

# Dalmia Bharat Sugar & Industries Limited



*September 2016*





# About Company

## Dalmia Bharat Sugar and Industries Ltd.

- Geographically well diversified
- Integrated Sugar Operations

Only listed Company operating from Maharashtra.

## Capacity Details:

Unit	Sugar (TCD)	Distillery ('000 KLPD)	Cogeneration (MW)
Ramgarh	7,500	0	25
Jawaharpur	7,500	80	27
Nigohi	7,500	0	27
<b>UP</b>	<b>22,500</b>	<b>80</b>	<b>79</b>
Kolhapur	5,000	60	23
Ninaidevi	1,750	0	0
<b>Maharashtra</b>	<b>6,750</b>	<b>60</b>	<b>23</b>
<b>Total</b>	<b>29,250</b>	<b>140</b>	<b>102</b>

Wind farm of 16.5 MW at Tamil Nadu.

Only Company in U.P. region to diversify business to Maharashtra

2016

Distillery Plant of 60 KLPD commissioned in Maharashtra

2015

### Step towards sustainable model

- Acquisition of another mill at Sangli, Maharashtra of 1,750 TCD, total crushing capacity increased to 29,250 TCD
- Cogen expansion at Maharashtra taking total renewable energy capacity to 119 MW

2014

Enhanced crushing capacity in Maharashtra to 5,000 TCD

2013

### Regional Diversification

- Acquisition of sugar mill in Kolhapur, Maharashtra crushing with capacity of 2,500 TCD
- Total Capacity increased to 25,000 TCD

2008

Cogeneration Expansion, total capacity increased to 79 MW in U.P.

2007

### Diversification & Integration

- Presence in 3 location in U.P.
- Sugar Capacity expansion to 22,500 TCD
- Integration of Sugar Operations
  - Distillery commissioning - 80 KLPD
  - Cogen commissioning - 54MW

2006

Sugar Capacity at One Location in U.P. of 7500 TCD

# Expanding footprints in Maharashtra

**Work-in-progress to increase Maharashtra crushing capacity to 10,000 TCD from existing 6,750 TCD.**

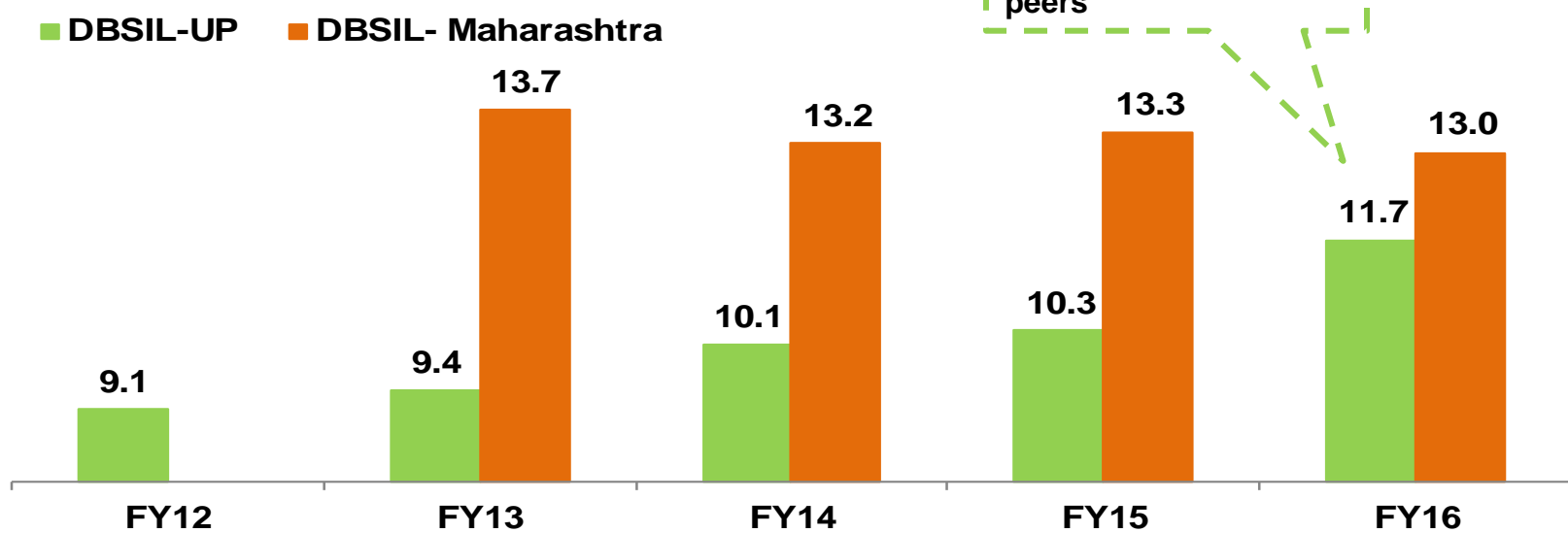
	2013	2014	2015	2016	2017E	Expansion
Maharashtra Region	-	2,500	4,800	6,750	10,000	3,250
U.P. Region	22,500	22,500	22,500	22,500	22,500	-
<b>Total Capacity</b>	<b>22,500</b>	<b>25,000</b>	<b>27,300</b>	<b>29,250</b>	<b>32,500</b>	<b>3,250</b>
Maharashtra region capacity share (%)	Nil	10%	18%	23%	31%	

**“Capacities in Maharashtra scaled up to 23% in FY16 and 31% in near term within a span of 5 years.”**

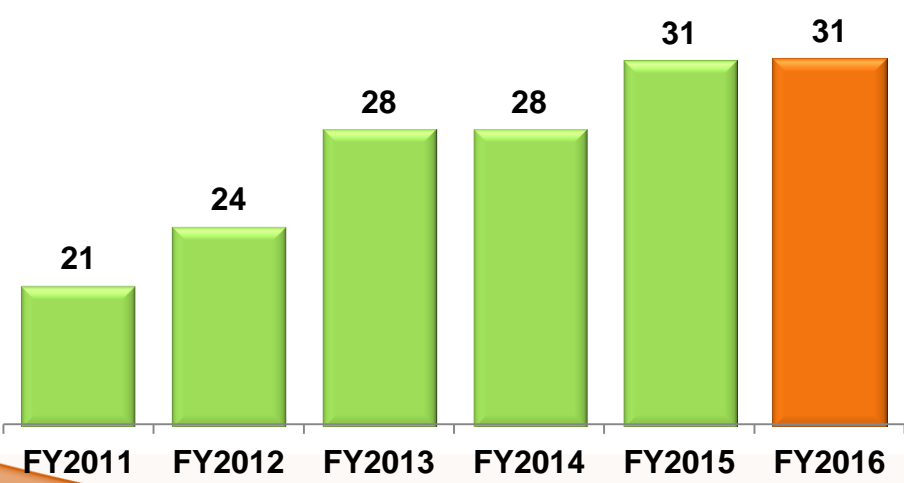


# Assuring better Cane quality

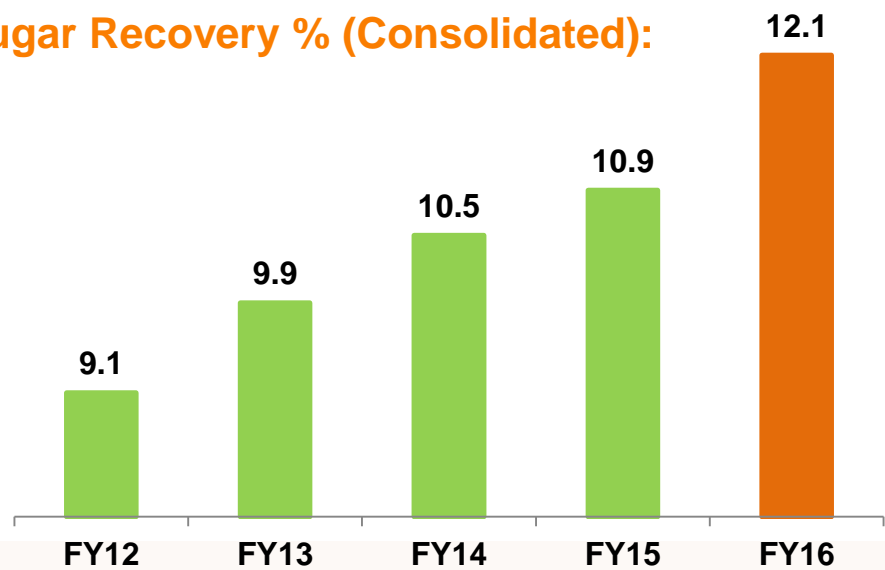
## Sugar Recovery % – U.P. & Maharashtra



## Cane Crushed (Lakh MT):



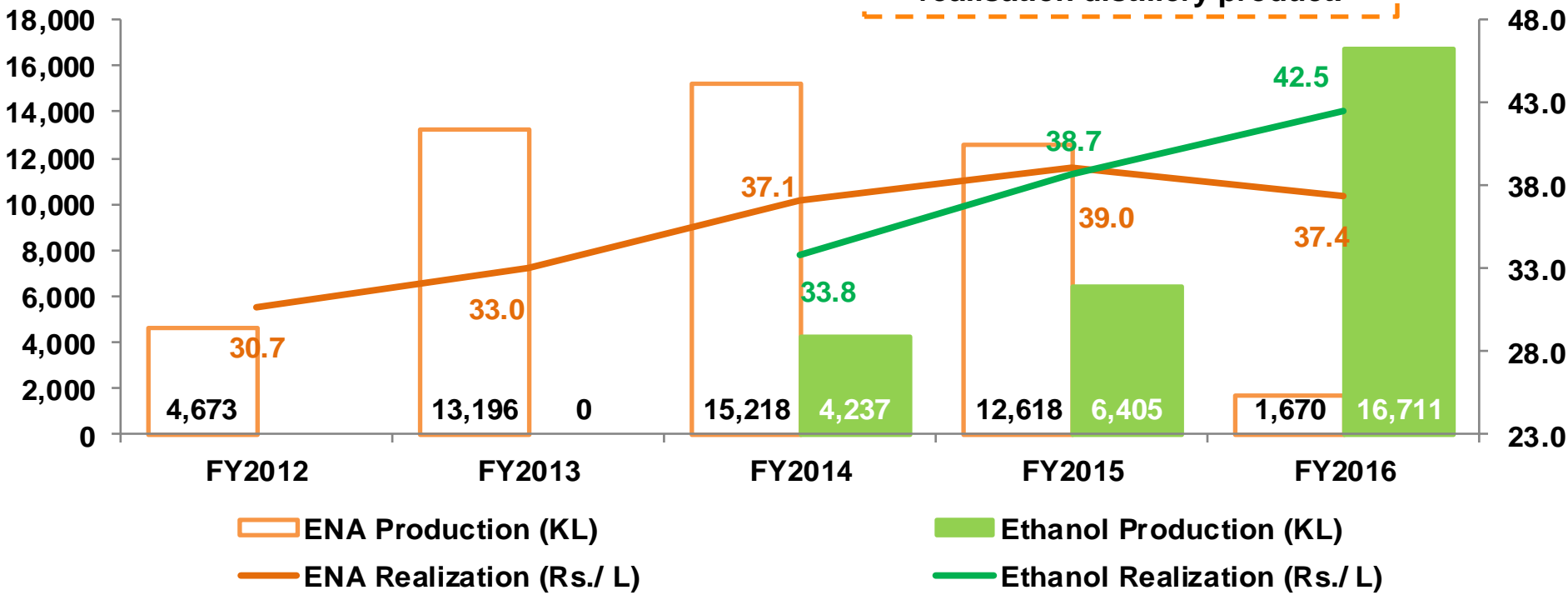
## Sugar Recovery % (Consolidated):



# Focus towards increasing Ethanol Production:

## Ethanol Production and realisation:

Focused towards better realisation distillery product.

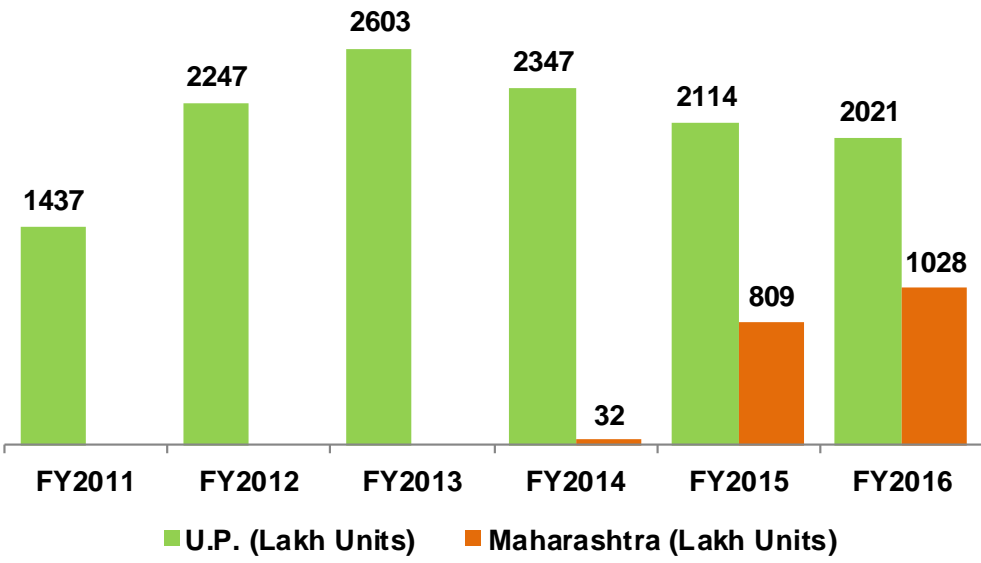


- Factors which support our strategic move towards increasing Ethanol production:**
- **Better realisation:** Realisation on Ethanol is better than other distillery products leading to improved profit margins.
  - **Mandatory Ethanol Blending:** Central government initiatives of mandatory blending of 5% ethanol which is expected to be increased to 10%.

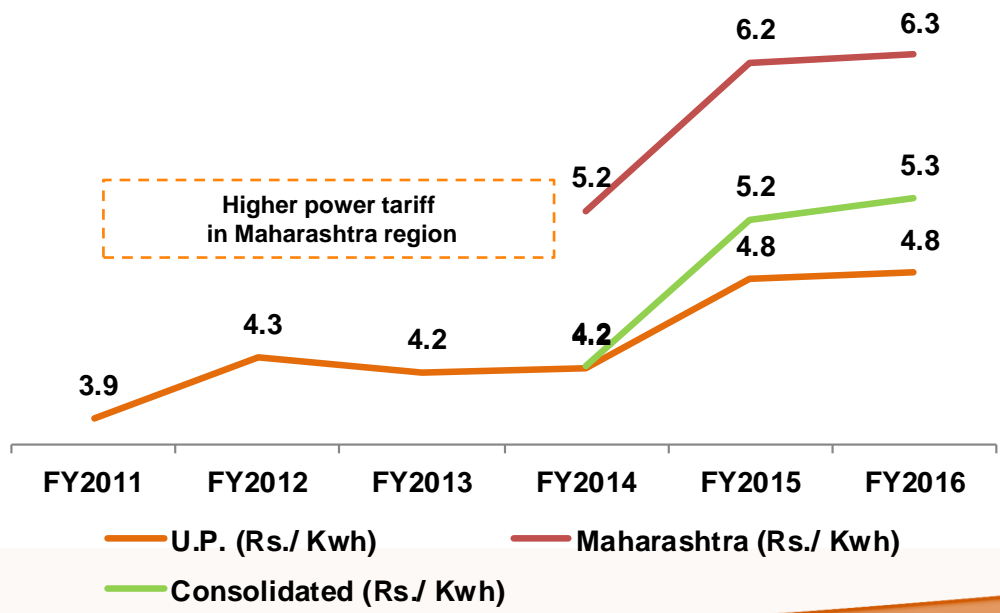


# Regional diversification leading to higher power realisations

## Region-wise power Export:



## Region-wise power realisation rates:



# Focus on Maharashtra Region

**Higher cogen  
realisation**

Rs. 6.25/ unit

**Kolhapur region -  
highest sugar recovery  
in India**

13%

**Linkage of cane prices  
with Sugar realisation**

**50%**

Higher Cane Yield

**Proximity to Ports**  
Expected benefits due to  
Government of India  
intervention on raw  
sugar imports

**Higher Operating Days**

150-160 Days

**No restriction** on cane  
area reservation

**DBSIL:** Only listed company operating from Maharashtra...



# Financial Performance

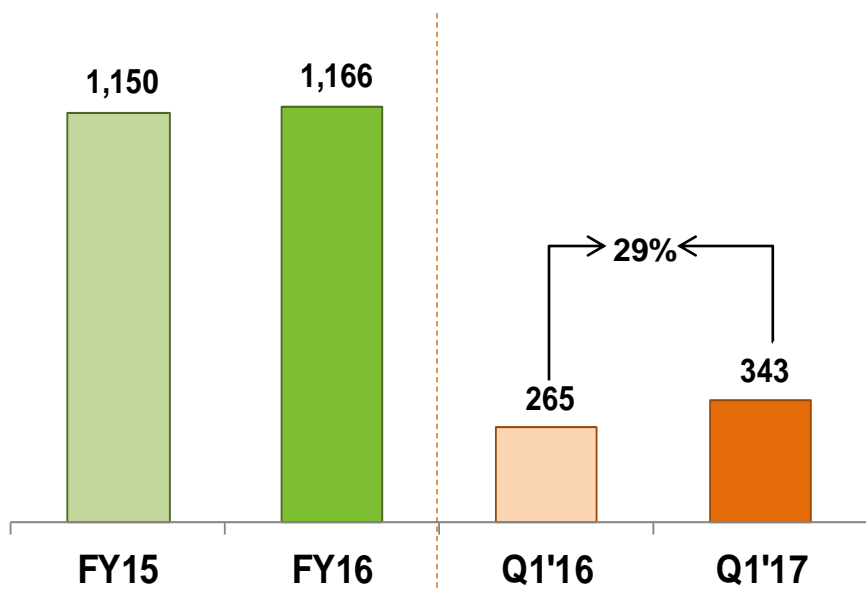
Particulars (Rs. Crore)	FY15	FY16	YoY
Total Operating Income	1,150	1,166	1%
Operating Expenses	1,037	940	-9%
<b>EBITDA</b>	<b>113</b>	<b>227</b>	<b>101%</b>
EBITDA Margin%	10%	19%	900bps
EBIT	78	135	72%
Profit Before Tax	0.3	47.4	16017%
<b>Profit After Tax</b>	<b>1.49</b>	<b>58.4</b>	<b>3809%</b>

# Balance Sheet as on 31st March, 2016

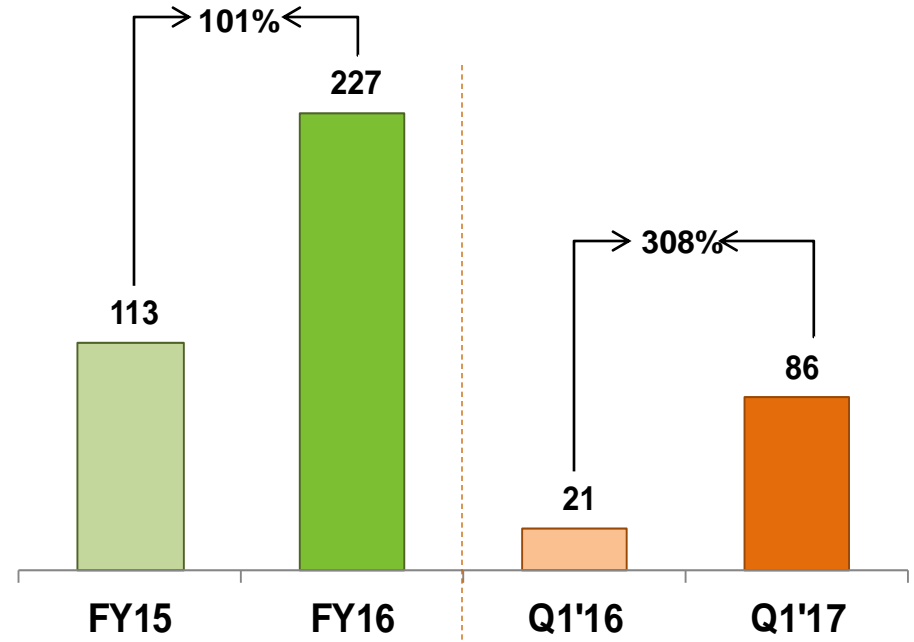
Particulars (Rs. Crore)	31-Mar-15	31-Mar-16
Equity Funds	460	513
<b>Debt</b>		
Long Term	577	747
Short Term	355	391
<b>TOTAL</b>	<b>1,392</b>	<b>1,651</b>
Fixed Assets	774	759
Cash & Cash Equivalents	103	117
Net Current Assets	515	775
<b>TOTAL</b>	<b>1,392</b>	<b>1,651</b>
<b>Net Debt</b>	<b>829</b>	<b>1.021</b>
Net Debt/ EBITDA	7.3	4.5
Net Debt/ Equity	1.8	2.0

# Financial Performance

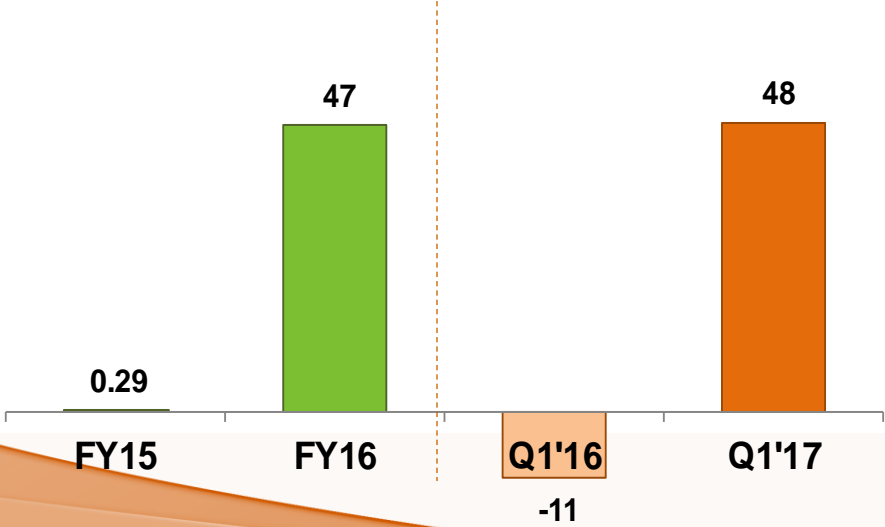
## Net Operating Income (Rs. Crore)



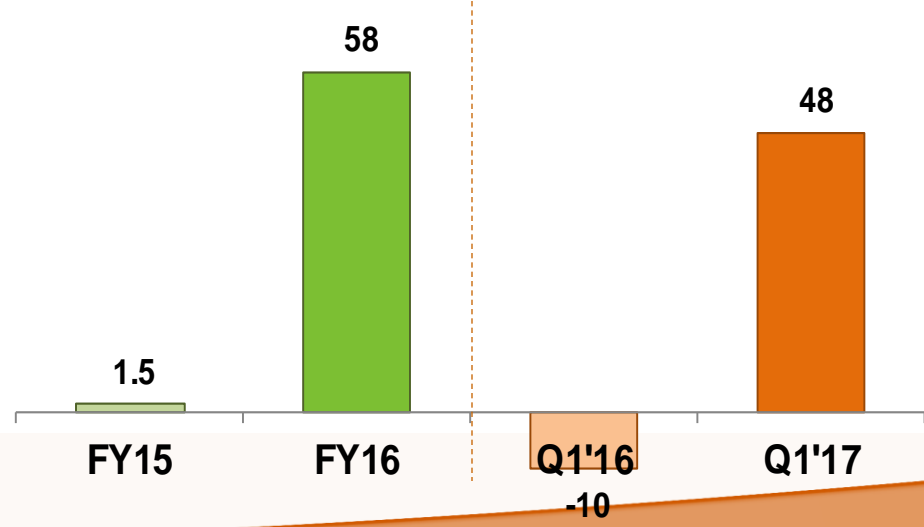
## EBITDA (Rs. Crore)



## Profit before Tax (Rs. Crore)

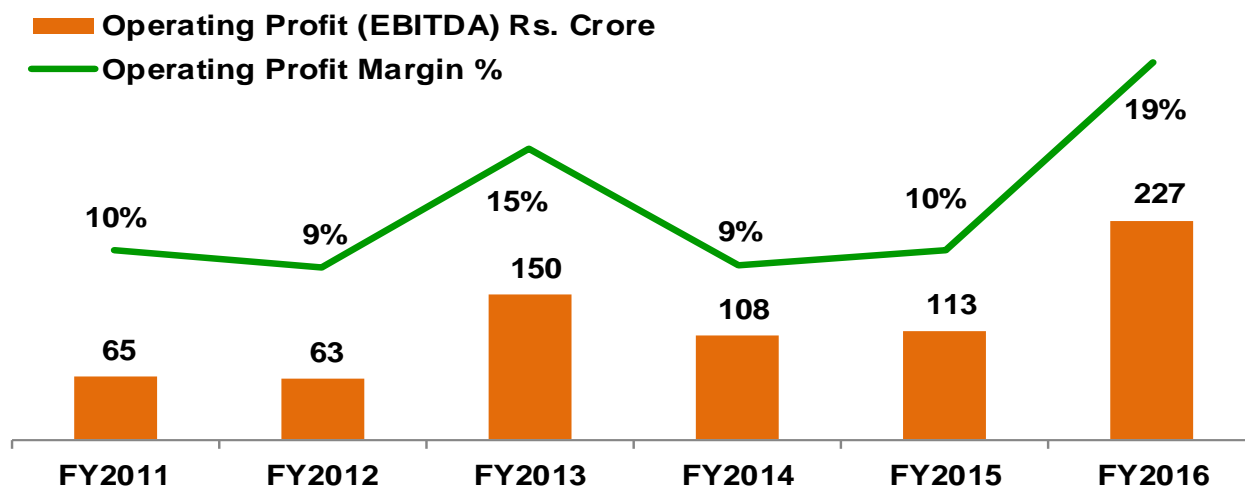


## Profit after Tax (Rs. Crore)

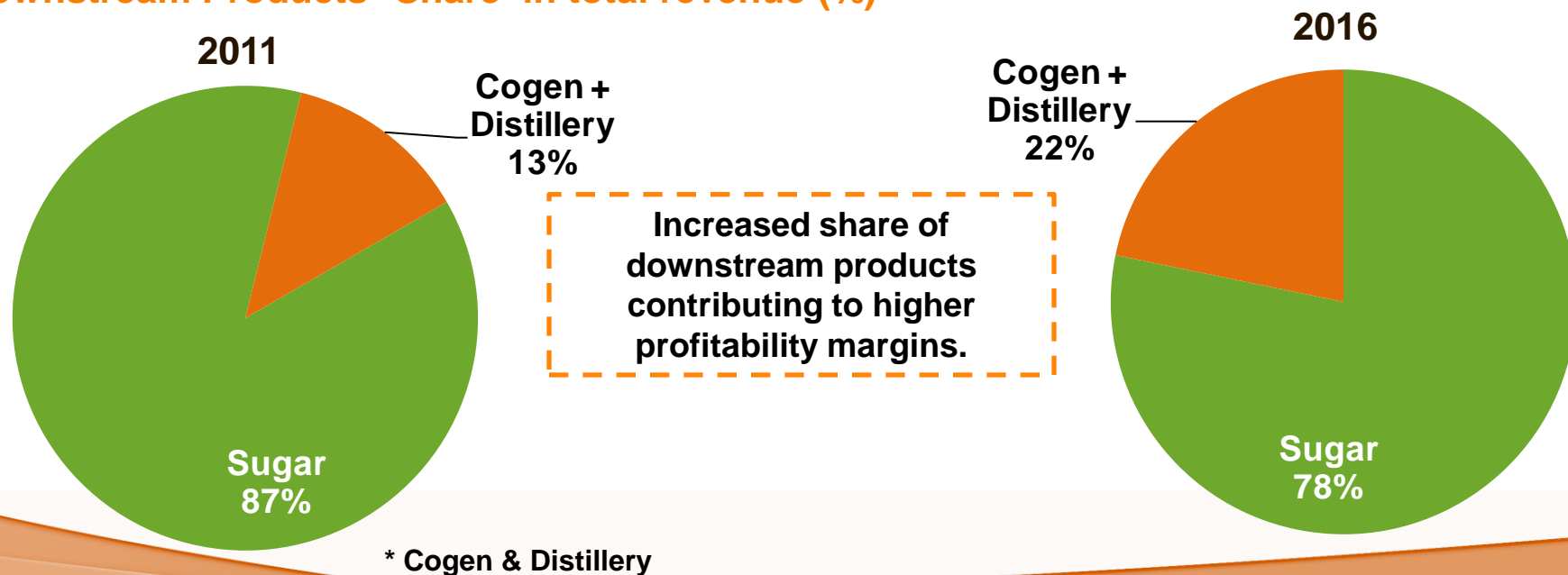


# Improved profitability

## EBITDA (Rs. Cr.) & EBITDA Margin (%):



## Downstream Products\* Share in total revenue (%)



# Improved realisations:

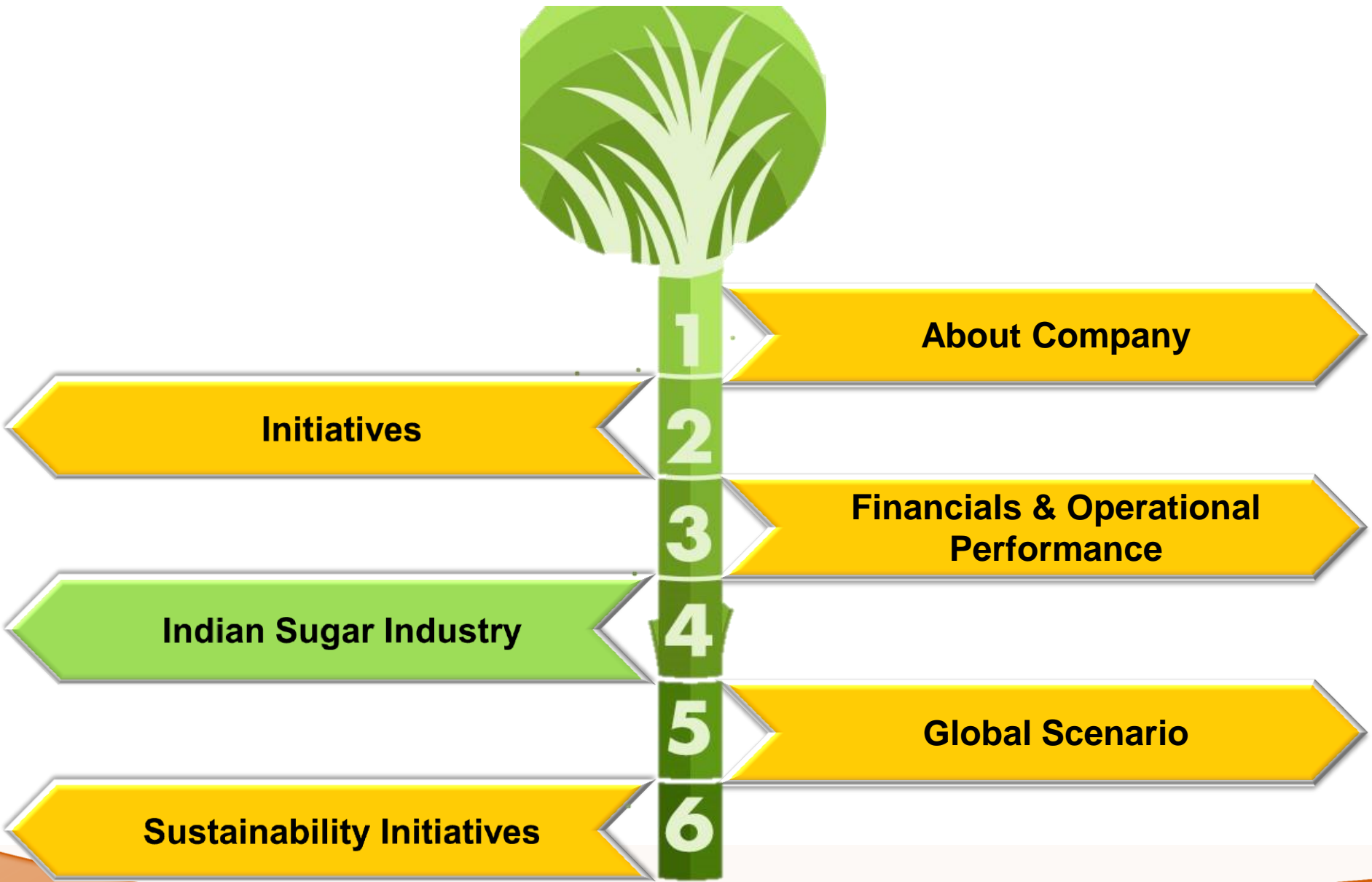
## Yearly:

Particulars	UOM	FY15	FY16	Variance
Sugar	Rs./ MT	29,424	26,686	-9%
Distillery	Rs./ KL	38,866	41,843	8%
Cogen	Rs./ Kwh	5.2	5.3	3%

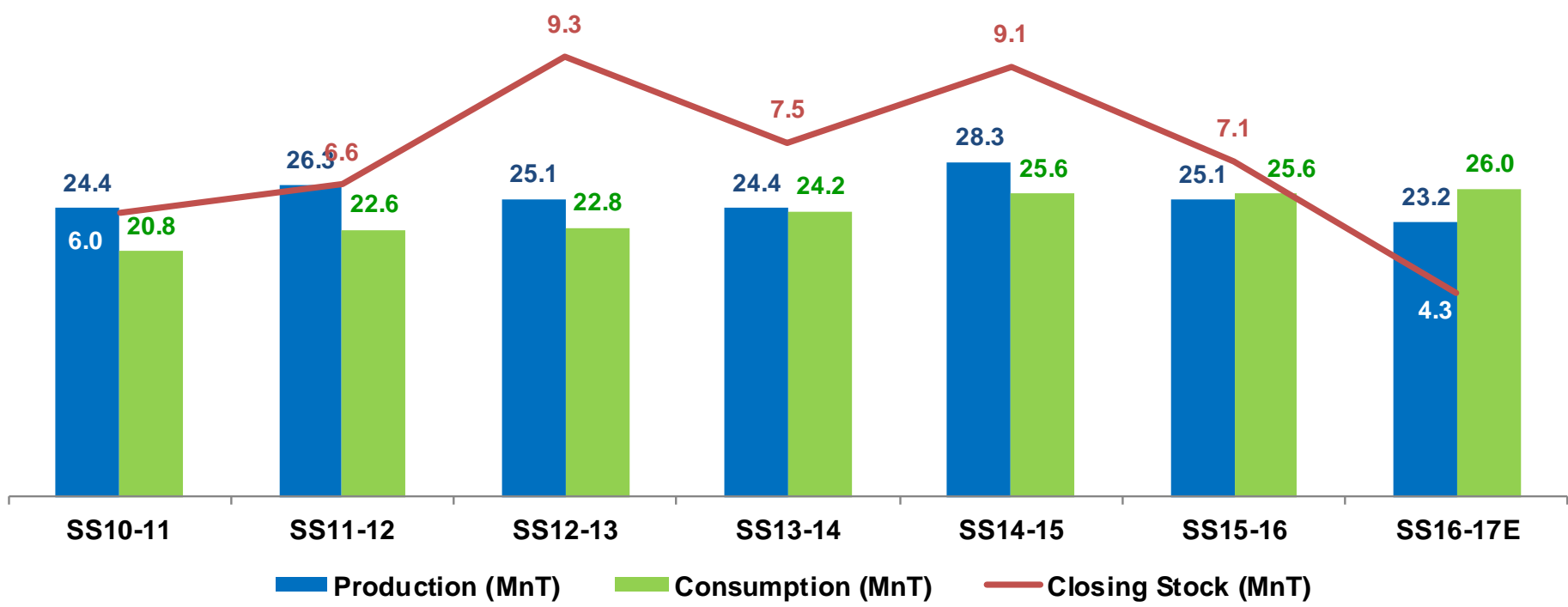
## Quarterly:

Particulars	UOM	Q1 FY16	Q1 FY17	Variance
Sugar	Rs./ MT	26,115	34,201	31%
Distillery	Rs./ KL	39,713	45,131	14%
Cogen	Rs./ Kwh	5.4	5.8	7%





# Indian Sugar Production and Consumption Trend

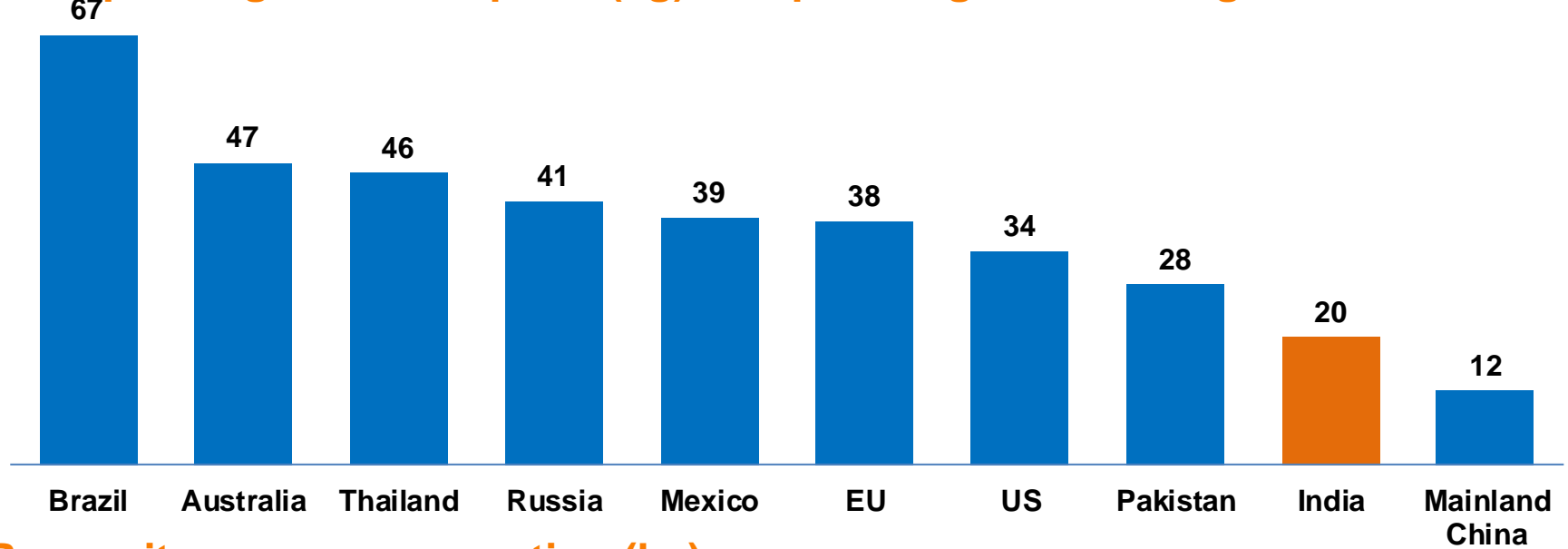


	Production	Consumption
10 Year CAGR	2.70%	3.30%

**No sugar surplus is expected in forthcoming years...**

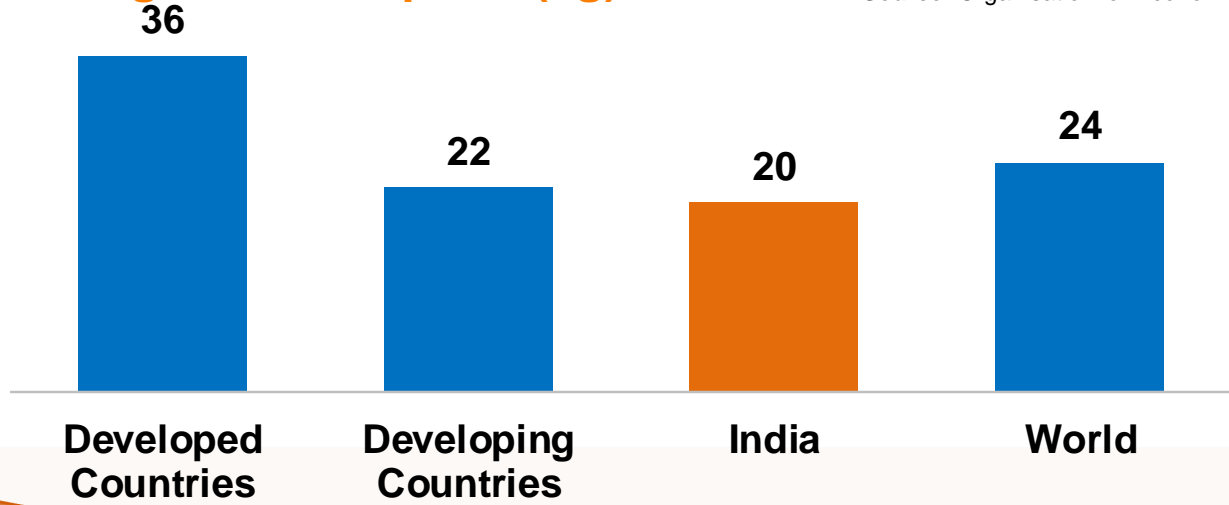
# Lower per capita consumption; higher growth potential

Per capita sugar consumption (kg) in top 10 Sugar Producing countries:



Per capita sugar consumption (kg)

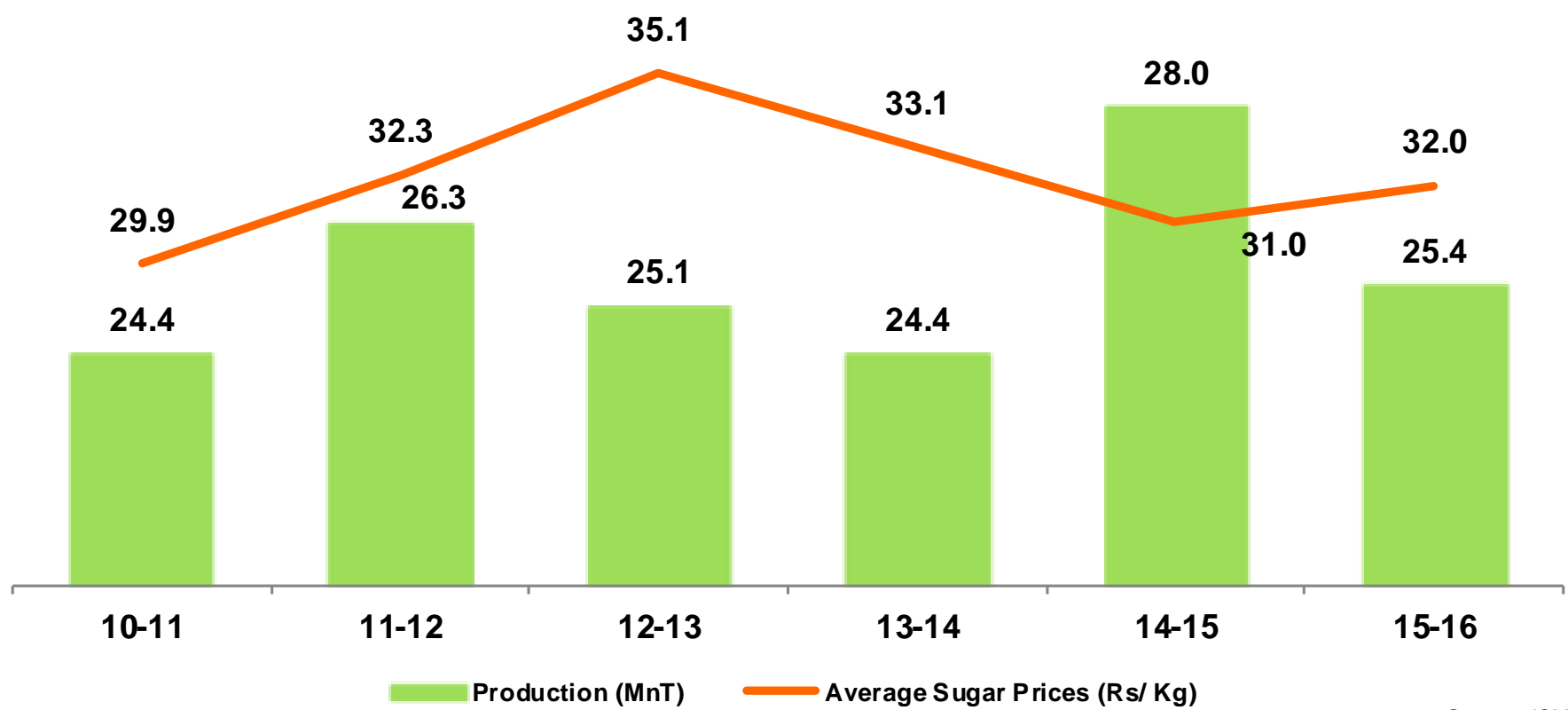
Source: Organisation for Economic Co-operation and Development



Source: Organisation for Economic Co-operation and Development

# India Sugar Industry

Strong and stable prices expected in future:



Source: ISMA

There is a reverse correlation between sugar production and sugar prices. Consumption is expected to be more than production in forthcoming years. Hence, sugar prices are expected to be firm.

# Sugar Industry - Regulations

## Pre April' 2013 Controls

Levy Sugar

Release Mechanism

Cane Pricing

Packing in Jute Bags

## Post April' 2013: Relaxation

~~Levy Sugar~~

~~Release Mechanism~~

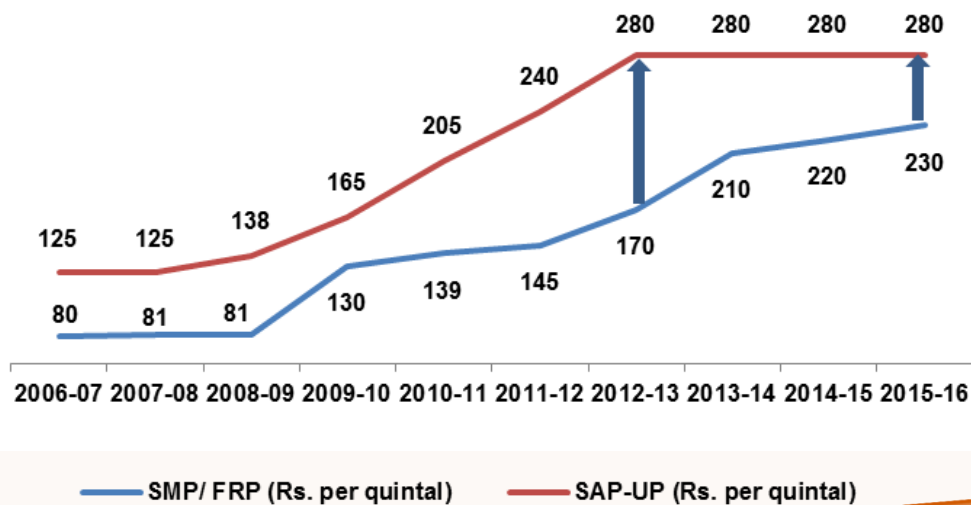
Adopted Rangarajan formula in Maharashtra and Karnataka

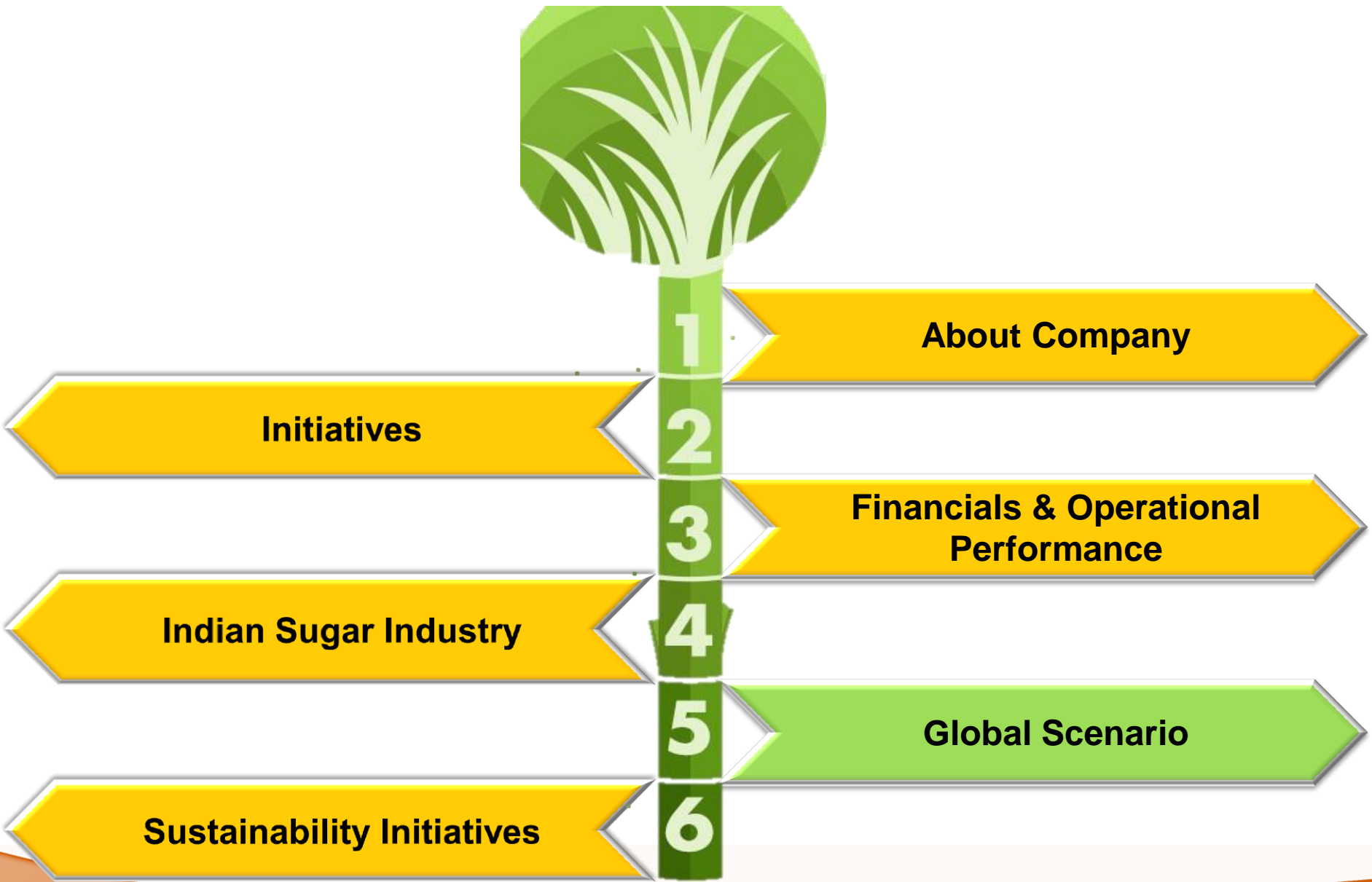
Packing in Jute Bags  
Only 20% quantity required to pack in Jute Bags

## Mandatory Ethanol Blending

Government of India mandated 5% blending of ethanol

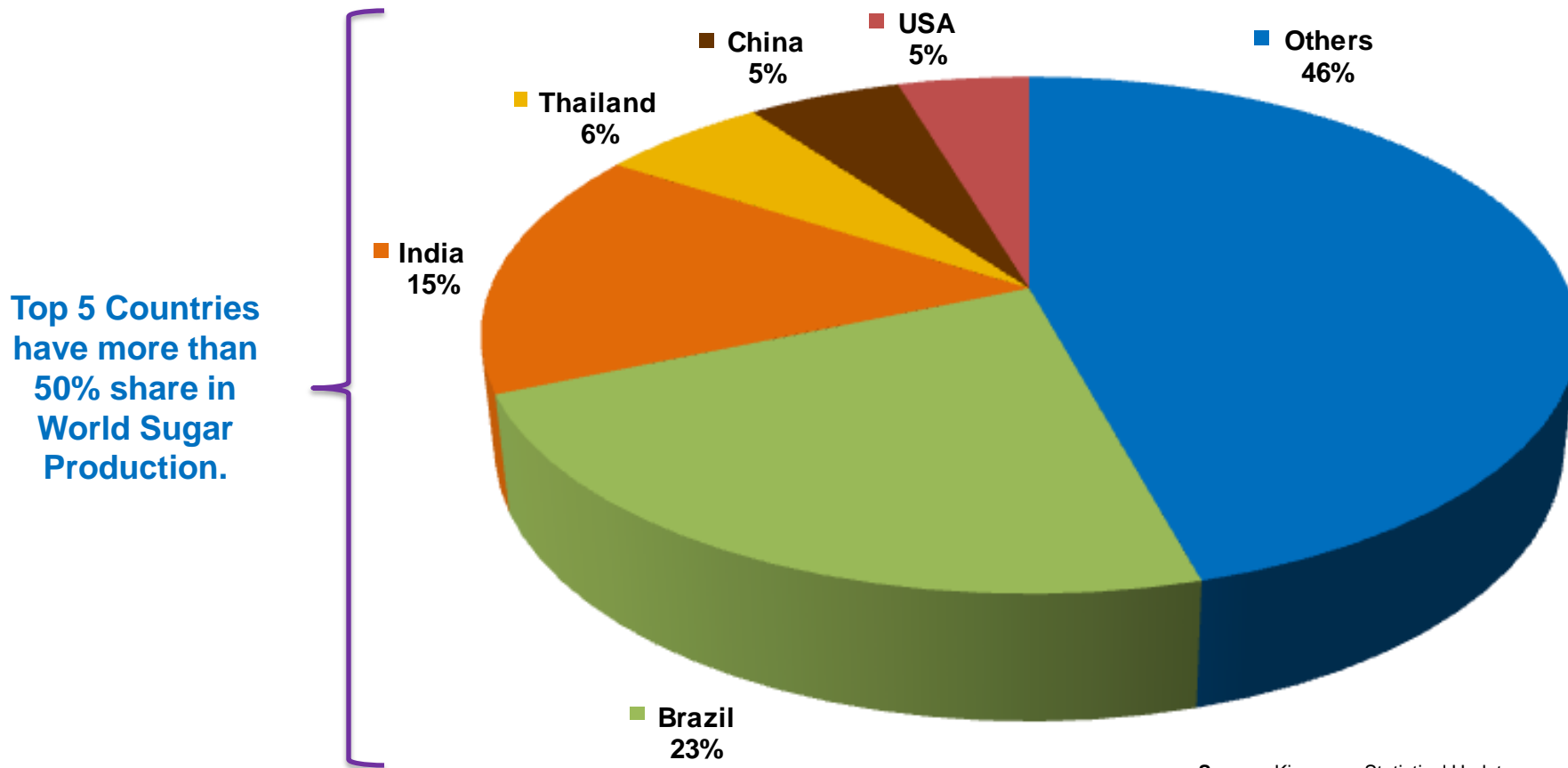
- Higher chances of cane prices to be linked with sugar prices in U.P. as already been adopted at Maharashtra and Karnataka.
- U.P. state government has been considerate by not increasing the SAP for last 4 years.
- The gap between U.P. SAP and FRP has reduced.





# Global Scenario

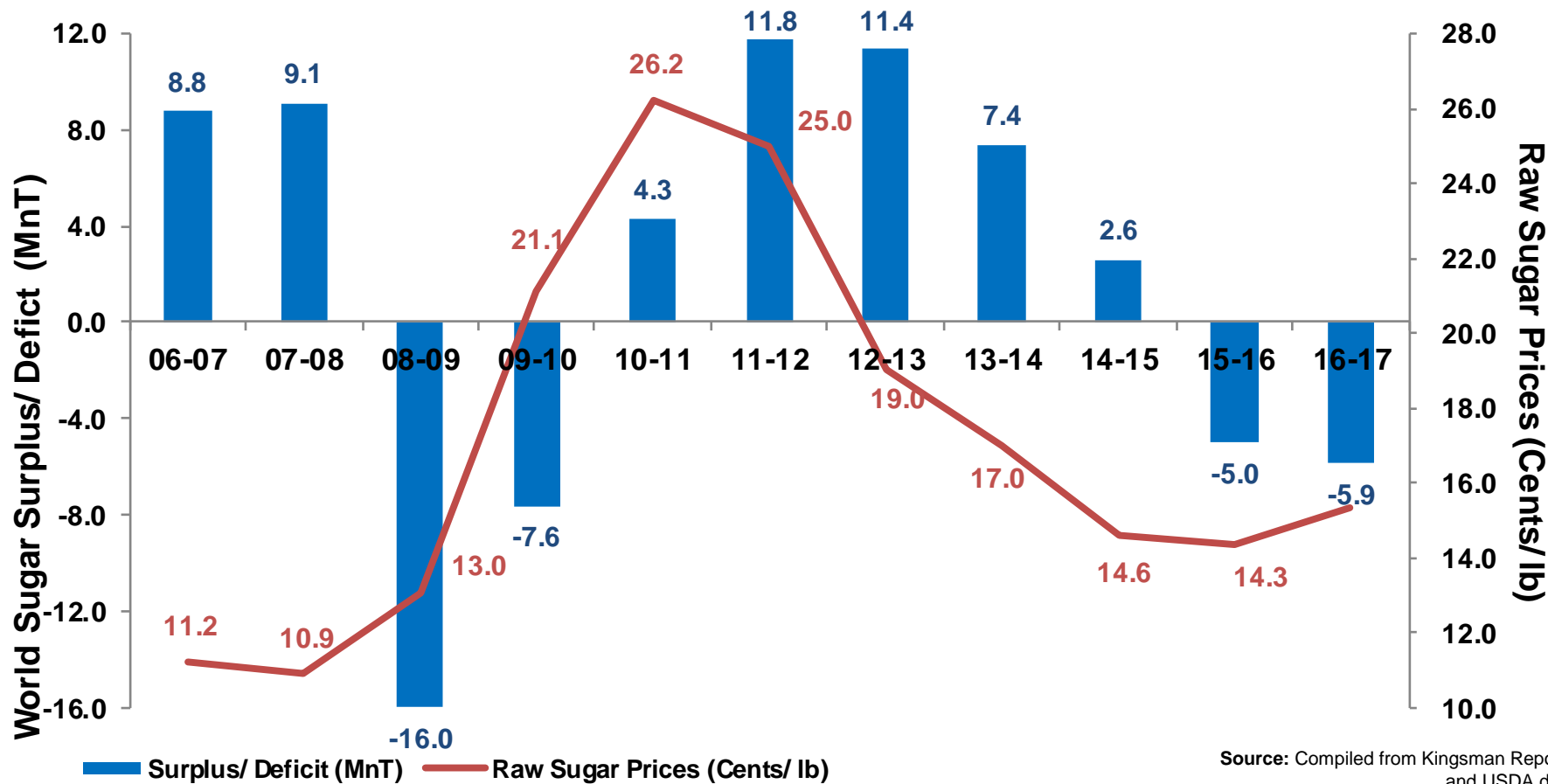
## Country wise sugar production share:



**India is second largest sugar producing country in world having 16% share in total sugar production after Brazil.**

# Global Scenario

## World Sugar Production Surplus/ Deficit and Raw Sugar Prices:

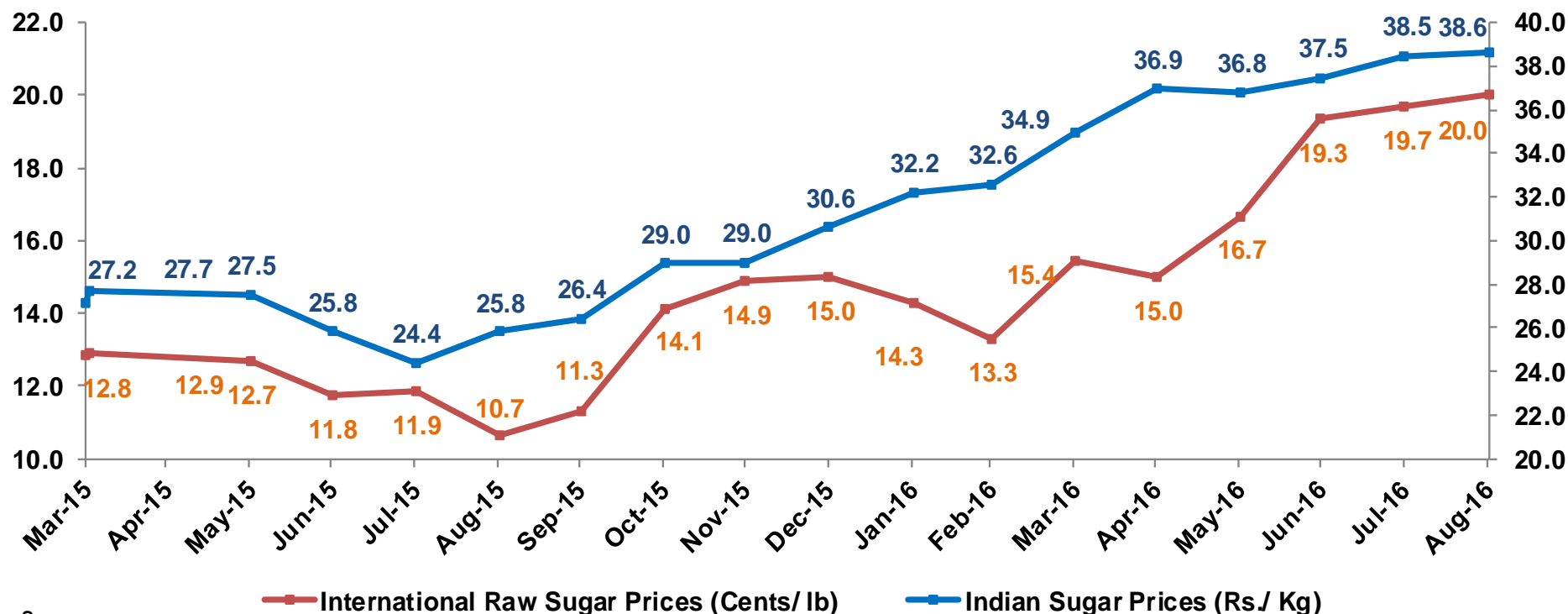


- SS2015-16 witnessed a deficit in World Sugar Production and have broken the momentum of surplus sugar production continuing from SS2010-11.
- Raw Sugar Prices witnessed an increase lately and expected to remain firm.



# Sugar Price Trend (International & India)

## Month on month trend of Sugar prices:



Source:

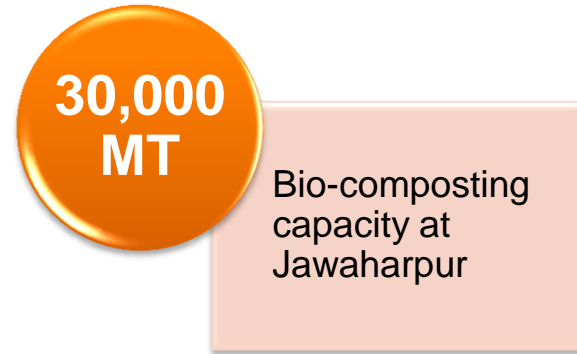
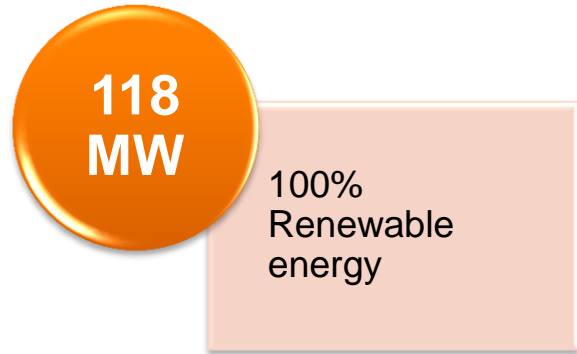
1. International sugar prices - London International Financial Futures and Options Exchange
2. Indian sugar prices – National Commodity and Derivative Exchange

- International Sugar prices have recovered from a low of **10.7 cents/ pound** in Aug-15 to **20.0 cents/ pound** in Aug-16.
- Prices have started firming up since Sep-15 considering deficit of sugar globally as world's largest sugar producing country Brazil is set to record reduction in Sugar production compared to earlier years.

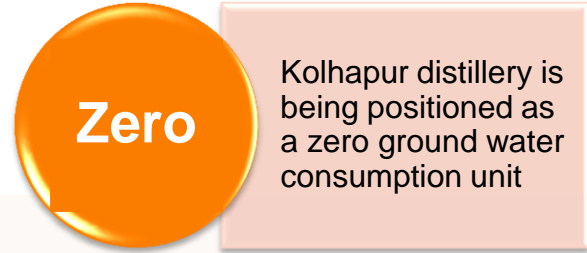


# Focus towards sustainability

## Design-driven environment consciousness



## Community Responsibility



*thankyou*