BALRAMPUR CHINI MILLS LIMITED

Q2 & H1 FY2015
RESULTS PRESENTATION
NOV 07, 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 148.2 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 expertize	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 0.46 as on September 30, 2014

Performance Highlights

Q2 FY2015 highlights v/s Q2 FY2014

- Net Revenue grew by 20.1% to ₹ 6,826.1 million
- EBITDA stood at ₹ 0.9 million
- Net Loss stood at ₹ 639.0 million
- EPS at ₹ (2.61) per share

H1 FY2015 highlights v/s H1 FY2014

- Net Revenue stood at ₹ 14,869.7 million as compared to ₹ 12,742.5 million in H1 FY14
- EBITDA stood at ₹ 467.3 million
- Net Loss stood at ₹ 678.6 million
- EPS at ₹ (2.77) per share

Management's Message

Commenting on the performance for Q2 & H1 FY2015, Mr. Vivek Saraogi, Managing Director, Balrampur Chini Mills Limited (BCML), said:

"Our performance continues to be adversely impacted owing to the unprofitable sugar segment. This combined with fixed overheads due to a non-production quarter further affected earnings. The performance of distillery segment during the quarter has been encouraging as the division reported improved sales volumes and realizations.

We are hopeful that in the ensuing sugar season the Uttar Pradesh State Government will sincerely addresses industry concerns on cane pricing."

Company Highlights

- In the upcoming sugar season 2014 - 15, BCML expects to crush similar levels of sugarcane as compared to the previous season
  - ✓ Limited impact of floods in Central & Eastern Uttar Pradesh where the Company's facilities are located
- BCML has cleared all its sugarcane dues to farmers for the 2013-14 sugar season
  - ✓ Uttar Pradesh continues to witness sugarcane arrears owing to unviable sugar operations given high State Advised Price (SAP) for sugarcane.
  - ✓ Arrears in the state stood at ~ ₹ 2,098 crore as on 31st October, 2014

Company Highlights

- Distillery segment contributed positively to overall performance on account of improved sales volumes and better realizations
  - ✓ Emphasis of the Central Government on Ethanol blending should assist in enhancing volumes and realizations going forward aiding the entire segment
- As on 30 September 2014, the Company's Long Term Debt stood at ₹ 5156.4 million
  - ✓ Long-term Net Debt-Equity ratio at 0.46 on 30 September 2014

Sector Perspectives

- According to Indian Sugar Mills Association (ISMA), the country's sugar production is estimated at 25.0 - 25.5 million tonnes for the 2014-15 sugar season
  - ✓ UP is expected to report 8-10% lower production on account of delayed harvesting in some locations owing to rains following cyclone 'Hudhud'
  - ✓ Sugar production of Maharashtra and Karnataka is estimated to be higher at 9.1 million tonnes and 4.25 million tonnes respectively
- Central Government announced positive measures to support domestic sugar producers
  - ✓ Import duty on both raw and refined sugar increased from 15% to 25% - hike in import duty to limit sugar imports considerably
  - ✓ The Government is also considering extension of export subsidies on raw sugar

Financial Overview

Statement of Profit & Loss

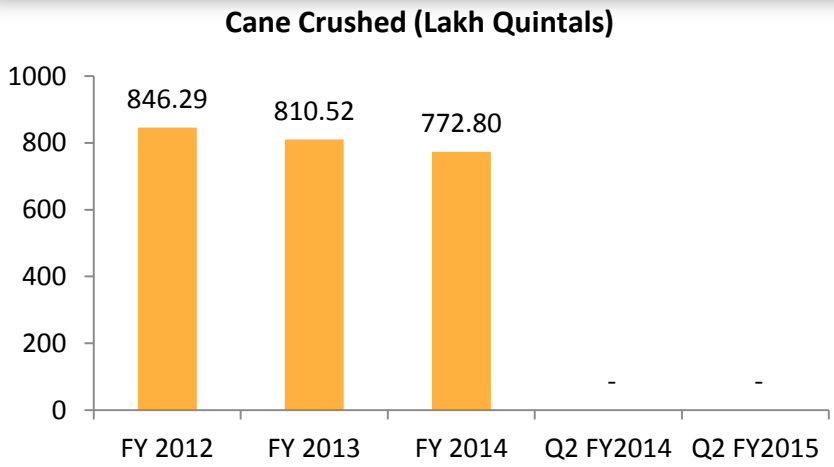
(₹ million)	Q2 FY15	Q2 FY14	% Y-o-Y Growth	H1 FY15	H1 FY14	% Y-o-Y Growth
Net Operating Revenue	6,826.1	5,683.0	*20.11%*	*14,869.7*	*12,742.5*	*16.69%*
EBITDA	0.9	(630.8)	-	*467.3*	*(162.4)*	-
EBITDA Margin (%)	*0.01%*	*-11.10%*	-	*3.14%*	*-1.27%*	-
Depreciation	399.9	274.9	*45.47%*	*618.6*	*549.9*	*12.49%*
Interest	*279.5*	*335.2*	*-16.62%*	*593.7*	*741.7*	*-19.95%*
Profit Before Tax	*(639.0)*	*(1,201.6)*	-	*(678.6)*	*(1,335.5)*	-
Profit After Tax	(639.0)	(1,221.1)	-	*(678.6)*	*(1,355.0)*	-
Profit After Tax Margin (%)	*-9.36%*	*-21.49%*	-	*-4.56%*	*-10.63%*	-
EPS (₹)	(2.61)	(4.98)	-	*(2.77)*	*(5.53)*	-

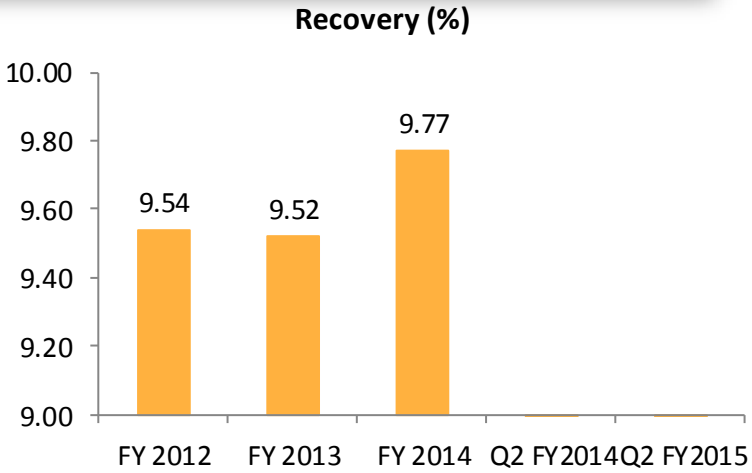
Segmental Overview – Sugar

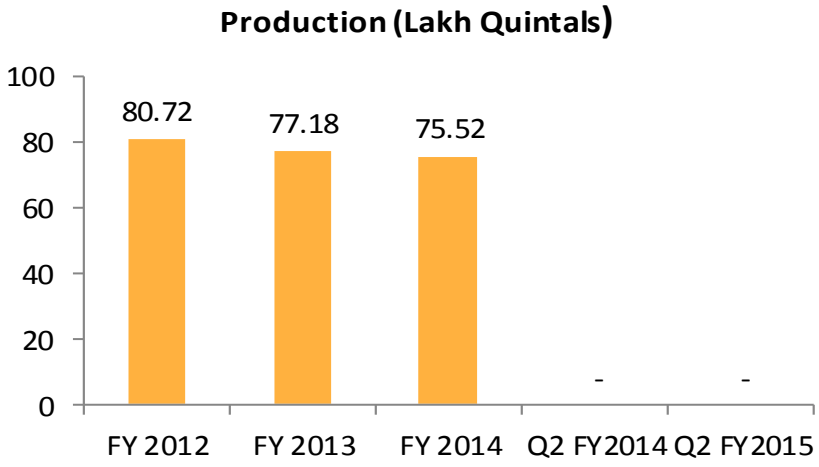
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2015	5,950.8	85.22%	(642.6)	-
Q2 FY2014	5,034.5	85.95%	(975.9)	-
% Shift	18.20%	-	-	-
H1 FY2015	12,770.6	82.40%	(1,243.9)	-
H1 FY2014	11,071.2	82.56%	(1,418.6)	-
% Shift	15.35%	-	-	-

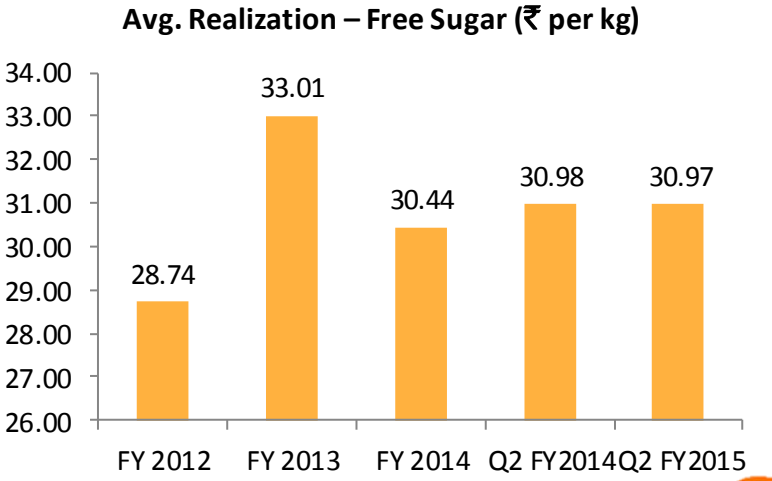
- Sugar segment revenues were higher on account of improved sales volumes
  - ✓ Sales volume stood at 18.81 lakh quintals as compared to 15.71 lakh quintals in Q2FY14
- Fixed overheads due to a non-productive quarter and high cost of inventory as compared to realizations severely affected the segments profitability during the quarter
  - ✓ Realizations for the Q2FY15 stood at ₹ 30.97 per kg as against ₹ 30.98 per kg in Q2FY14
  - ✓ As on September 30, 2014, sugar inventory stood at 27.27 lakh quintals and is valued at ₹ 29.75 per kg

Segmental Overview – Sugar







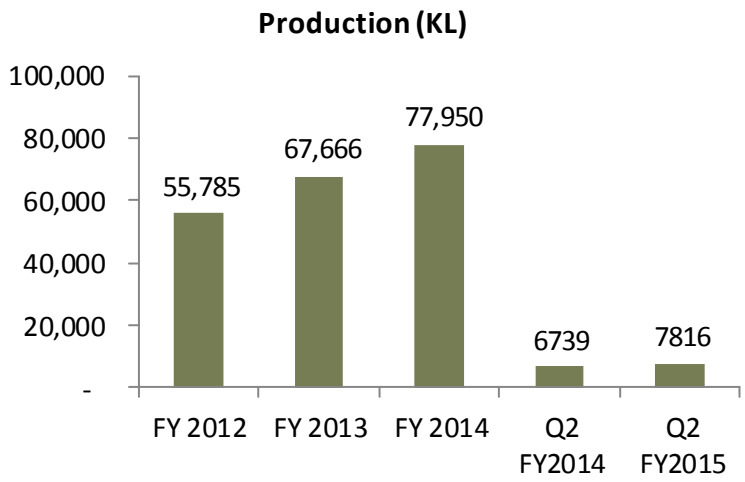


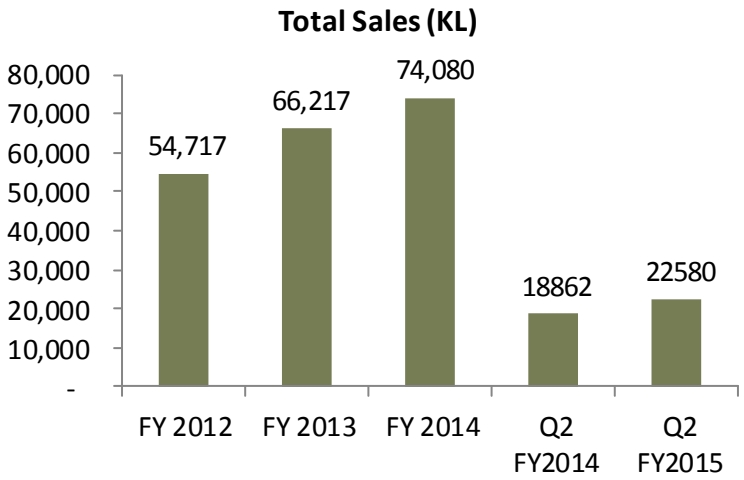
Segmental Overview – Distillery

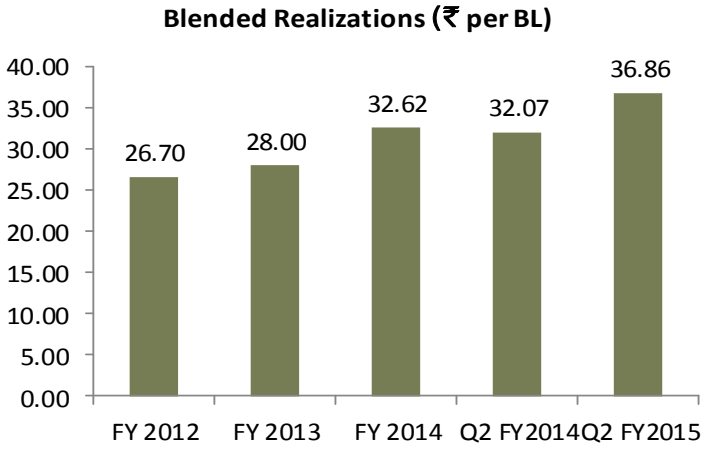
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2015	843.0	12.07%	*435.3*	-
Q2 FY2014	620.8	10.60%	*258.1*	-
% Shift	35.79%	-	*68.66%*	-
H1 FY2015	1,536.2	9.91%	799.2	-
H1 FY2014	1,184.1	8.83%	*530.1*	-
% Shift	29.74%	-	*50.76%*	-

- Distillery division delivered healthy performance on account of higher sales volume and better realizations
  - ✓ Average realizations for the quarter improved to ₹ 36.86 per BL as compared to ₹ 32.07 per BL in Q2FY14
  - ✓ RS and ENA sales volumes for Q2FY15 were at 17,504 KL versus 14,305.1 KL in Q2FY14
  - ✓ Ethanol sales stood at 5,076 KL in Q2FY15 as compared to 4,557 KL in Q2FY14

Segmental Overview – Distillery





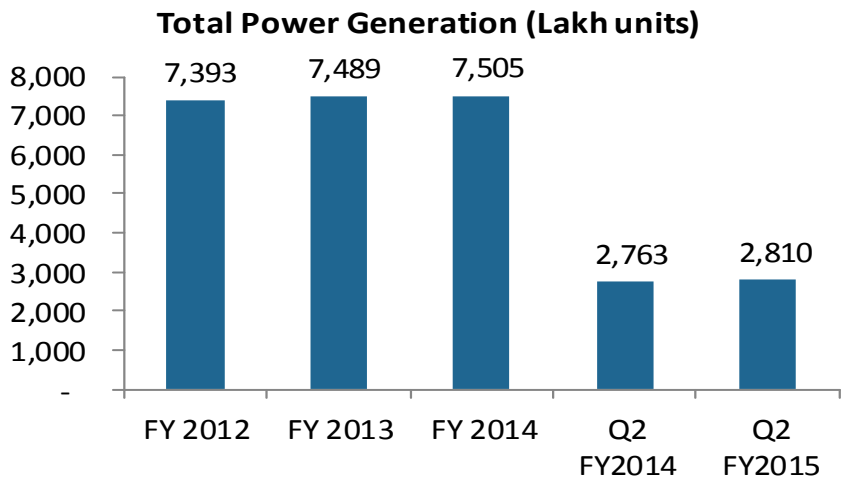


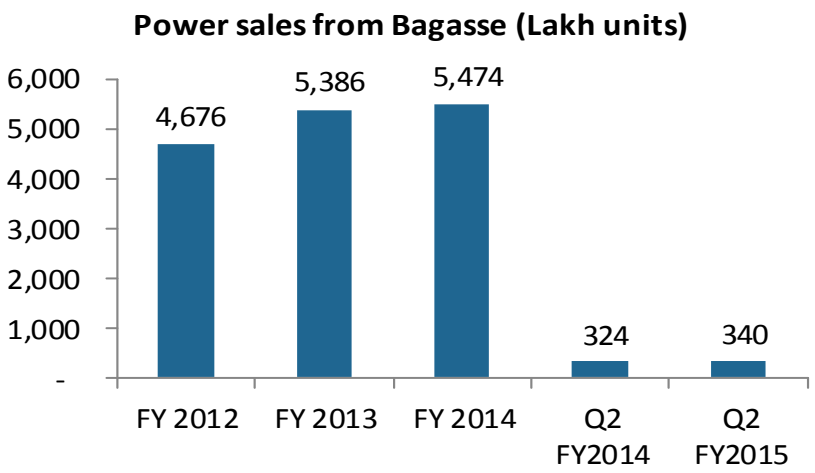
Segmental Overview – Co-generation

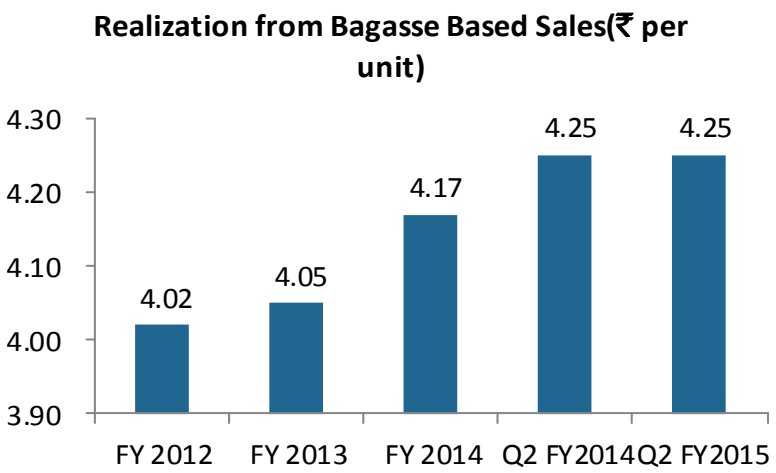
(₹ million)	Segment Revenues	% contribution to Revenues	PBIT	% contribution to PBIT
Q2 FY2015	184.0	2.64%	*(90.6)*	-
Q2 FY2014	200.2	3.42%	*(42.8)*	-
% Shift	-8.09%	-	-	-
H1 FY2015	1,169.8	7.55%	470.8	-
H1 FY2014	1,139.5	8.50%	*520.9*	-
% Shift	2.66%	-	*-9.62%*	-

- Non-production quarter resulted in low level of operations
  - ✓ 340 lakh units of volume sold in Q2FY15 at an average realization of ₹ 4.25 per unit
- Upward revision in tariff for co-generation sales to Uttar Pradesh Power Corporation Limited (UPPCL) expected soon
  - ✓ Revised tariff to be effective from 1st April 2014

Segmental Overview – Co-generation







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 organic manure. The Company 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 148.2 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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