Dwarikesh Sugar Industries Ltd

Investor Presentation - June 2016

A Fully Integrated Company

Safe Harbor

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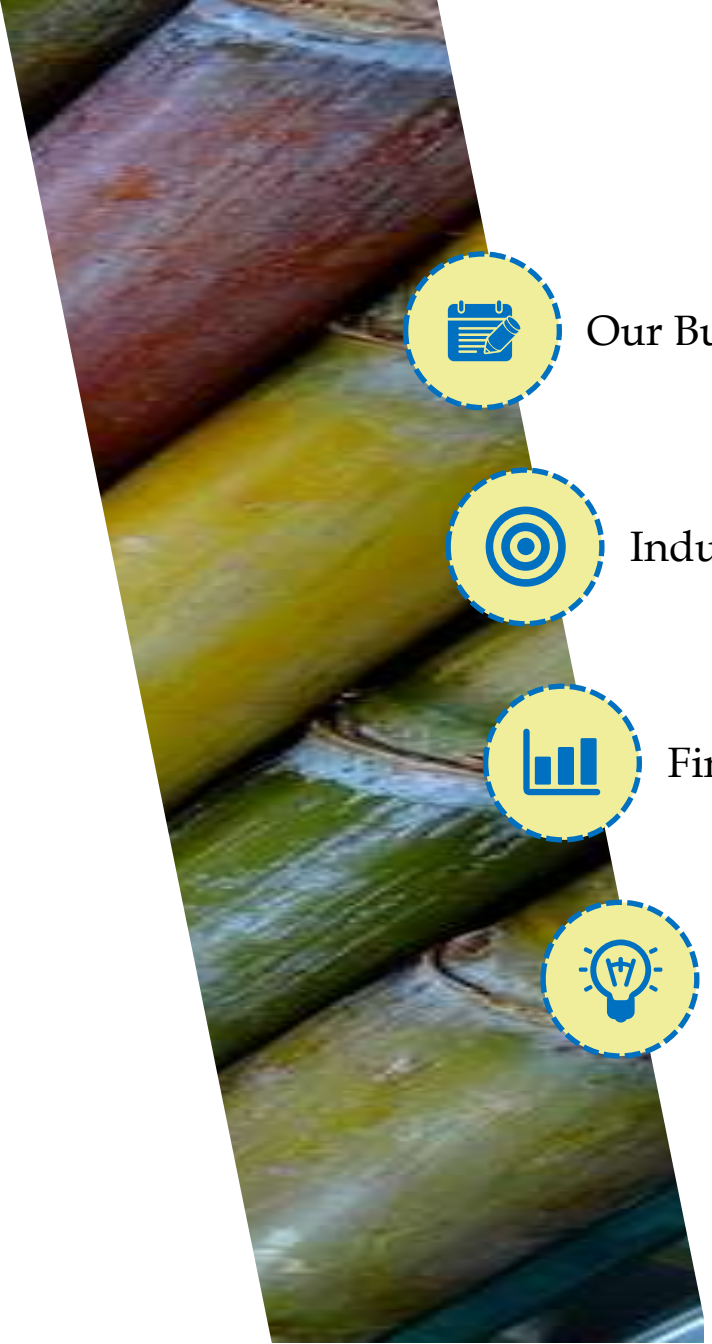


Our Business

Industry at a Glance

Financial Performance and Operational Trends

Way Forward

Our Business

Our Company at glance

Fully Integrated Business Model

Stakeholder relationship at heart of doing Business

Presence in India's Largest Sugar Producing State

Dwarikesh Sugar Industries

Experienced Management Team

Highest focus on Efficiency

Our Evolution

1993-95

- ✓ Incorporated Company and set up 2500 TCD Sugar Plant in Dwarikesh Nagar in Uttar Pradesh

1996-2002

- ✓ Increased Sugar capacity gradually to 6,500 TCD
- ✓ Set up a 6MW Co-Gen Power Plant. Later expanded to 9MW

2003-04

- ✓ Expanded Co-Gen Power Plant to 17MW
- ✓ Successfully Completed IPO which was oversubscribed 23x

2005

- ✓ Set up a 30KLPD Distillery plant for manufacture of Industrial Alcohol
- ✓ Work Begins on 7500 TCD plant at Dwarikeshpuram

2006

- ✓ Commissioned 7500 TCD Dwarikeshpuram Plant along with 9MW Co-gen Power Plant
- ✓ Work begins on new project of 7500 TCD at Dwarikeshdham (Faridpur, Bareilly District) with 36 MW co generation.
- ✓ Successful completion of GDR. Raised Rs. 54 crores

2007

- ✓ Commissioned 7500 TCD Dwarikeshdham Plant in record time. Exportable Power capacity at 24 MW
- ✓ Expanded the Power capacity of the Dwarikesh Puram unit from 9 MW to 33 MW Exportable power capacity of the plant is 24 MW.

2008-11

- ✓ Commencement of Co generation for supply to state grid at Dwarikesh Puram and Dwarikesh Dham units.
- ✓ NLDC Accreditation to all three plants with captive power generation capacity

2011-16

- ✓ De-Bottlenecking of Distillery Plant by setting up a BMSW Plant

Our Ethos

Vision

- *Corporate dynamism, business ethics and professional excellence is the Vision*
- *To develop an organization such that all other constituents feel proud to be associated with us*

Mission

- *Produce sugar of the highest quality; be the benchmark for the industry to follow*
- *Achieve growth every year with optimum technical efficiency & minimum cost of production*
- *Ensure maximum customer satisfaction & employee/farmer welfare*
- *Protect the environment and uphold the highest standards of integrity, values, along with passion for excellence and respect for all, while striding towards achieving our objectives*

Board of Directors

G.R. Morarka,
Managing Director

- A visionary and a dynamic entrepreneur with more than two decades of experience, Mr. G.R. Morarka started his career by overseeing the family run Pampasar Distillery Limited (PDL), which subsequently was divested in favour of Shaw Wallace
- Launched Dwarikesh Sugar by setting up a sugar plant at Dwarikesh Nagar, Uttar Pradesh in a record period of 14 months and further expanded business by setting up the Dwarikesh Puram and Dwarikesh Dham sugar plants alongwith co-generation plant
- A Commerce graduate and ICWA Inter, Mr. G. R. Morarka is the recipient of Indira Gandhi Priyadarshini Award for Management., "Bhamasha Award" for 2006, 2011 and 2016 by Rajasthan State Government for Social Service in the field of Education. Also awarded "Indira Gandhi Sadbhavna Award" in the year 2011 and "Swami Krishnanand Saraswati Purashkar"

B.K. Agarwal,
Independent Director

- A former representative of the Government of Maharashtra on the BSE Board, Mr. B. K. Agarwal is an IAS officer who retired as Additional Chief Secretary, Govt. of Maharashtra
- Commerce and Law graduate was also on the Boards of Industrial Investment Bank of India, SIDBI and SICOM, besides being Managing Director of the Maharashtra State Financial Corporation

K.N. Prithviraj,
Independent Director

- Masters in Economics, he has done his CAIIB (I) and is associated with organizations of repute like Axis Bank Ltd., PNB Investment Services Ltd., Falcon Tyres Ltd. Retired as CMD of Oriental Bank of Commerce
- Was also a Research Fellow of Department of Economics, University of Madras
- As Independent Director on various Boards, contributed significantly to the growth of many entities, such as Can Fin Homes, Brickwork Ratings India Pvt. Ltd

Board of Directors

Malathi Mohan,
Independent Woman Director

- Was a professional banker, got superannuated as General Manager, Punjab National Bank (PNB) in December 2009 after 36 years of all round experience in banking and financial sector
- As a Fellow member of the Institute of Company Secretaries of India (ICSI), she has contributed as a member of the Expert Advisory Group of the ICSI on "Diligence Reporting" introduced by the RBI, as Banker Representative, under the Chairmanship of Mr. M.S. Sundararajan, ex Chairman of Indian Bank
- Was also a Nodal Officer representing PNB in the Customer Service Committee of the RBI, Banking Code and Standards Board of India (BCSBI), and the Indian Banks' Association (IBA)

B. J. Maheshwari,
Whole Time Director & CS cum Chief Compliance Officer

- Qualified Chartered Accountant cum Company Secretary
- Inducted on the Board in May, 2009 and appointed as "Whole Time Director & Company Secretary (CS) & Chief Compliance Officer (CCO).
- Associated with the Company since 1994, he has more than 32 years of relevant experience spanning Legal, Taxation, Secretarial and Administrative matters

Vijay S. Banka,
Whole Time Director & Chief Financial Officer

- Qualified Chartered Accountant
- Inducted on the Board in May, 2009 and appointed as "Whole Time Director & Chief Financial Officer (CFO).
- Associated with the Company since 2007, he has nearly 26 years of rich experience in handling Finance and Strategy

Management Team

Ms. Priyanka G. Morarka
VP - Corporate Affairs

Mr. B.P. Dixit
VP - Works

Mr. R.K. Gupta
VP - Works

Mr. Salil Swaroop Arya
CGM -Administration

Mr. Alok Lohia
CGM - Finance

Mr. Rajendra Singh Thakur
CGM - Works

Mr. Surendra Pratap Singh
CGM - Cane

Our Manufacturing Facilities

Manufacturing Units

- 3 Manufacturing Units in Uttar Pradesh, India
  - Dwarikesh Nagar (Najibabad District)
  - Dwarikesh Puram (Afzalgarh District)
  - Dwarikesh Dham (Tehsil – Faridpur)

Sugar Capacity (TCD)

- Combined Sugar Capacity stands at 21,500 TCD

Co-Generation Power Capacity (MW)

- State-of-the-art co-generation infrastructure with capacity of 86 MW out of which 56 MW is sold to Grid

Distillery (KLPD)

- Distillery to process 30 KL of Industrial Alcohol/Ethanol per day

Manufacturing Capacities

Manufacturing Units	Dwarikesh Nagar	Dwarikesh Puram	Dwarikesh Dham	Total
Sugar Capacity (TCD)	6,500	7,500	7,500	**21,500**
Co-Generation Power Capacity (MW)	17	33	36	**86**
Distillery (KLPD)	30	-	-	**30**

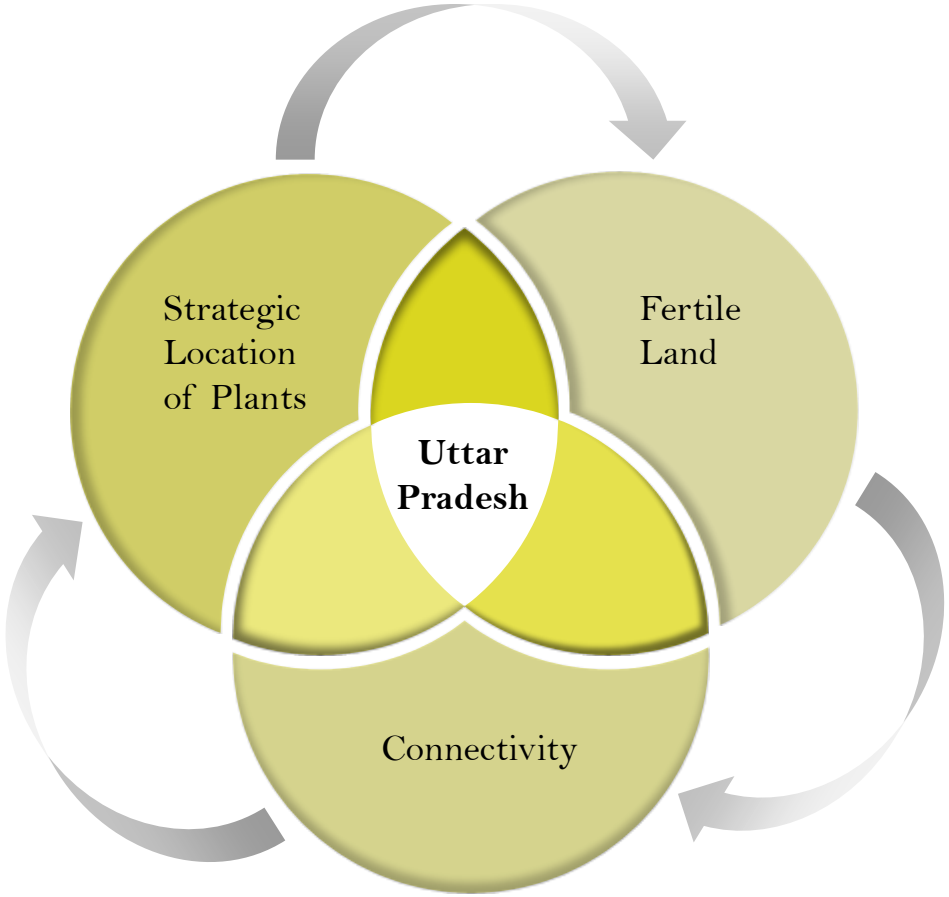
View of Our Facilities

Dwarikesh Nagar

Dwarikesh Puram

Dwarikesh Dham

Location advantage – UP is one the largest sugar producing state



Strategic Location of Plants

Plants are located in India's largest sugar producing state - Uttar Pradesh

Fertile Land

- Two plants are located in Bijnor District – a District with focused concentration on cane production on highly fertile and well-irrigated land
- Plant at Bareilly – the low-lying Ganges plains district with fertile alluvial soil

Connectivity

- Dwarikesh enjoys access to large, clearly defined cane-producing areas in the region
- Bareilly (located on National Highway) and Bijnor are well-connected with major sugar-consuming markets of the country

Cane Development leading to improved efficiencies

Dwarikesh Agriculture Research Institute

- Engaged in practical research of farming techniques to augment the crop yield and safeguard the quality of soil
- Hi-tech soil-testing laboratory and a bio-pesticides laboratory to study the application of fertilizers, the ideal sowing conditions for sugarcane seeds

Increased Farmer Bonding

- Use of remote sensing for accurate geological surveys of the command area, using satellite images to enhance sugarcane growth and yield
- Separate web portal for farmers to access information about their calendar, payment status, survey details and loan position
- Kisan Sewa Kendras for providing good quality agrochemicals, financial assistance for nurseries and technology upgradation, with tie-ups with various banks for loan disbursement

Healthy Relationship

- More than 73,000 hectares of Sugarcane reserved for Dwarikesh along with association with 87,000 farmers from whom Sugarcane was procured during 2015-16 season demonstrates the strength of relationship with farmers

Operational Factors

- Recovery in harvest to crushing time ensured retention of sucrose content in Sugarcane coupled with revolutionary Sugarcane variety of Co 0238 led to increased recoveries

Industry at a Glance

We extract Maximum Value out of Sugarcane

Cane Received

On arrival of Cane :

- Received at an automated weighing station
- Name of the Farm & Weight of each Cane bin is recorded

Shredder

- Cane billets are tipped out of cane bin to a cane carrier, which is transported to shredder
- Shredder shreds cane into fibrous material and ruptures the juice cells

Extraction Station

- Pairs of rollers feed cane through a series of mills
- Process separates sugar juice from Bagasse
- Juice is pumped away from processing into raw sugar

Bagasse

Heaters

- By adding lime and heating limed juice, impurities are extracted
- Lime neutralizes acids and precipitates impurities that settle out in Clarifiers

Clarifier

- Clear sugar juice is run of from top of each clarifier
- Muddy juice extracted from each clarifier is mixed with fine Bagasse and then filtered to receive the sugar

Mill Mud

Evaporators

- Clear juice from clarifiers is concentrated by boiling it under vacuum in a series of connected vessels - Evaporators
- The Concentrated juice is called Syrup

Pans / Crystallizers

- Syrup (~60-70% Sugar) is put through crystallization by boiling in a vacuum pan
- The crystals are grown by adding more syrup. At the size of ~1mm the mixture is discharged from the pan

Centrifugals

- Syrup is separated from raw sugar crystals in centrifugals containing perforated baskets
- Dark syrup surrounding crystals is thrown off and passes through perforation

Molasses

Sugar Dryer

- The raw sugar from the centrifugals is dried by tumbling through a stream of air in a rotating drum

Sugar Storage

- The raw sugar is then transferred for short term storage in bulk bins at the mills

Final Sugar

Sugarcane Value Chain for an Integrated Sugar Unit

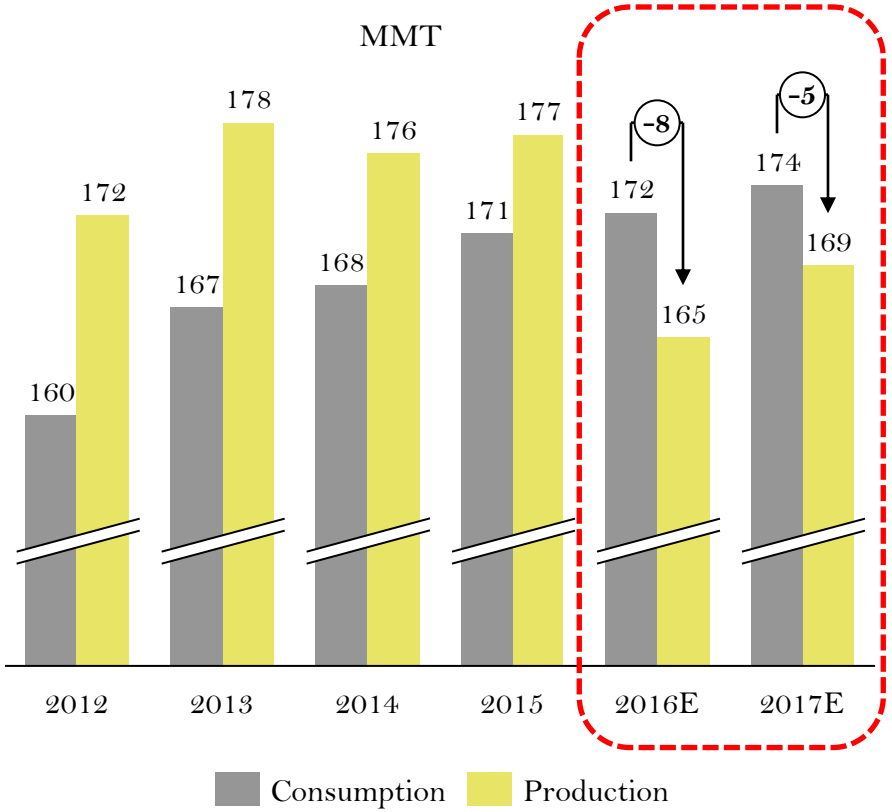
Sugarcane

Sugar 10.5%	Bagasse 28%	Molasses 4.7%	Press Mud 3.5%
	Steam 2.4 MT/MT	Alcohol 255 Litres/MT	Bio Fertiliser
	Power 0.19 Mwh/MT		
	Exportable Surplus 70%		

Based on Management Estimates

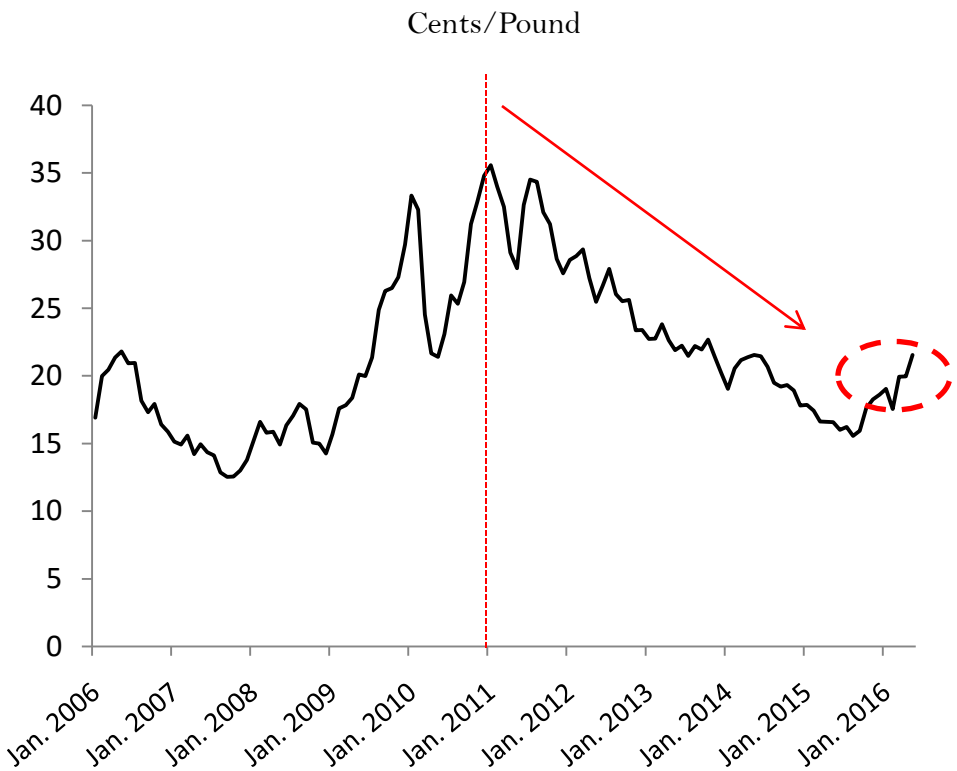
Global Scenario : Production Downgrades & Prices Firming Up

Production expected to fall short of Demand First Time in Five Years



Source – USDA

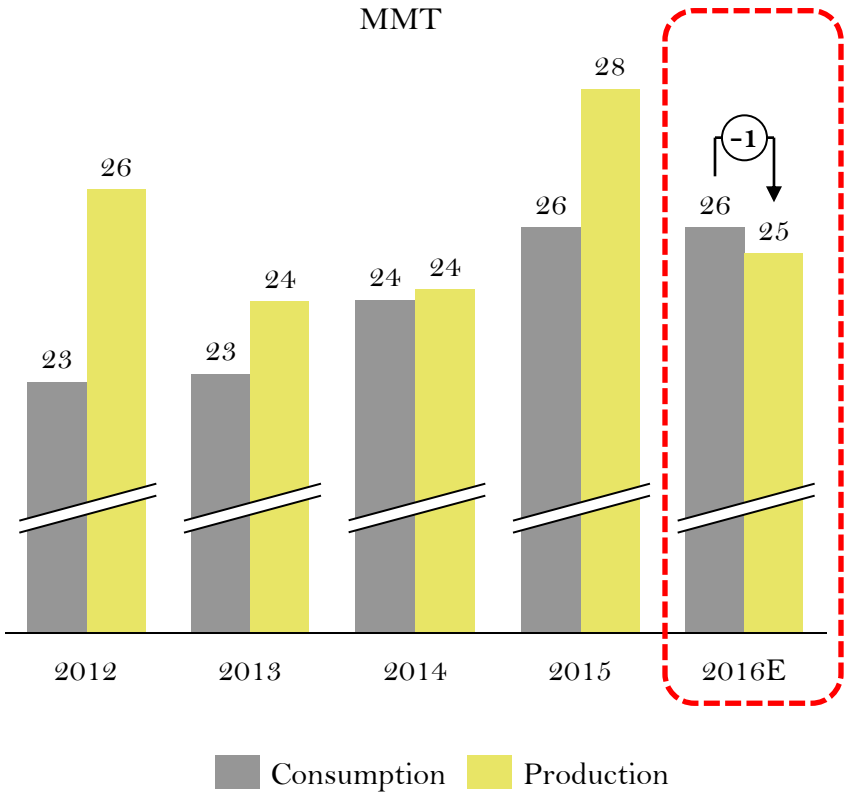
Production Downgrades & Firm Demand leading to rebound in Sugar Prices for first time in several Years



Source – USDA

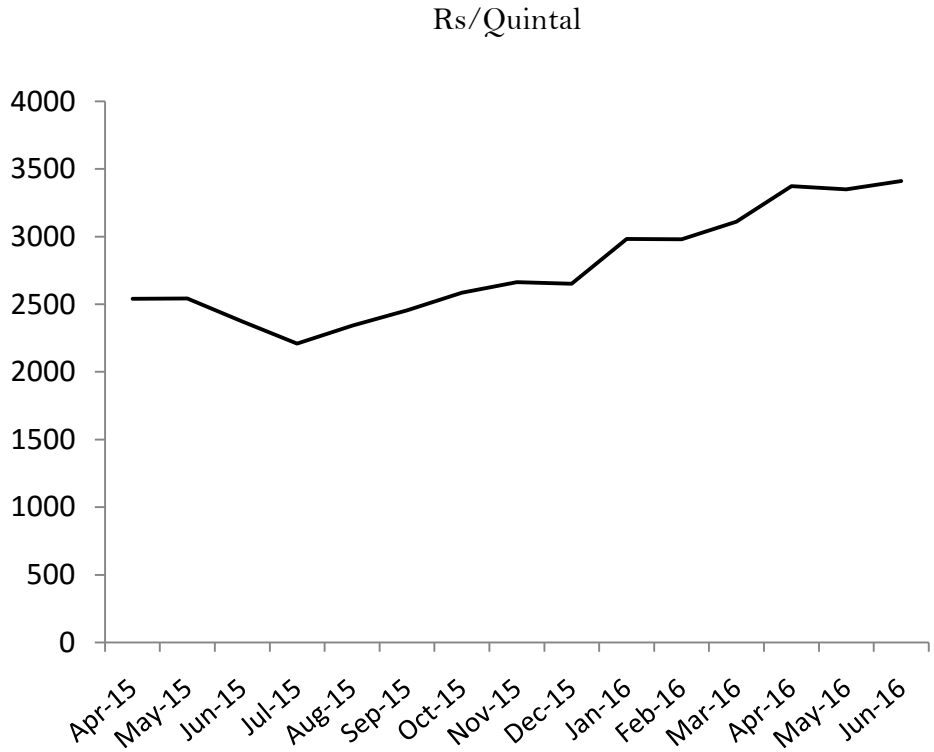
Domestic Scenario : Government Initiatives supporting Prices

Adverse Climatic conditions is impacting availability of Cane and has led to downgrades in Production



Source – ISMA

Prices revived by announcement of Compulsory Export, Higher International Prices and Lower Production estimate



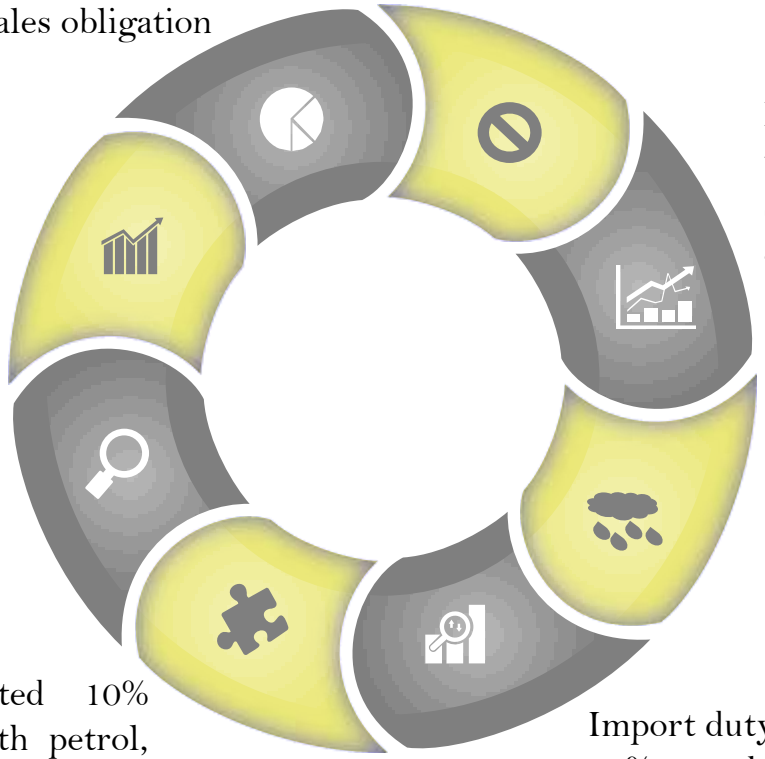
Source – Industry Estimates

Industry Dynamics Improving…More so for UP Players

Production subsidy of Rs. 4.5 per quintal of sugarcane crushed for mills fulfilling Export & Ethanol sales obligation

SAP rate unchanged for 4th Year in a row

Mandatory exports to relive pressure on domestic surplus stock and improve domestic realisation



Recovery in UP improved by 1% to >10.5% on account of superior varietal mix (Co 0238) and favorable climatic conditions

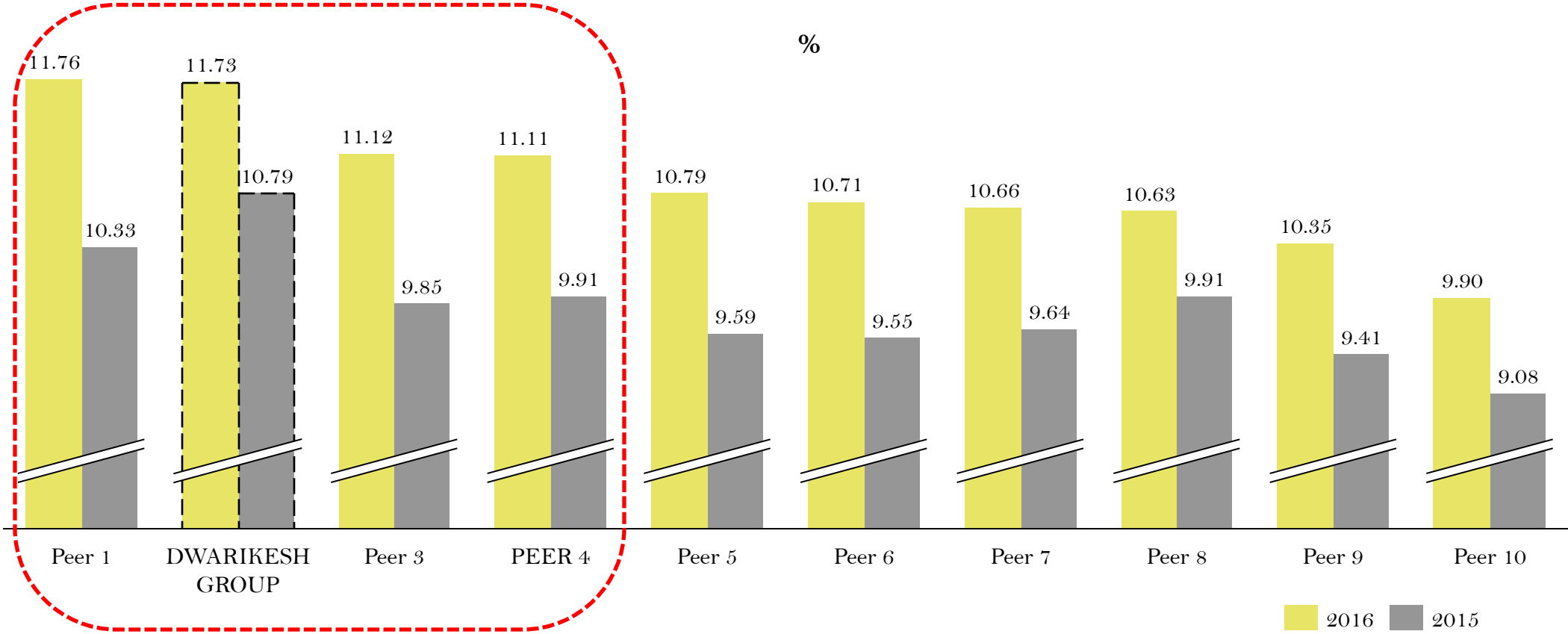
Excise duty exempted on Ethanol produced from molasses generated from cane crushing for 1 year

Low rainfall impacted production in Maharashtra and Karnataka by 16-20%, however production in UP was largely stable

Government mandated 10% Ethanol blending with petrol, to boost Ethanol production

Import duty on sugar raised to 40% to make imports unviable

Uttar Pradesh : Improvement in the Recovery Rates

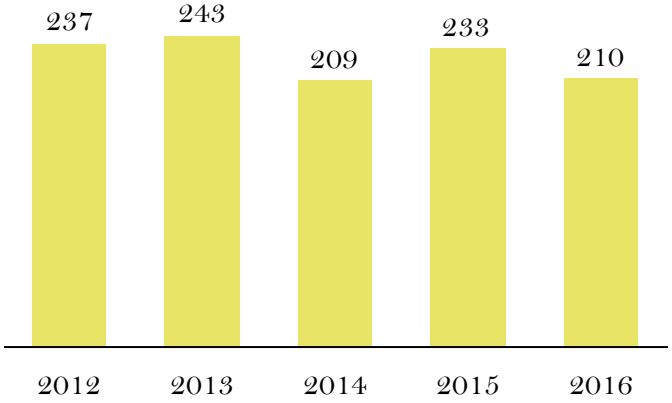


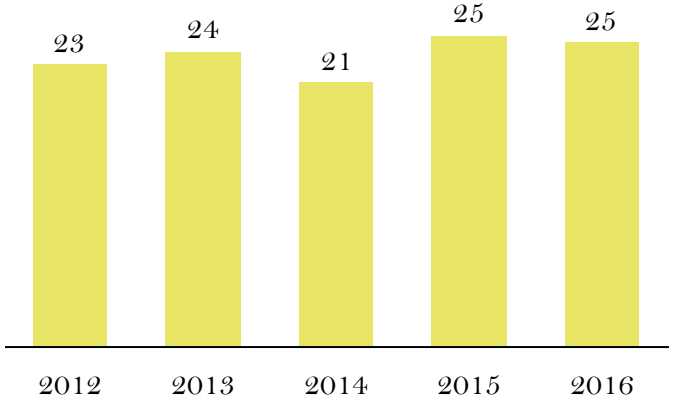
Consistently Generating Efficient Recovery Ratio

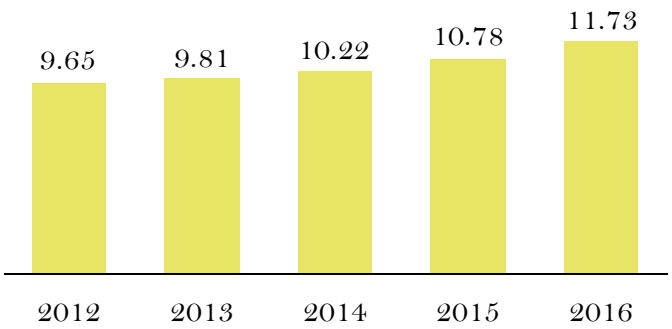
Financial Performance & Operational Trends

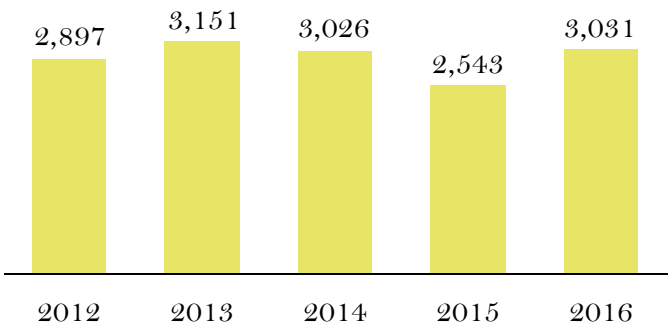
Sugar Season Trends

October to September Season Statistics





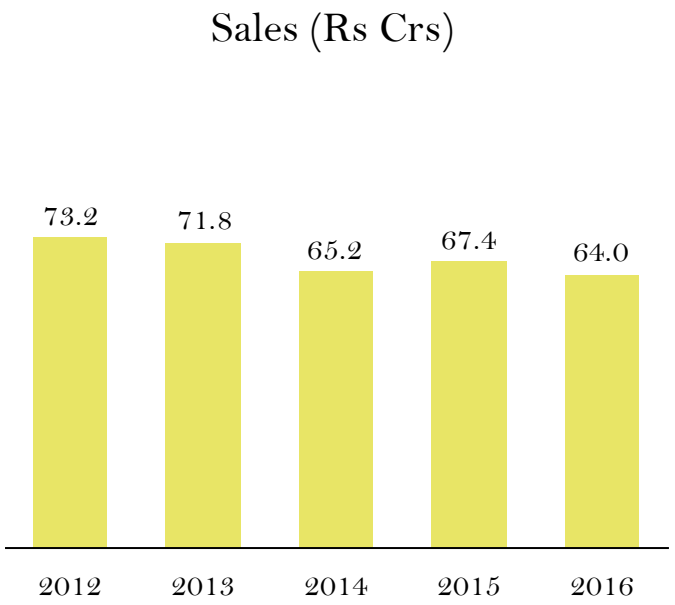


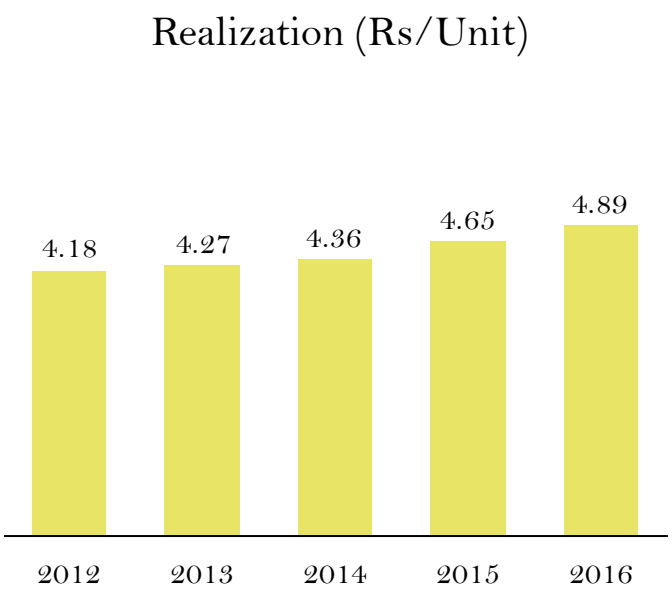


2016- Data till June 2016

Co-Generation Trends

October to September Season Statistics

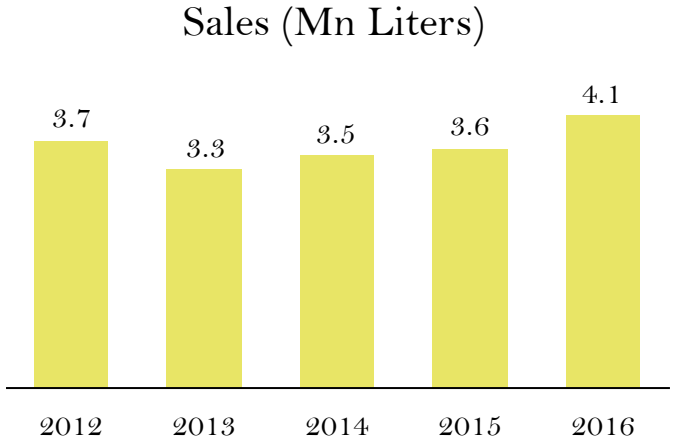


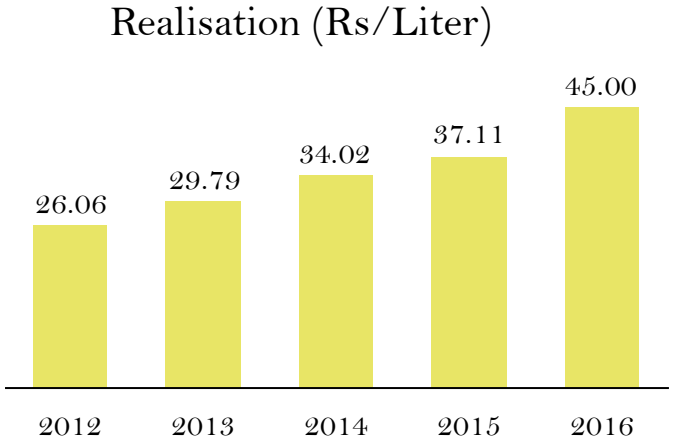


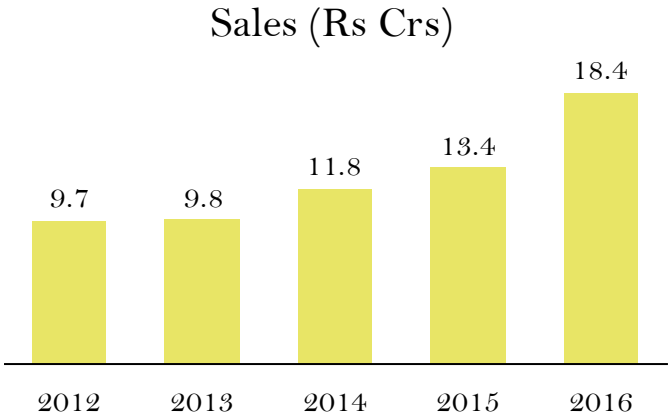
2016- Data till June 2016

Distillery

October to September Season Statistics







2016- Data till June 2016

Consolidated Profit and Loss Statement

Rs. Crs.	31st Mar'2016	31st Mar'2015	30th Sep'2013
	12 Months	12 Months	18 Months
Revenue	**794**	**715**	**1,128**
Raw Material	588	595	918
Employee Cost	50	45	71
Other Expenses	48	35	54
EBITDA	**108**	**40**	**85**
EBITDA Margin	***14%***	***6%***	***8%***
Other Income	9	8	10
Interest	52	50	75
Depreciation	31	31	47
Tax	0	-12	-10
PAT (before Exceptional Items)	**34**	**-21**	**-17**
Exceptional Items	**5**	**0**	**0**
PAT (after Exceptional Items)	**39**	**-21**	**-17**
PAT Margin	***5%***	***-3%***	***-1%***

Consolidated Balance Sheet

Rs. Crs.	31st Mar'2016	31st Mar'2015	30th Sept'2013
Shareholders Fund	**117**	**104**	**121**
Share Capital	47	47	47
Reserves & Surplus	70	57	74
Share Application Money pending Allotment	**0**	**0**	**0**
Total Non Current Liabilities	**254**	**204**	**169**
Long Term Borrowings	237	189	157
Other Long Term Liabilities	17	15	12
Total Current Liabilities	**630**	**691**	**371**
Short Term Borrowings	354	353	152
Trade Payables	143	201	98
Other Current Liabilities	133	137	121
TOTAL EQUITY & LIABILITIES	**1,001**	**999**	**660**

Rs. Crs.	31st Mar'2016	31st Mar'2015	30th Sept'2013
Total Non Current Assets	**384**	**429**	**462**
Fixed Assets	357	399	440
Non Current Investments	0	0	0
Deferred Tax Assets (Net)	17	20	10
Other Non Current Assets	10	10	12
Total Current Assets	**617**	**570**	**198**
Inventories	536	491	192
Trade Receivables	64	43	2
Cash & Bank Balance	5	1	2
Other Current Assets	12	35	2
TOTAL ASSETS	**1,001**	**999**	**660**

Way Forward

Our Strategy

Build on Operating Efficiencies

To build on operating efficiencies through continuous improvements in operating parameters, R&D and continuous farmer engagement

De-leverage

De-leverage Balance Sheet through Cash Generation and improve Financial parameters

Cost Control

Focus on Costs through Plant efficiencies & Logistics management to improve competitive edge

On-Going Focus on Cane Development

To improve recoveries for Sugar Mills and Yield for Farmers leading to Win-Win situation for all Stakeholders

For further information, please contact:

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