. no.	Particulars	FY 21–22	FY 20–21	FY 19–20	FY 18–19	FY 17-18
1	Profit before tax	655.61	596.11	554.93	595.03	332.18
2	Cash generated from / (used) in operating activities	694.65	649.21	849.61	(523.01)	1179.84
3	Net cash (used) in investing activities	(309.38)	(81.13)	(304.71)	(159.20)	(159.32)
4	Net cash (used) / generated in financing activities	(385.39)	(569.12)	(545.52)	681.88	(1020.10)
5	Cash & Cash equivalents as on the reporting date	0.32	0.45	1.49	2.12	2.45

Note:

In March 2018, sugar inventory was valued at Rs. 26.80 per kg whereas the cost of production was Rs. 31.08 per kg.

During June 2018, Central Government introduced the concept of Minimum Selling Price (MSP) of sugar.

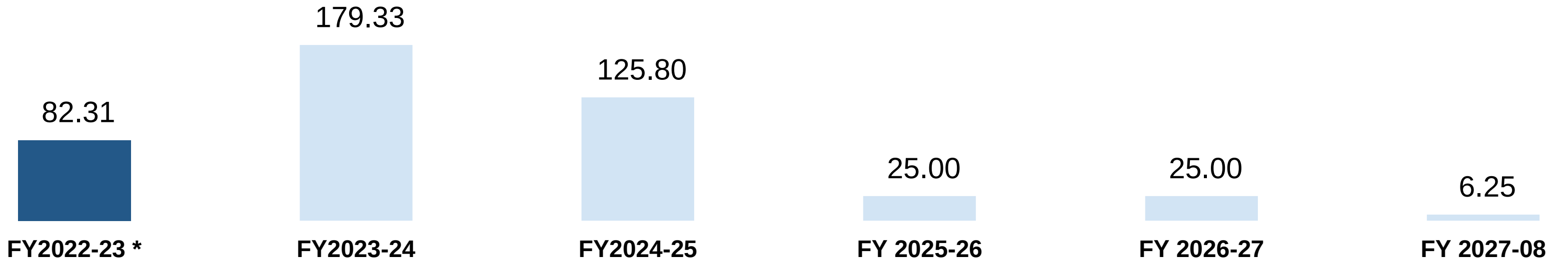
This policy change/intervention resulted in sustainable revenues and profit while negating variations and induced cyclicality.

Treasury management update

- Long-term credit rating as assigned by CRISIL stands at AA+ (Stable) and the short-term rating at A1+

As of 30th June 2022, long term borrowings of the Company stands at Rs. 443.68 crores which carries low interest rate of ~3.13%-5.00% (net of interest subvention). Repayment obligation towards long-term borrowings is as under:

Yearly repayment schedule as per terms of sanction (₹ in crores)



* For the balance period

During June 2022, Company availed Long Term borrowings of Rs. 210 crores for the ongoing capex in the Distillery segment which is eligible for 50% interest subvention

Share buyback

5

Number of successive share buybacks in five years

59.60

Lakh shares, size of the fifth share buyback (last buyback closed in Oct-21)

361.14

Rs. per share, average price of fifth share buyback

215.24

Rs. cr. aggregate outflow in the fifth share buyback

42.42

% shareholding of promoter as on 30.06.22

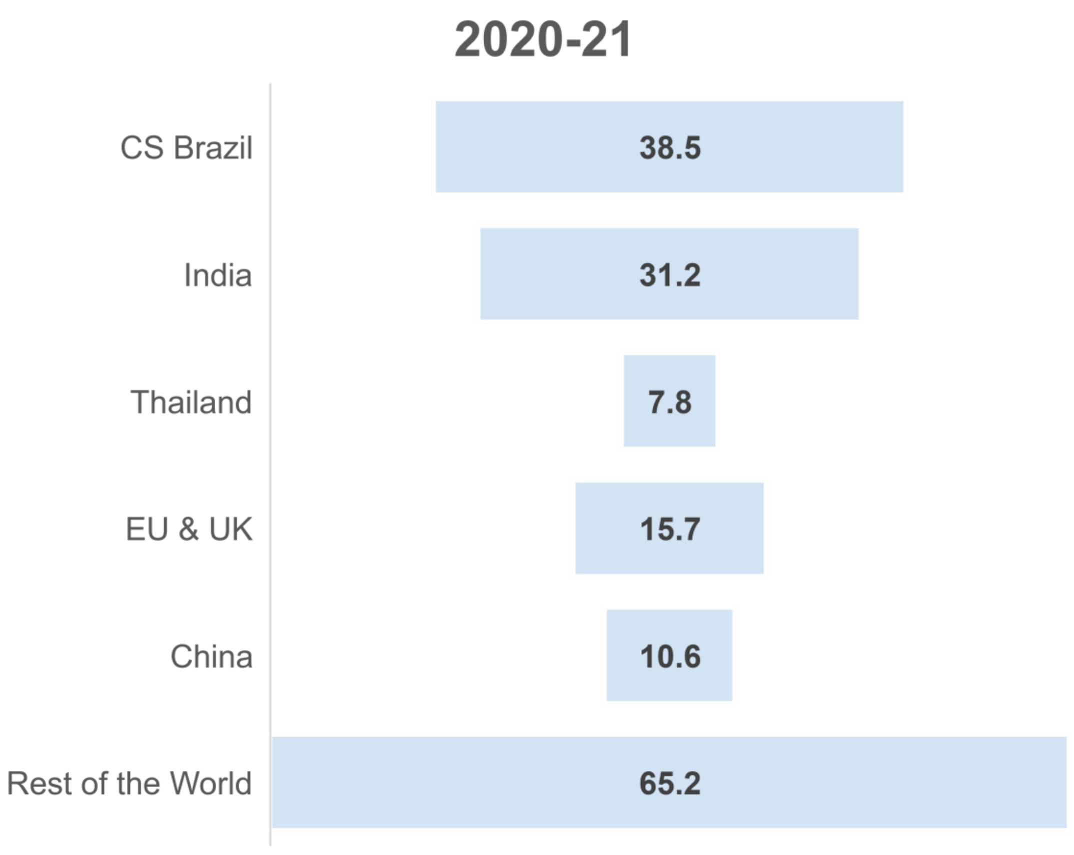
PART FOUR

Global & Indian Sugar Sector Overview

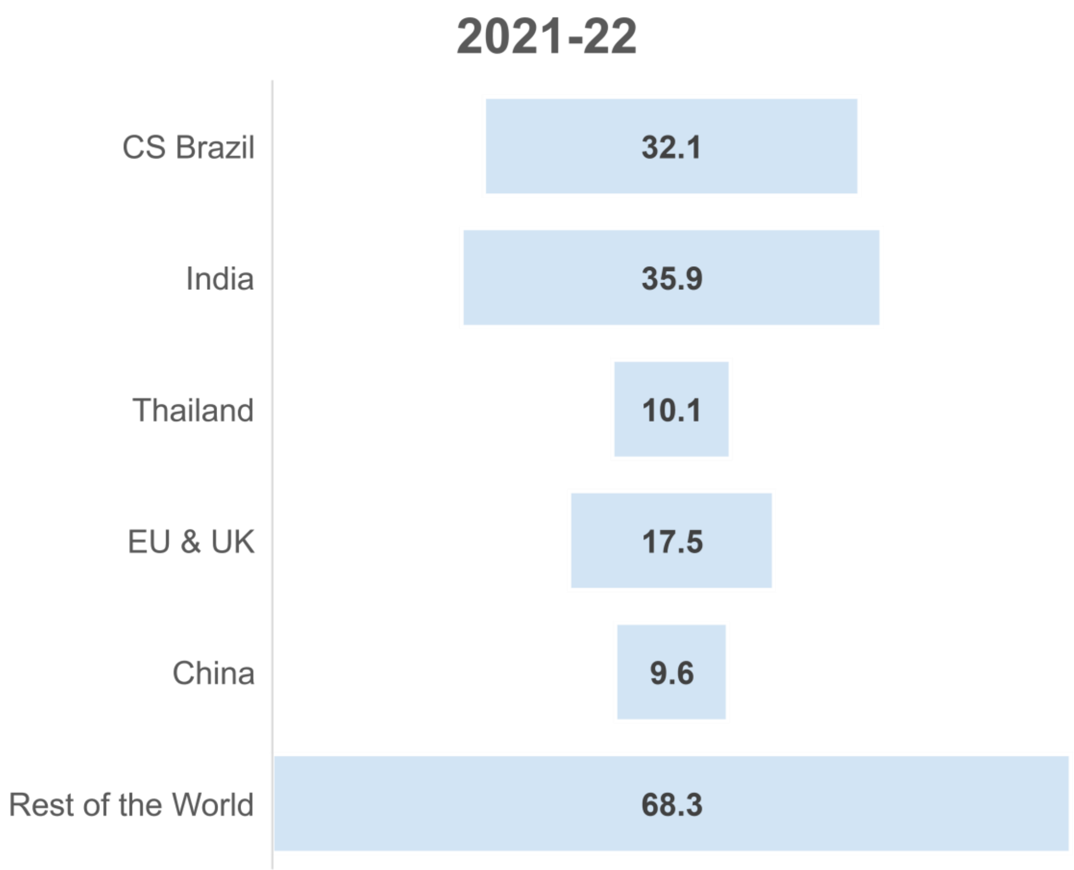
The company’s sugar prospects are influenced by trends in the global and domestic sugar markets

Global Sugar Production Outlook

(metric million tonnes)



Total Global production at 169.0 MMT



Total Global production estimated at 173.5 MMT

Brazil has witnessed one of its worst droughts and frost which has resulted in significant lower production. India and Thailand produced higher and thus kept the global production higher on YoY basis.

Factors influencing global sugar industry trends

1	Global oil prices
2	Government policies catalyzing the shift between sugar to ethanol
3	Climatic impact on sugar production in Brazil, India, EU & Thailand, among the largest sugar producers in the world
4	Global sugar consumption

Global sugar Balance Sheet, 2020-21 (Estimated) (in million tones)

Opening	97.6
Production	169.0
Consumption	171.3
Closing	95.3

Global sugar Balance Sheet, 2021-22 (Projected) (in million tonnes)

Opening	95.3
Production	173.5
Consumption	172.4
Closing	96.4

169.0 Million tonnes, global sugar production, 2020-21

173.5 Million tonnes (estimated), global sugar production, 2021-22

Conclusions

- Stable global sugar inventory
- Possibility of firm sugar realizations
- Attractive export possibilities from India

Brazil Outlook (22-23):

- Energy taxes were reduced in Brazil which brought the Ethanol parity down.
- Govt. also reduced gas oil price to fight inflation.
- All these are forcing millers to go for max sugar production.

Global Production Outlook (22-23):

- Brazil ~31-32 MMT
- Thailand ~12 MMT
- EU & UK ~ 16.5 MMT
- Production in China & Pakistan also expected to increase

Global Consumption Outlook:

- Recovery from pandemic has raised Global sugar consumption at a healthy rate of 1.7% in 2021-22 and realign with the 10-year average growth rate of 1.2% in 2022-23.

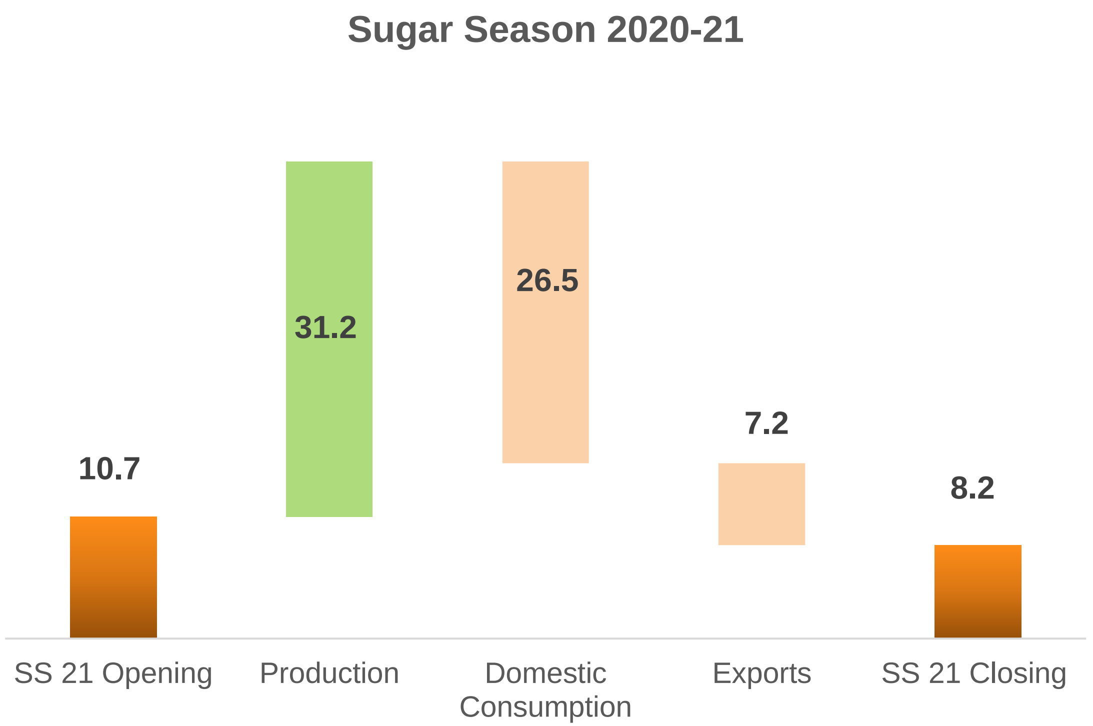
Global Price Outlook:

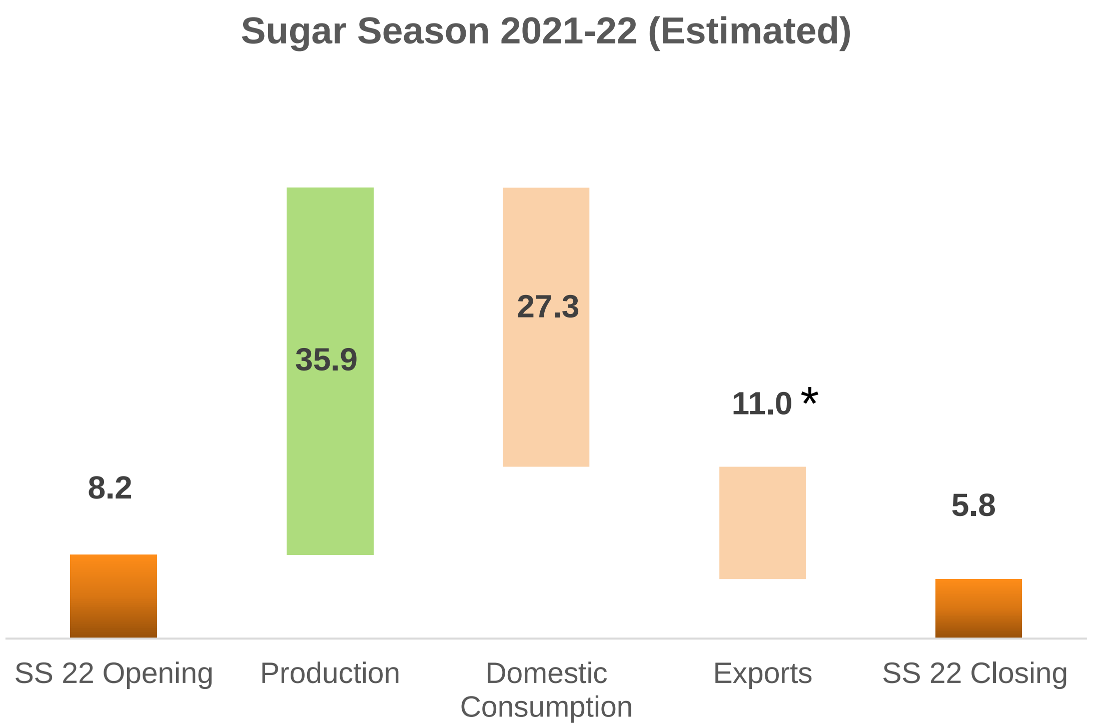
- The global Raw Sugar price traded around 19.29 c/lb in the early part of Q1FY23 quarter and after that it made a high above 20 c/lb and a low of almost 18.13 c/lb level. It ended the quarter with a price value of 18.50 c/lb.
- Downside on NY11 raw sugar price seems to be limited while on the upside it is expected to remain strong with upward bias.
- Brazilian currency value to play an important role on the prices.

India’s sugar inventory is correcting downwards

Domestic Sugar Balance Sheet

(metric million tonnes)





Managed demand/supply, robust ethanol blending policies, robust exports.

Moderating the sugar inventory and also supporting the domestic sugar prices

*** As per media report Government may notify further export of 1.2 MMT for the sugar season 2021-22 which will enable the country to export upto 11.2 MMT.**

Outcomes of the declining national sugar inventory

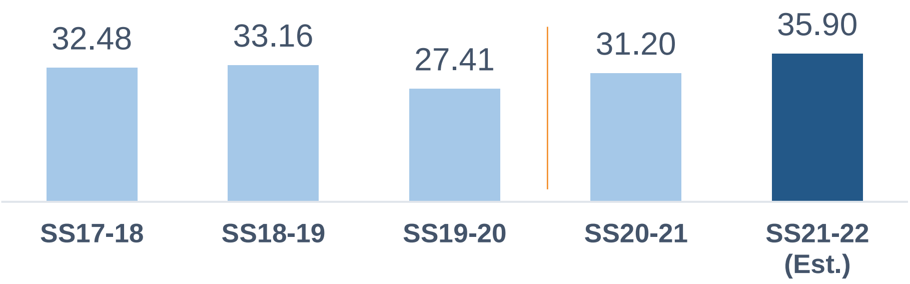
Strong sugar realisations

Increased profitability of the sugar business

Superior prospects of integrated sugar companies

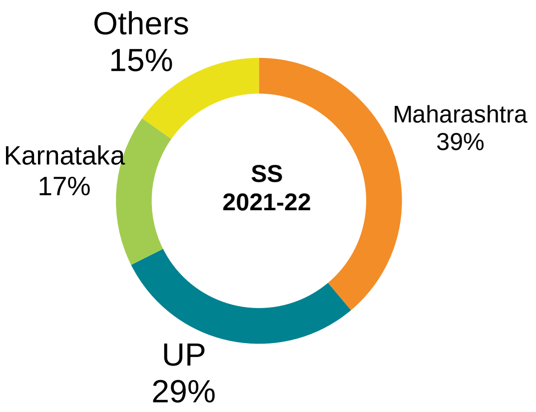
India: Has emerged as world’s Largest Sugar Producing Country

India's Sugar Production (MMT)

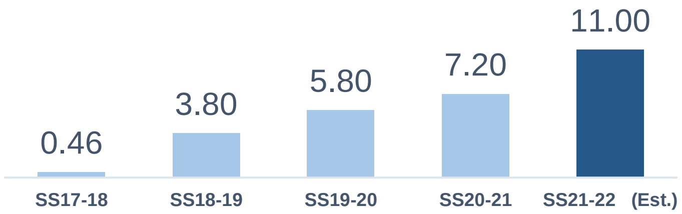


Sugar Sacrifice (MMT) Through B-heavy/Juice route	**0.8**	**2.0**	**3.4**

State-Wise Sugar Production



India's Sugar Export (MMT)

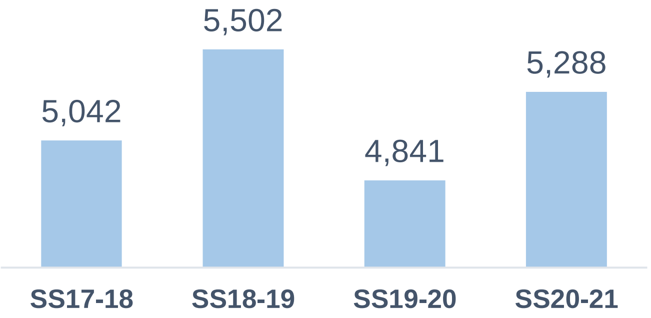


Financial Assistance (Rs./kg)	**8.3**	**10.48**	**6.0*/**	**Nil**

*/ revised to Rs. 4/kg w.e.f. 20.05.2021

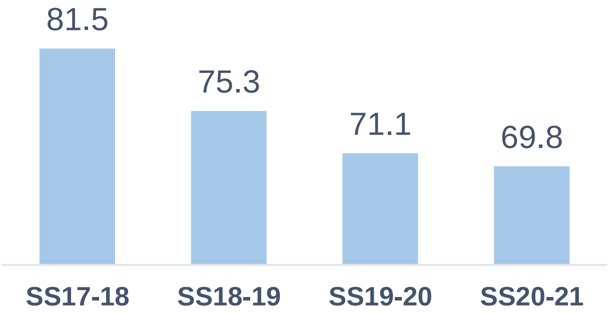
- Sugarcane farming in India is among the largest agro-based sector, employing over 5 crore sugarcane growers and over 5 lakh workers.
- The country has a potential to export sugar to several countries.

Sugarcane Acreage (000’ Hectare)



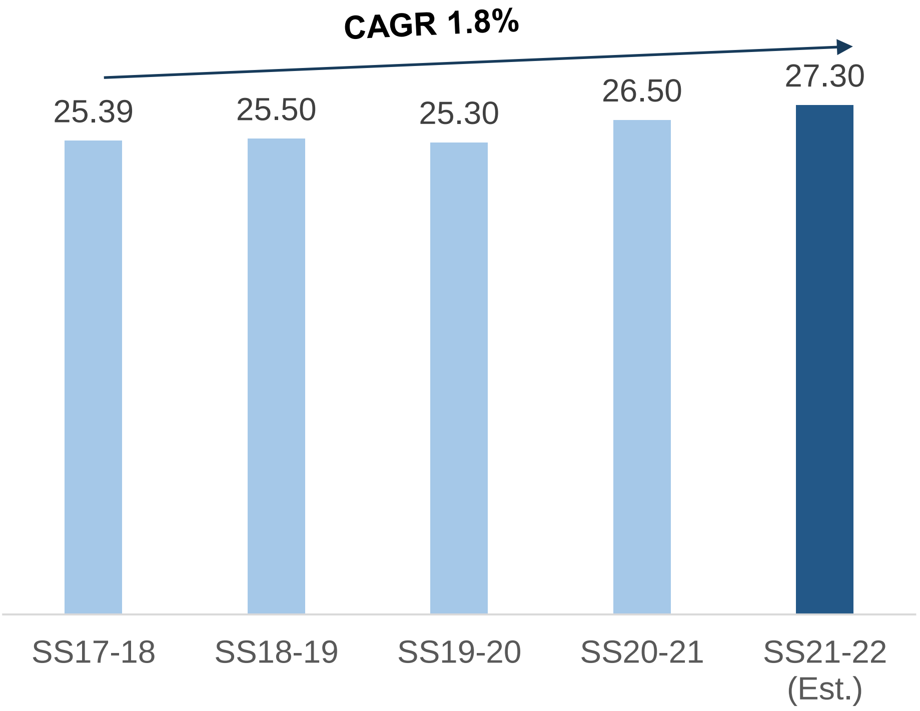
% of cane diverted for: Gur, Khandsari & Others .	**SS 17-18 20.4%**	**SS18-19 24.7%**	**SS 19-20 26.4%**	**SS 20-21 25.0%`**

Sugarcane Yield per Hectare (tonnes)



India: World’s Largest Sugar Consumer

India's Sugar Consumption (MMT)



Steady & sustainable demand opportunity:

Sugar consumption in India is expected to grow. Key demand drivers include GDP growth, rising disposable income, increasing demand for processed foods through modern retail, etc.

India's Sugar Consumption

Direct Households 35%

Bulk B2B Consumers 65%

Per capita consumption in India is at 19.6 kilograms per year

as compared to global average of 23.5 kilograms

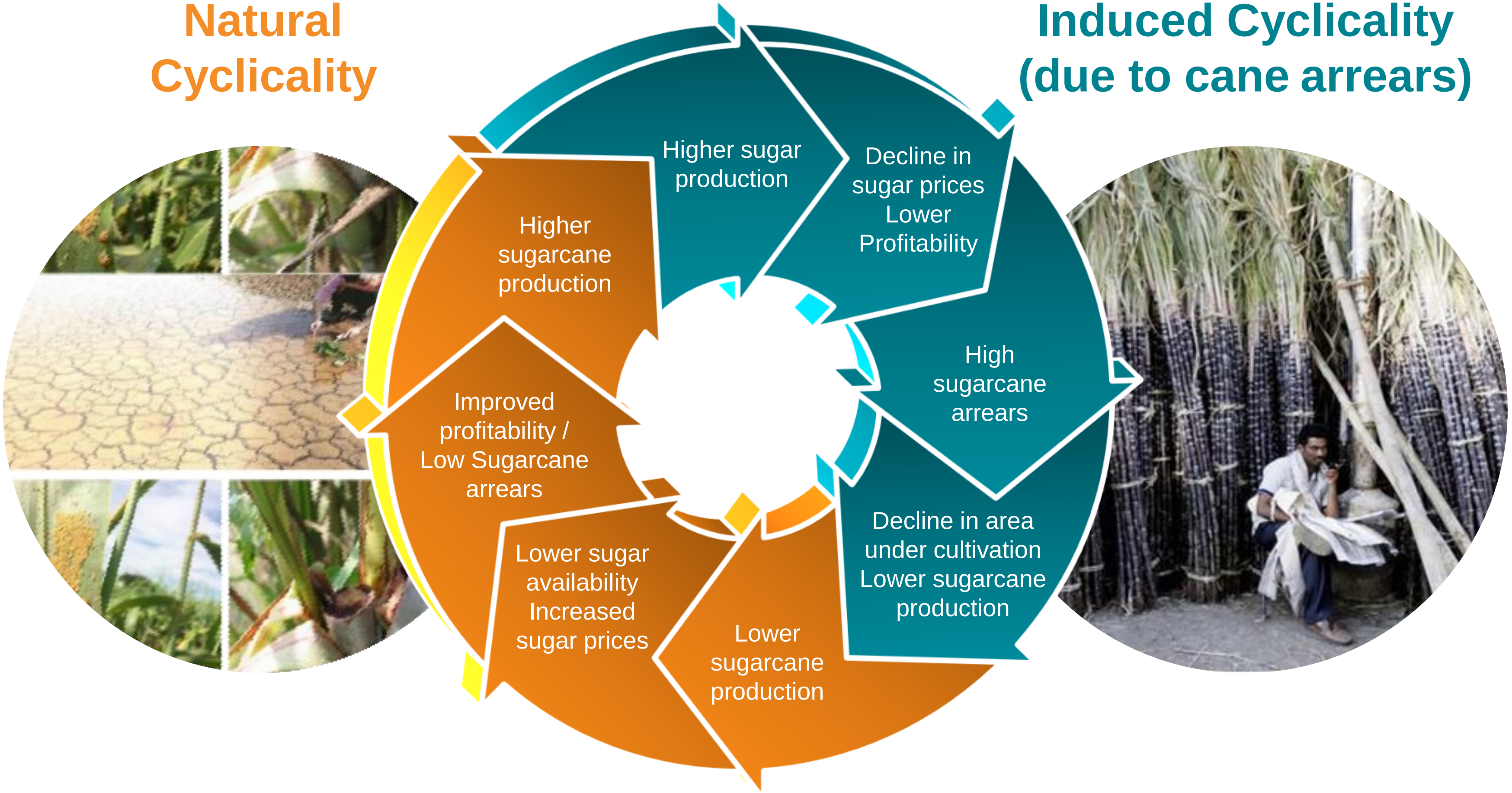
Sugar consumption in moderation is a source of carbohydrate and instant energy and is considered good for health and is part of a healthy diet as per nutritionists.

In India, consumption of sweets is synonymous with expression of love, fun, happiness & celebration.

Classical Indian Sugar Sector Cycle

Natural Cyclicality

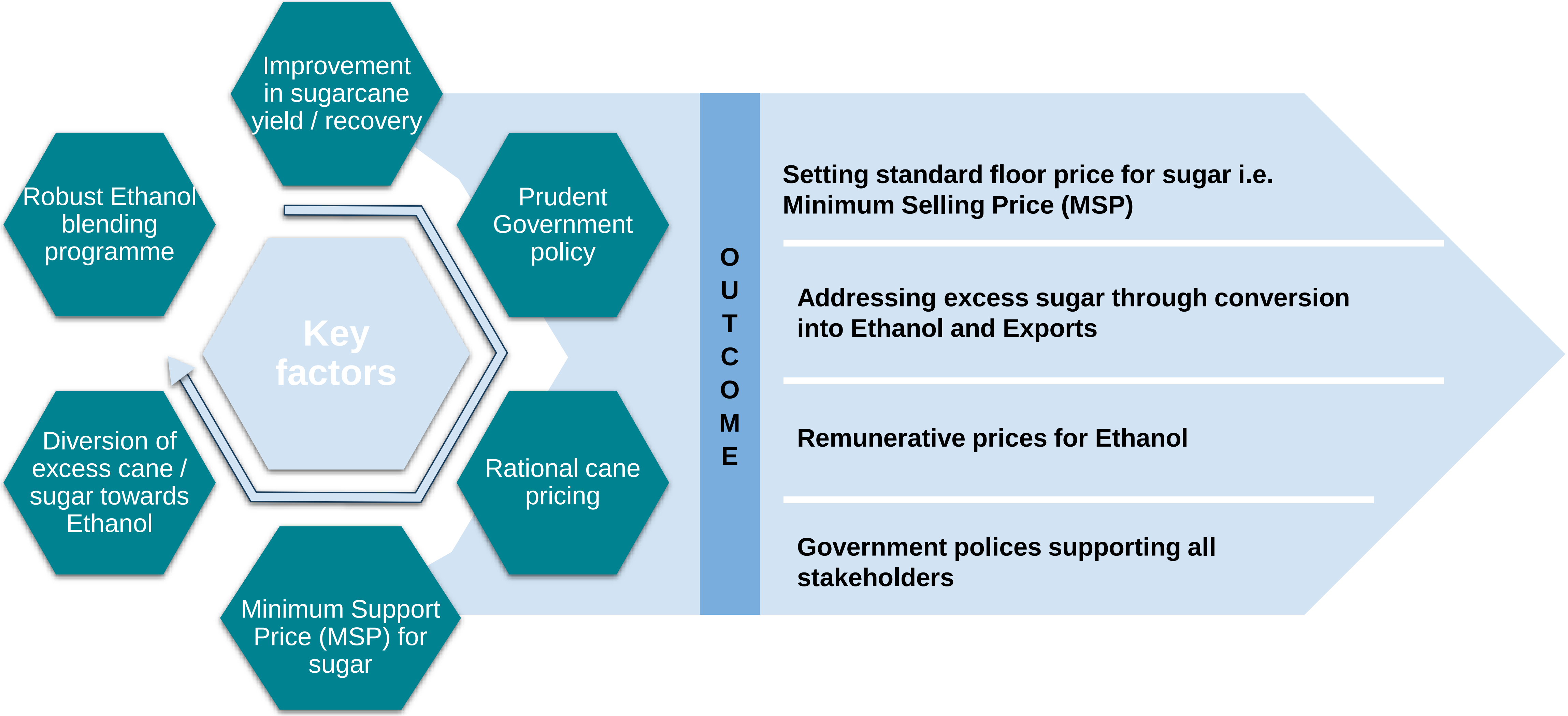
Induced Cyclicality (due to cane arrears)



Issues of Induced Cyclicality

- Erratic supply
- High cane arrears
- High cost of Production
- Unstable pricing trend
- Unattractive industry for investment

Current Sugar Sector Scenario: Man-Induced Sugar Cycle No Longer Prevails



Moderate cyclicality leading to structural improvement in the performance of the sugar industry

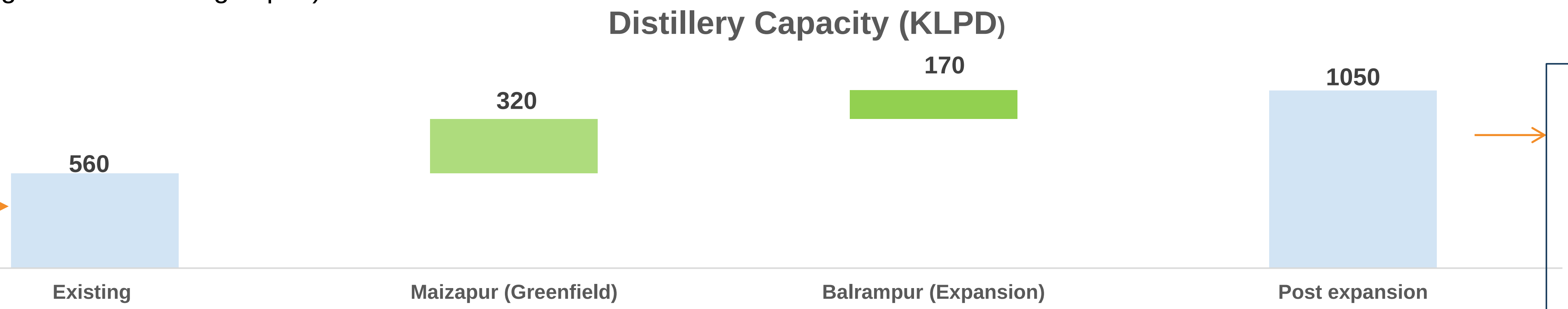
PART FIVE

How BCML expects to capitalize on a transforming national industry scenario

Preparing for the next growth phase

(excluding normal / running capex)

Expanded Gularia capacity from 160 KLPD to 200 KLPD at nominal capex of ~Rs.15 crs



Post expansion; the Company's distillation capacity would be ~35 cr litres

Estimated Capex	**Rs. Crs.**	**425**	**190**	**615**
Proposed Funding:				
-Term Loan	Rs. Crs.	220	140	360
-Internal accruals	Rs. Crs.	205	50	255
Expected Commercial Production	Month/ Year	Dec-22	Dec-22	-
Feed-stock		Juice/Grain	Juice/B-Molasses	-
Expected pay-back	Years	~3.75	~2.15	-

Out of the 5 distilleries; Maizapur will be compatible to run on sugarcane juice/syrup along with part of Balrampur distillery

In addition to above, following capex are also under implementation *(expected completion – Dec-22)*:

- Modernization & Setting up of Refinery at Balrampur
- Modernization at Babhnan & Rauzagaon
- De-bottlenecking & efficiency improvement at Mankapur
- Setting up of refinery at Kumbhi

Total capex for the same is estimated at Rs. 363 crs, out of which Rs.140 crs is proposed to be borrowed from banks and balance from internal accruals.

For further details please refer the fillings with Stock Exchanges on 9th August, 2021

Converting by-product to Wealth - Focus on Ethanol to generate sustainable profitability

Moving towards next orbit

Strong integrated business model

- Helping in successfully navigating the sugar cycles with diversifying revenue streams
- Proven track record for value creation

Expansion into Ethanol

- Emerging as a key growth driver for the Company going forward
- Rapid growth from Distillery segment
- Track record of timely completion of projects

Robust and Sustainable Financial performance

- Structural shift in the sector enabling to deliver strong profitability on a sustainable basis
- Strong Balance Sheet with ability to invest in growth opportunities

Creating value for all stakeholders

- Successfully completed five consecutive Buy-Backs over five years along with dividends leading to net payout to shareholders for Rs. 1177 crores (excluding distribution taxes Rs. 144 crores) in last 6 years till FY22
- Actively working on ESG front

➢ PART SIX

ESG and enhanced stakeholder value

Our ESG vision

To retain our position as one of the “greenest” companies in India’s sugar sector

The relevance of same to Company’s business

The nature of our energy products:

Ethanol helps moderate air pollution while co-generation presents a cleaner alternative over fossil-fuel-derived energy

We are engaged in a social business, marked by engagements with around

5 Lakh farmers; as a result, our influence goes right down to the grassroots and supports income growth.

A sustainable business can be only built through a stable and robust Governance Framework.

Our ESG Framework

Environmental

Our environment approach has been woven around the elements of Plan-Mitigate-Adapt-Resilience.

Resilience towards climate change – A commitment to

- Reduce energy intensity.
- Reduce greenhouse gas emissions.
- Protection of bio-diversity.
- Moderate carbon footprint intensity in our operations.

Adoption of 4Rs, i.e. –

- Replace
- Reuse
- Recycle
- Reduce

We achieved zero liquid discharge target in all our distilleries and are now targeting zero water drawal in sugar units.

Social

Our Company takes a holistic approach to sustainable value creation for all its stakeholders by nurturing its long-standing relationships and building new ones

Large workforce with passionate & experienced working culture.

Investment in training and digitalisation to enhance efficiency.

Employee health & wellness and safety.

Deepened relationship with vendors as well as primary customers.

Community - The company engaged with the community around its manufacturing locations with the objective to widen the circle of prosperity.

Governance

Our Governance policies are framed on the basis of transparency, accountability, fairness and ethical standards

Structure & Oversight -

- Majority of Directors are Independent Directors
- Diversified Board with two women Directors.
- Audit Committee and NRC comprising of all Non-Executive Directors.
- Independent Directors Chair Audit, NRC, Risk and Stakeholders Committees
- ESG Committee constituted

Governance Policies -

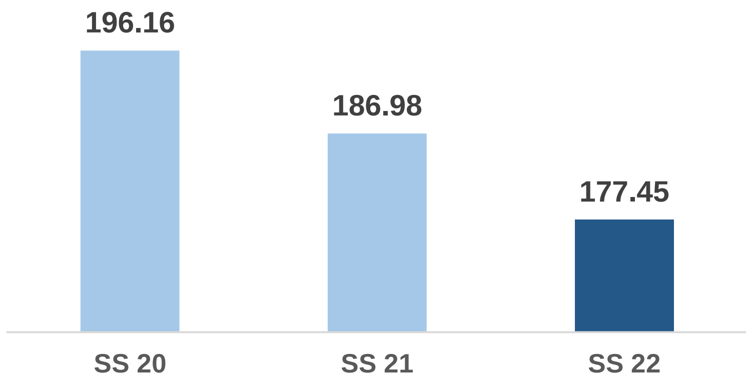
- Code of Conduct
- Whistle Blower Policy
- Anti-Bribery Policy
- Environment-Health-and-Safety (EHS) Policy
- Business Responsibility Policy
- Cyber Security and IT Policy
- Risk Management Policy
- Corporate Social Responsibility Policy
- Succession Policy
- Prevention of Sexual Harassment Policy

Represents a platform leading to secure, scalable and sustainable long-term growth.

Our ESG Achievements

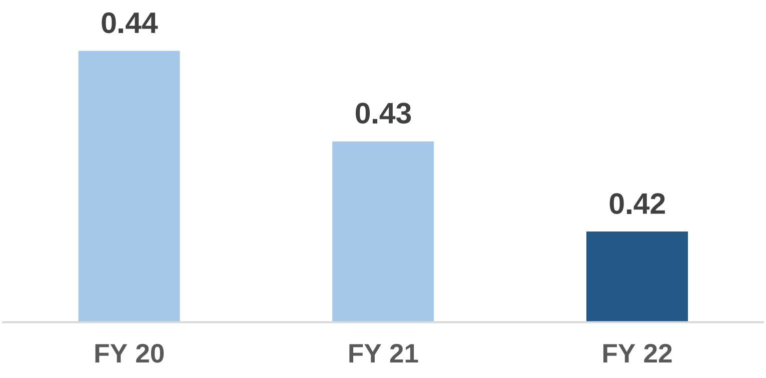
Total effluents (Ltrs/MT))

Improvement



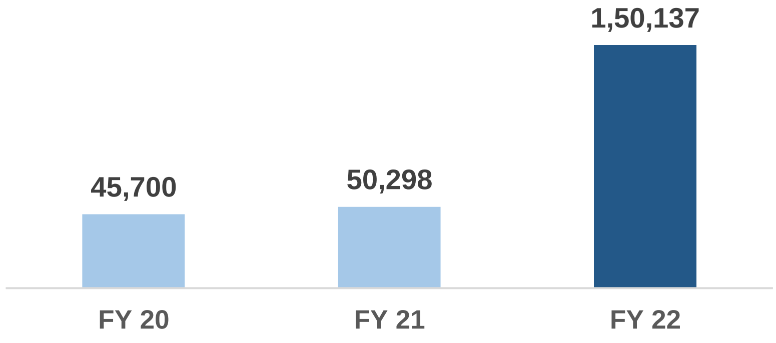
Steam consumption (per MT of cane)

Improvement



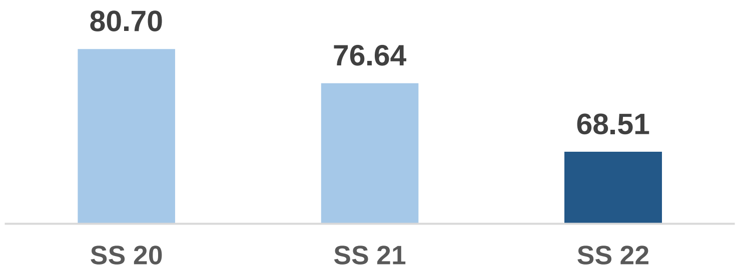
No. of trees planted (units)

Improvement



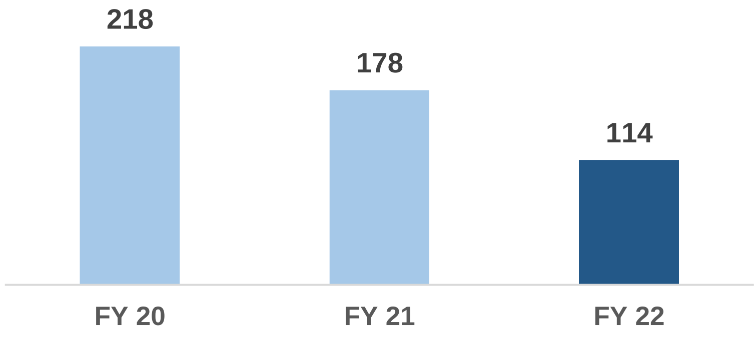
Particulate matter emission from boiler (Mg/ Nm3)

Improvement



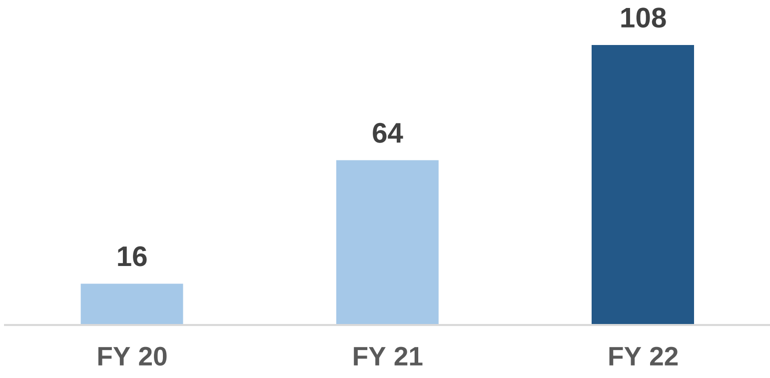
Ground water drawal (in litres/MT of cane)

Improvement



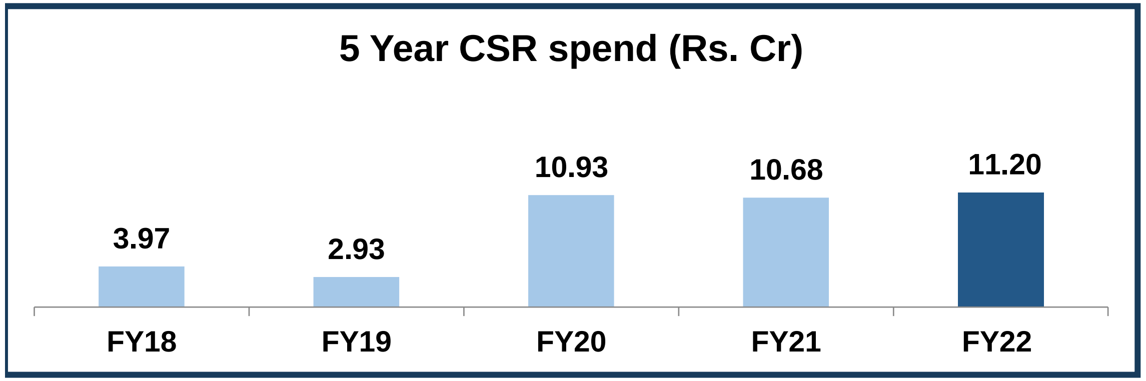
Total afforested area (hectares)

Improvement



On path of further improvement and greater contribution to society

Socially Conscious Corporate Citizen



COMMUNITY DEVELOPMENT

206 solar street lights installed

60 sanitary dispensers installed

More than 10 lac individuals benefitted

EMPOWERMENT

150+ women entrepreneurs created

AGRICULTURE

5500+ Farming Equipment Distributed

39.6% increase in Farmers Income

ENVIRONMENT

50 acres land afforested in 140 villages

150,000+ trees planted

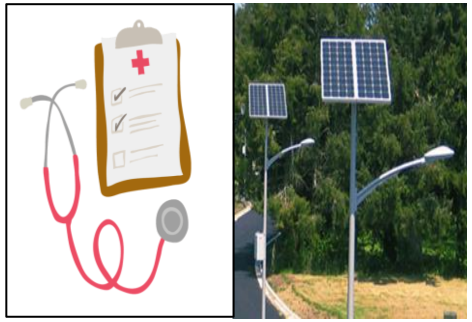
EDUCATION

40,000+ students impacted

33 schools covered for Infrastructure support

81 schools where science lab was introduced

HEALTH



3 Ante-natal care centers renovated

50,000+ patients benefited

8 Government healthcare facilities supported

Above data are from Social Impact Assessment Report issued in May 2022 by an independent external agency

Our governance framework

Focus on de-risking coupled with controlled growth

Strategic guidance from experienced and diversified Board of Directors

Investment in digitalisation, processes and systems

Board of Directors

Vivek Saraogi – Chairman and Managing Director

- An eminent industrialist, is a veteran in the sugar industry and has been one of the youngest presidents of the Indian Sugar Mills Association.
- Former committee member of FICCI & the Indian Chamber of Commerce in Kolkata.
- Under his stewardship and able leadership, the Company has grown leaps and bounds through organic and inorganic means enabling the Company to emerge as a leader in the Indian sugar industry.
- Mr. Saraogi is a Commerce Graduate from St. Xavier's College, Kolkata.

Dinesh Kumar Mittal (Retd. IAS) – Lead Independent Director

- Director in reputed companies like Bharti Airtel, Max Financial Services, Trident etc.
- Former Secretary of Department of Financial Services and Ministry of Corporate Affairs
- M.Sc. (Physics) with specialization in electronics from the University of Allahabad and a former Gold Medalist I.A.S. Officer of 1977 Batch

Veena Hingarh – Independent Director

- Director in South-Asian Management Technologies FZC, Dubai and South Asian Management Technologies Foundation, a National State Board of Accountancy (USA) accredited institution
- Has over 20 years of result-oriented consultancy and corporate training experience
- FCA (ICAI), ACA (ICEAW), CS, Certified Information System Auditor & Masters in Science

Krishnava Dutt – Independent Director

- Managing Partner of Argus Partners and Director in reputed companies like Tata Metaliks, TRF Limited, etc.
- He has been identified by India Business Law Journal as one of India's top 100 lawyers.
- His experience encompasses the entire repertoire of corporate practice including mergers and acquisitions, private equity, banking & finance projects

Mamta Binani – Independent Director

- Chairperson of Merchant Chamber of Commerce- Legal Affairs Council and Co-Chair of the Restructuring Committee of Stressed Assets of Indian Chamber of Commerce and Director in many listed companies.
- Former National President of the Institute of Company Secretaries of India (ICSI) for the year 2016
- A law graduate and topper in CS examinations, she is the first registered Insolvency professional in the Country.

Naresh Dayal (Retd. IAS) – Non-executive Director

- Worked with the Government of India for 37 years in various positions at the state and national levels
- As Secretary, Ministry of Health and Family Welfare, he was responsible, for all policies & programmes in the realms of Public Health.
- Masters' degree in Arts from University of Delhi and in Professional Studies, Agriculture from University of Cornell, USA.

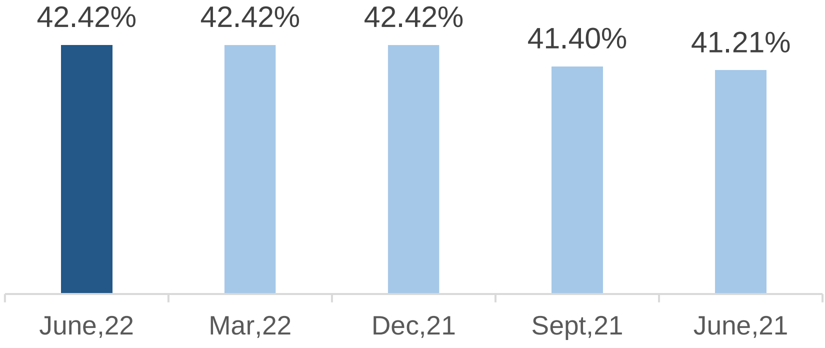
Praveen Gupta – Whole-time Director (Additional Director)

- Experience spans more than 40 years and is associated with the Company since 2008
- MBA from IIM Kolkata after completing Mechanical Engineering from Delhi College of Engineering
- Leads CTT to build technical excellence around engineering process functions

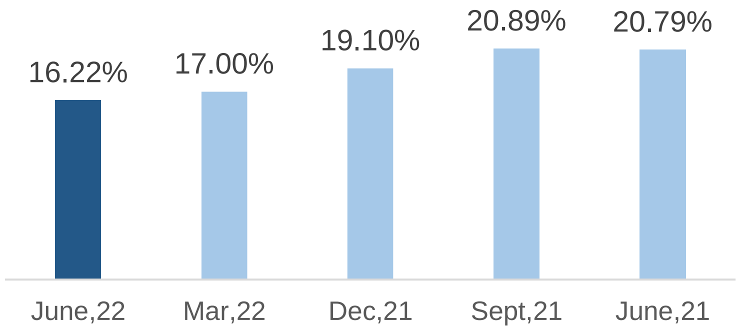
Note: On completion of his tenure, Dr. Arvind Krishna Saxena has ceased to be a Whole Time Director of the Company w.e.f. 31st July 2022

Shareholding Pattern

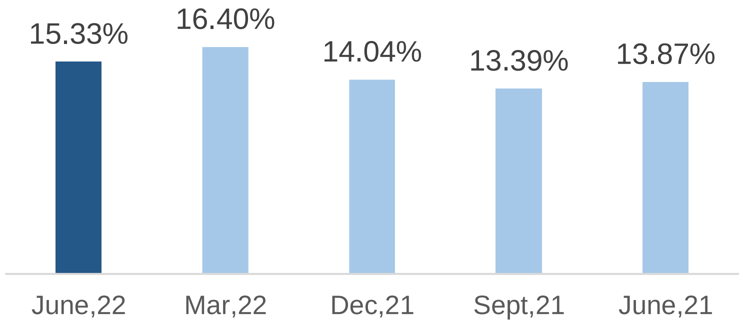
Promoter Group Holding



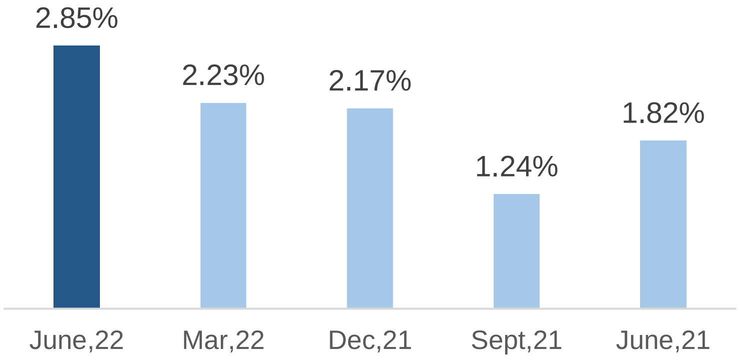
Foreign Holding



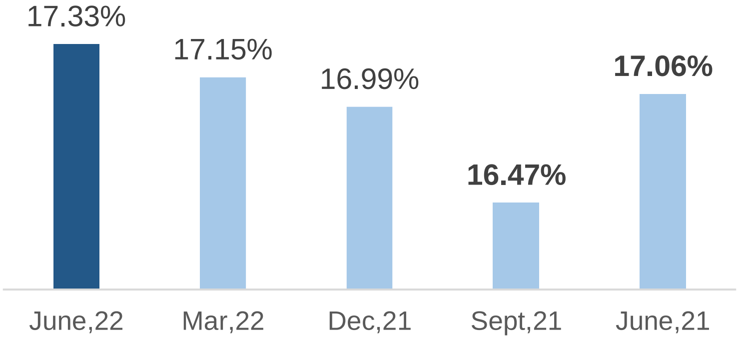
Domestic Mutual Funds



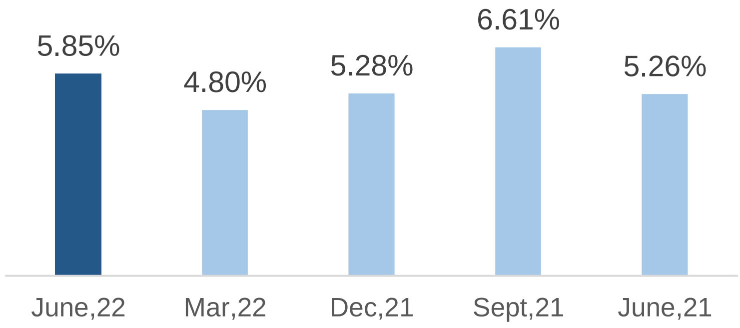
Qualified Institutional Buyers



Resident Individuals



Others



Top 10 Non-Promoter Shareholding as on 30th June 2022

Shareholder	% Shareholding
NIPPON LIFE INDIA TRUSTEE LTD- (Under Various Funds)	4.39%
L&T MUTUAL FUND TRUSTEE LTD- (Under Various Funds)	3.06%
KOTAK ESG OPPORTUNITIES FUND (Under Various Funds)	1.41%
GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY P	1.40%
ABU DHABI INVESTMENT AUTHORITY (Under Various Funds)	1.39%
MAX LIFE INSURANCE CO LTD A/C (Under Various Funds)	1.32%
KOTAK FUNDS - INDIA MIDCAP FUND	1.25%
AZIM PREMJI TRUST	1.24%
KOTAK MAHINDRA LIFE INSURANCE COMPANY LTD.	1.02%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	0.82%

Key events to watch out

- **Export Policy for the sugar season 2022-23**

* **Ethanol price for the Ethanol year 2022-23**

* ***State Advised Price (SAP) (for the State of U.P.) of sugarcane for the sugar season 2022-23***

* **Brazilian sugar production for the sugar season 2022-23**

Contact Us

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About Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118

Balrampur Chini Mills Limited (BCML) is one of the largest integrated sugar companies in India. The allied businesses of the Company comprise distillery operations and cogeneration of power. The Company presently has ten sugar factories located in Uttar Pradesh (India) having an aggregate sugarcane crushing capacity of 77,500 TCD, distillery and co-generation operations of 560 KLPD and 175.7 MW (Saleable) respectively. In addition, 490 KLPD distillery capacity is under implementation which is expected to be operational from Dec-22. Post expansion, total distillation capacity of the Company would be 1050 KLPD.

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.

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

Thank You