



BALRAMPUR CHINI MILLS LIMITED

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9th November, 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 and half year ended 30th September, 2022, declared on 9th November, 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

Q2FY23 Results

Analysts Presentation

9th November 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	12:30 noon IST on Thursday, November 10, 2022
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Conference dial-in	Primary number: +91 22 6280 1141 / 7115 8042
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Toll free Number	Singapore: 800 101 2045
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	Hong Kong: 800 964 448
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	USA: 1 866 746 2133
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	UK: 0 808 101 1573
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This presentation comprises of eight parts

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A message from the Chairman and Managing Director

Commenting on the performance for Q2FY23, Mr. Vivek Saraogi, Chairman and Managing Director, Balrampur Chini Mills Limited, said:



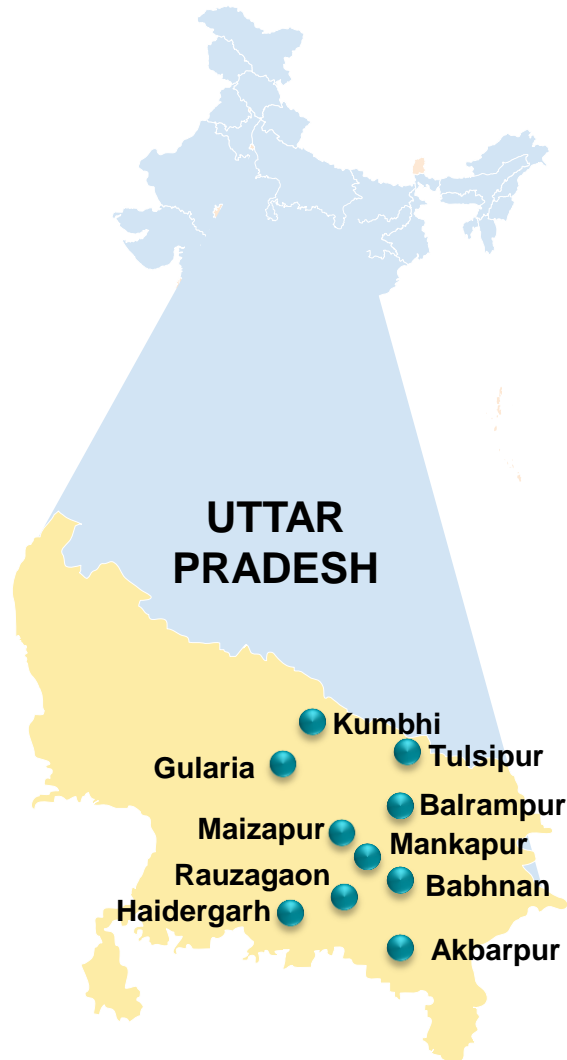
- The Company reported muted performance during the quarter owing to a challenging operating environment in our sugar division. Cane crushing volume were lower and recovery declined during the previous sugar season 2021-22 on account of untimely substantial rainfall and incidence of cane disease. This has resulted in raising the cost of production of the sugar inventory carried forward to current year. Fixed overheads could not be absorbed fully in Q2 FY 2022-23 due to lower volume.
- For the upcoming sugar season, we have experienced that weather pattern is completely different this year than it has been in the last two seasons and we got opportunity to take enhanced cane developmental activities along with insect, pest and disease control. The cane seems better this season except that recent untimely rains in Eastern U.P. has affected the cane growth and thereby only start of the season in some of the plants.
- On the other hand, I am pleased to share that we are ready to commission 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.
- I am also pleased to announce that Board has approved Buy-back of equity shares of the Company at a price not exceeding Rs. 360.00 per share for an amount not exceeding Rs.145.44 crore from the “Open Market” through Stock Exchange mechanism.
- 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	Expansion In progress	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

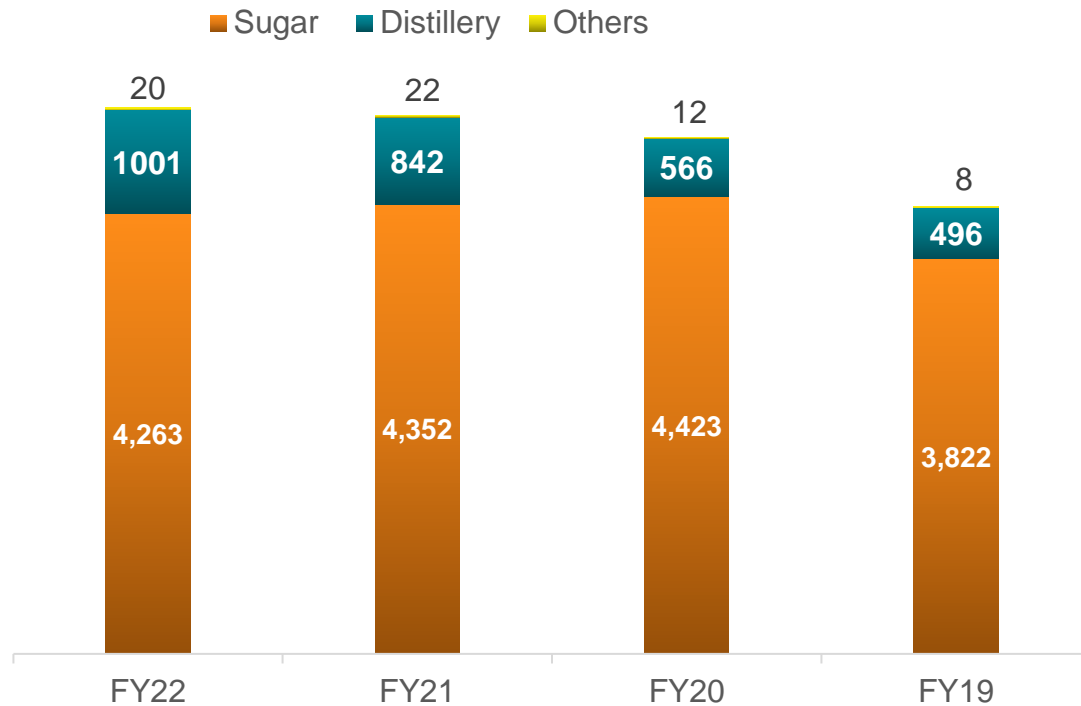
Rs. 7094.47 cr. market capitalization as on 30th September 2022

42.42% promoter shareholding

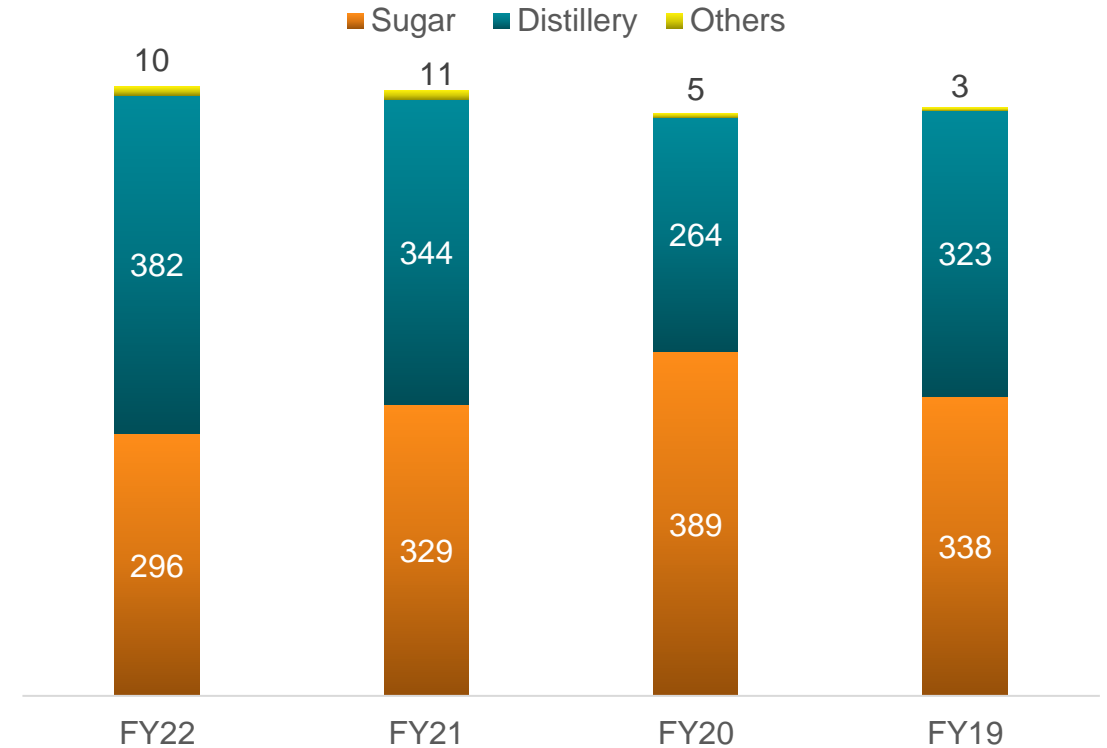
Robust and Sustainable Financial Performance on the back of structural changes



Segmental Revenues (Rs. Cr.) *



Segmental PBIT (Rs. Cr.)

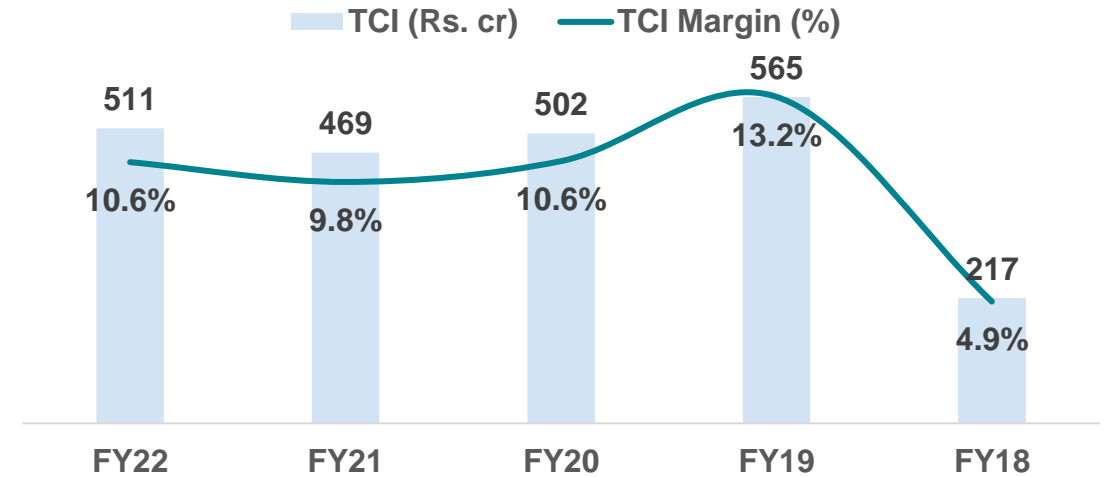
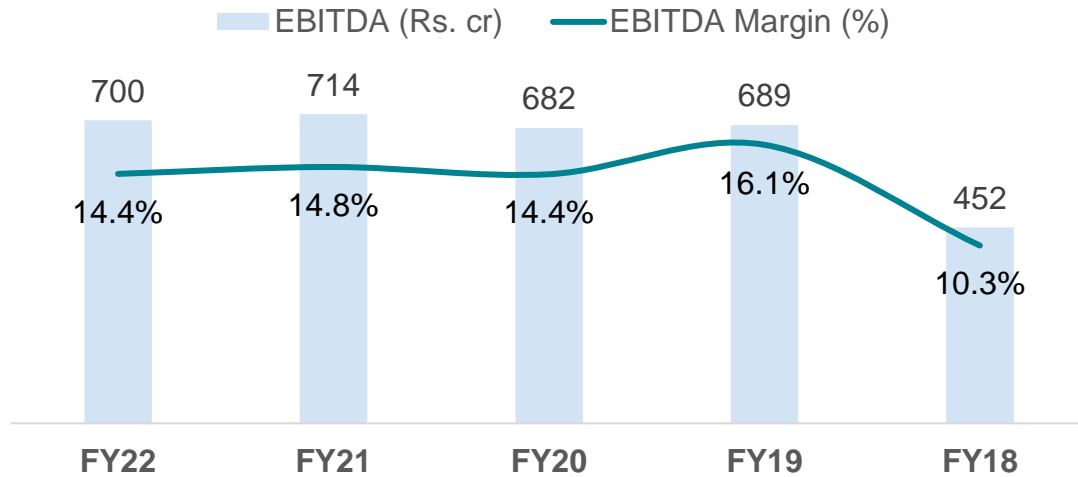


- Revenues includes inter segment revenues

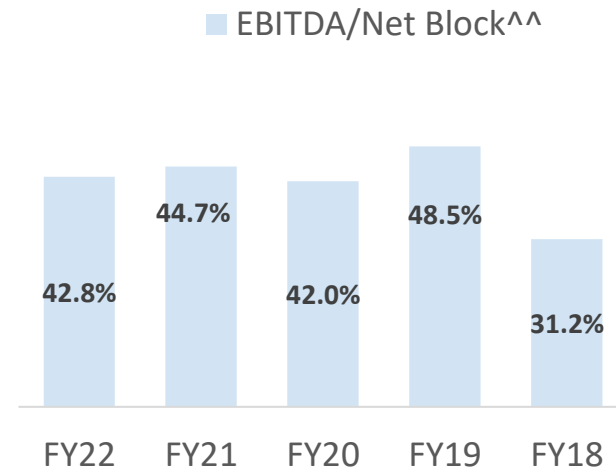
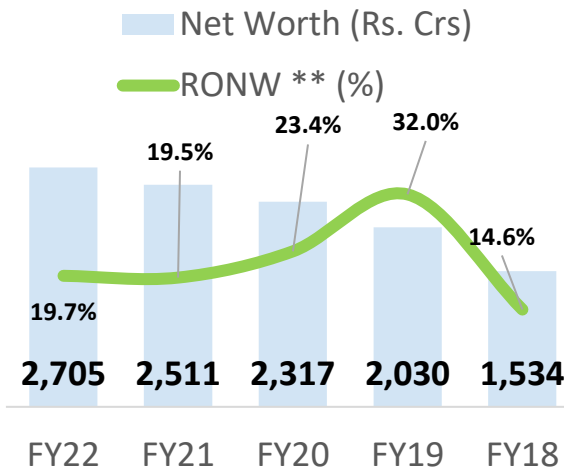
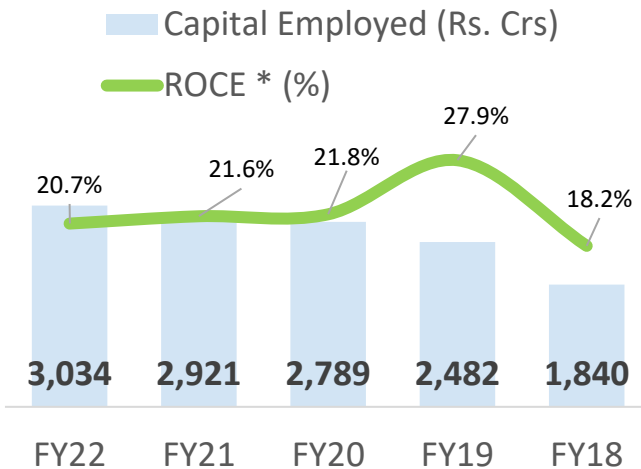
Revenue from distillery segment contributed ~19% of overall revenues in FY22 as compared to 11% in FY19
 Going forward distillery segment is expected to contribute around 35% of overall revenues
 Distillery segment contributed ~56% of PBIT in FY22
 Company is focusing on increasing the share of revenue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



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 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 Q2 performance in numbers

This is what we achieved in Q2FY 23 (standalone numbers)



(38.26)

Rs. cr. of total
comprehensive
income (TCI)

*Rs. 82.05 cr. in the
corresponding quarter,
Q2FY 22*

(15.93)

Rs. cr. of EBITDA

*Rs. 134.83 cr. in the
corresponding quarter,
Q2FY 22*

(1.53)

Rs. earnings
per share

*Rs. 3.89 in the
corresponding quarter,
Q2FY 22*

79.91%

% revenues from sugar

*79.68% in the corresponding
quarter, Q2FY 22*

19.62%

% revenues from distillery

*19.97% in the corresponding
quarter, Q2FY 22*

0.47%

% revenues from others

*0.34% in the corresponding
quarter, Q2FY 22*

Financial performance (standalone numbers)



Q2 FY23 (Rs. Cr)	Q2 FY22 (Rs. Cr)	Change (%)	Particulars	H1FY23 (Rs. Cr.)	H1FY22 (Rs. Cr.)	Change (%)	FY22 (Rs. Cr.)	FY21 (Rs. Cr.)	FY20 (Rs. Cr)	FY19 (Rs. Cr)	FY18 (Rs. Cr)
1113.10	1213.83	-8.3%	Revenue from Operations	2193.18	2354.27	-6.8%	4846.03	4811.66	4741.29	4285.78	4400.72
(15.93)	134.83	-	EBITDA	28.48	268.88	-89.4%	699.70	713.83	681.97	689.07	451.66
-1.4%	11.1%	-	EBITDA Margin (%)	1.3%	11.4%	-	14.4%	14.8%	14.4%	16.1%	10.3%
28.35	28.16	0.7%	Depreciation & amortization	56.56	57.46	-1.6%	113.86	111.88	101.42	95.85	95.16
7.77	6.23	24.7%	Finance Costs	21.62	19.35	11.7%	30.87	39.30	64.17	40.94	52.03
-	-	-	Exceptional income	-	-	-	52.74	-	-	-	-
(40.32)	104.86	-	Profit Before Tax	(23.46)	201.68	-	655.62	596.11	554.93	595.03	332.18
-3.6%	8.6%	-	PBT Margin (%)	-1.1%	8.6%	-	13.5%	12.4%	11.7%	13.9%	7.6%
(9.04)	23.28	-	Tax	(3.79)	47.08	-	140.96	126.34	45.65	24.39	111.06
(6.98)	0.48	-	Other Comprehensive Income	(7.78)	0.15	-	(3.62)	(0.56)	(7.01)	(5.14)	(4.55)
(38.26)	82.05	-	Total Comprehensive Income	(27.45)	154.75	-	511.04	469.21	502.27	565.50	216.57
(1.53)	3.89	-	EPS (Rs.)	(0.96)	7.37	-	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.

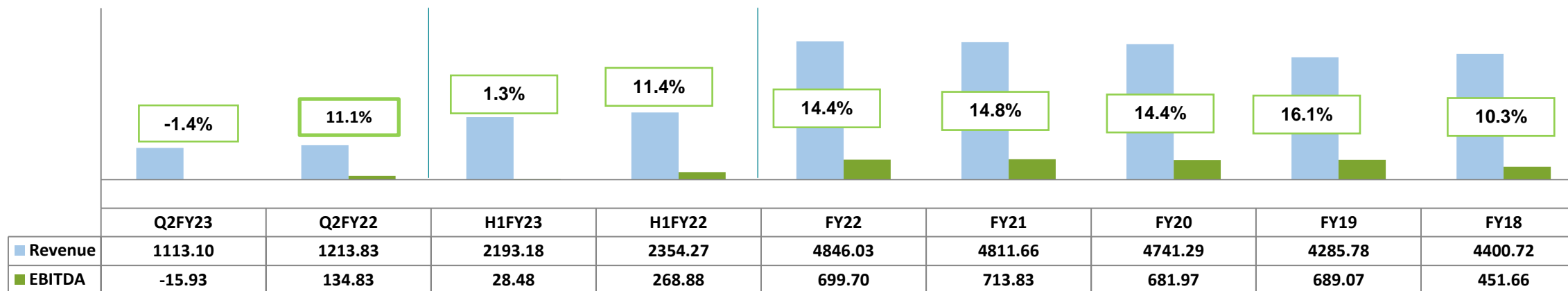
Outcome: In view of the aggressive diversion of cane towards B-heavy molasses route resulting in sacrifice of sugar for production of Ethanol, dependence on sugar export has declined.

Performance highlight (standalone numbers)

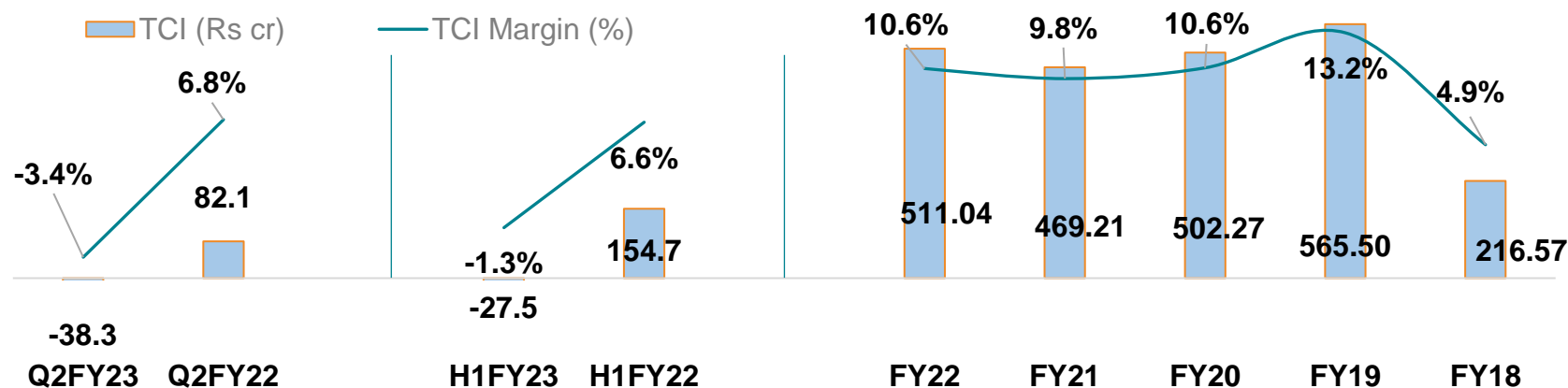


Rs. in Crs

Revenue, EBIDTA & EBIDTA Margins



8.3% decrease in revenue in Q2FY23 as compared to Q2FY22 is primarily due to lower quota by Government for sale of sugar and lower distillery volumes which was partly off-set by higher sugar and distillery realizations.



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

TCI - Total Comprehensive Income

Our Q2 performance (standalone numbers) explained

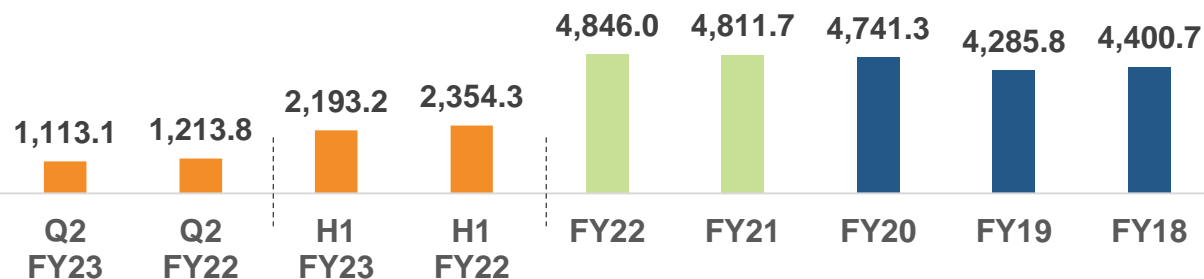


	Q2FY23 (Rs. Cr)	Q2FY22 (Rs. Cr)	Variance (%)	Key Reasons
Revenue from operations	1113.10	1213.83	-8.3%	<i>Lower sugar & ethanol volume. Lower sugar sale quota due to lower production.</i>
Other income	11.73	4.40		<i>Mainly on account of sale of scrap consequent to modernization of sugar plants</i>
Cost of materials consumed	67.48	43.25		<i>Impact of rate change in molasses as compared to last year</i>
Changes in inventories of finished goods, by-products and work-in-progress	898.91	888.68	1.2%	-
Employee benefits expense	94.99	70.75		<i>Impact of increments & arrear salary owing to revision in rates of wage board of sugar and distillery w.e.f. Oct., 2018 and Sep., 2016 respectively</i>
Finance costs	7.77	6.23	24.7%	<i>Higher interest rates</i>
Depreciation and amortization expense	28.35	28.16	0.7%	-
Other expenses	67.65	76.32	-11.4%	<i>In Q2FY22 Rs. 11.00 crs professional expenses incurred on account of exports</i>
Tax expense	(9.04)	23.28	-	-
Other comprehensive income	(6.98)	0.48	-	<i>Impact of actuarial valuation and revision in rate of wage board</i>

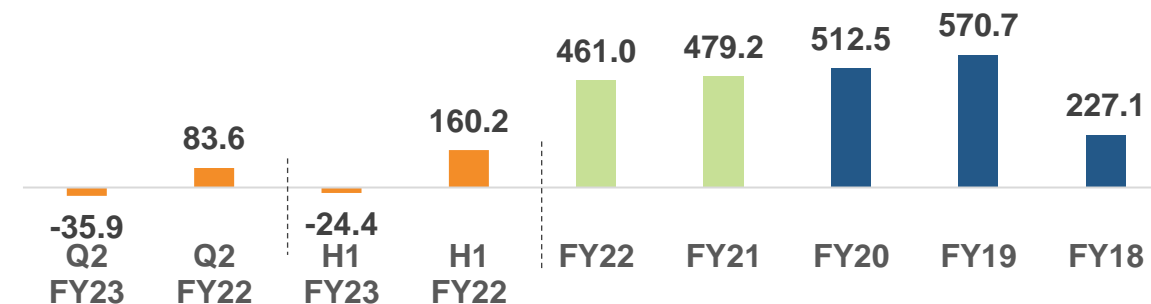
Our Consolidated Financial Performance



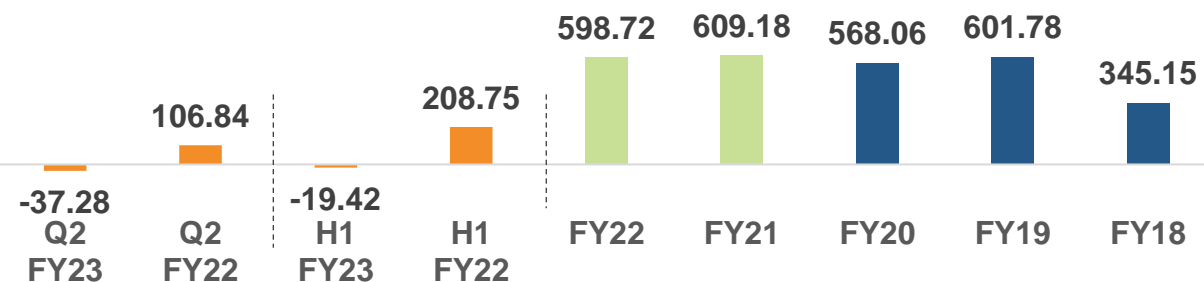
Revenue (Rs. Cr)



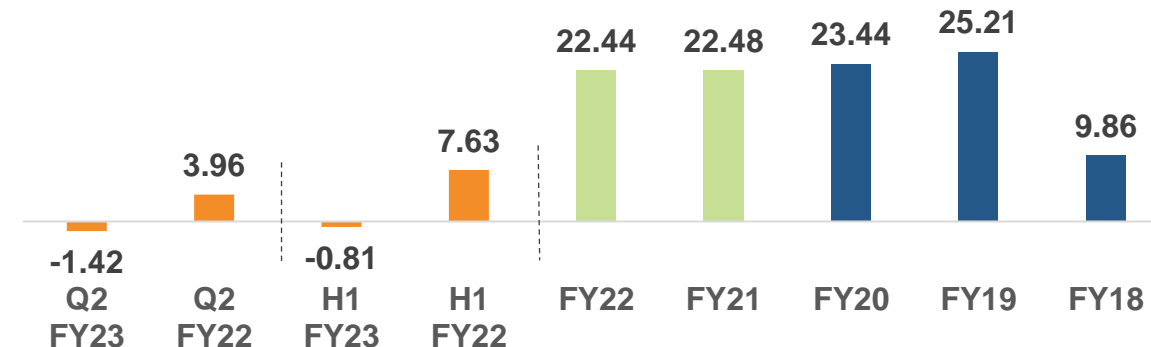
TCI * (Rs. Cr)



PBT (Rs. Cr)



EPS (Rs.)



Note:

- Consolidated results of the Company upto 30th September 2022 includes results of one Associate of the Company viz. Auxilo Finserve Pvt. Ltd.
- During Q4FY22, Company sold its entire Investment in Visual Percept Solar Projects Pvt. Ltd.
- Company's share in Auxilo Finserve Pvt. Ltd. as on 30th September 2022 stands at **44.36%**.

* TCI - Total Comprehensive Income



➤ PART TWO

The performance of our principal businesses

Business Overview - Sugar



79.91

% of Company's
revenues,
Q2 FY23

936.20

Rs. cr. revenues
in Q2 FY 23

1021.81

cr. revenues in
Q2 FY 22

8.38% decrease

WEIGHBRIDGE
CAPACITY-100 TON

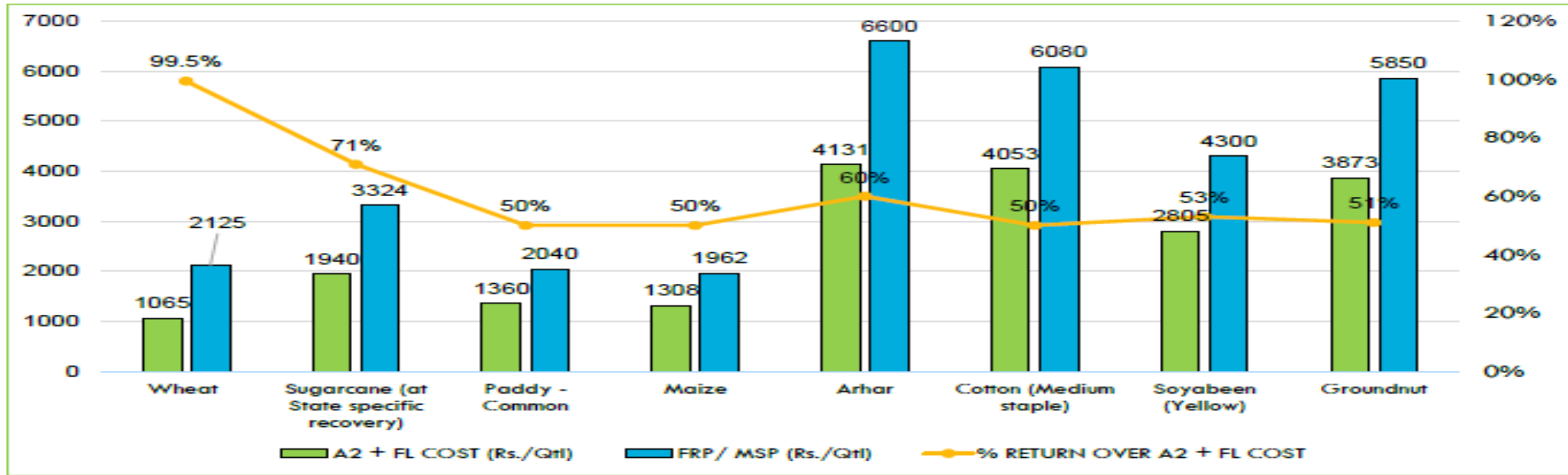


Policy intervention from Government

- **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. **SAP for sugar season 2022-23 is yet to be announced.**
- **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. **Export quota for sugar season 2022-23 announced for 6 million tonnes to be exported by May-23.**
- **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 by diversion through B-heavy molasses and direct cane juice/sugar syrup to ethanol.
- **Taxes:** A lower GST of 5% on ethanol.

The above 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

Economics of Sugarcane vs Other Crops



Crops	Relative Gross Returns over A2+FL cost with respect to sugarcane		
	2020-21	2021-22	2022-23
Sugarcane	100	100	100
Cotton + Wheat	50	45	53
Paddy + Wheat	47	51	49
Paddy + Paddy	31	39	35
Soybean + Wheat	37	34	39
Soybean + Gram	28	20	24

Source:
CACP Report –
Sugarcane 2022-23;
Kharif 2022-23;
Rabi 2023-23

In addition to being 2nd most remunerative crop after wheat, sugarcane has the advantage of being a sturdy crop, has an assured buyer, gets the assured price and does not have any middleman between farmers and mills

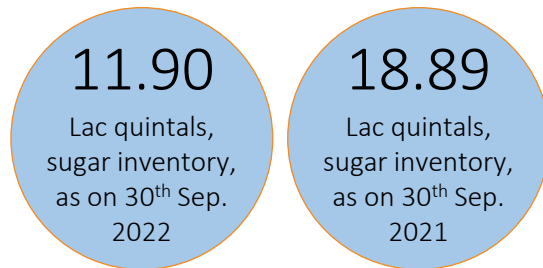
Returns from sugarcane continues to be very high as compared to other crops

This is what our sugar business achieved

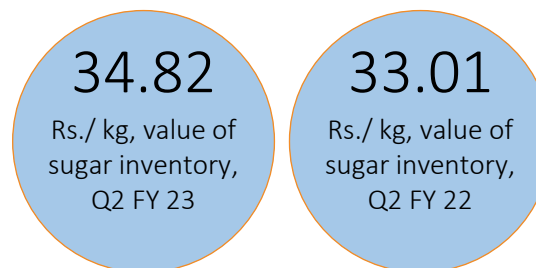


- **3.22%** increase in average sugar realizations in Q2 FY23 (compared with Q2 FY22)
- **Bottomline:** Lower sugar volumes partly off-set by higher realizations

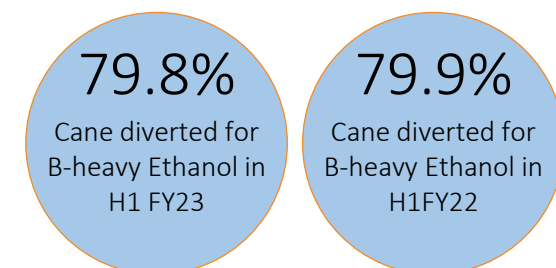
Inventory size



Inventory valuation



Cane diversion



Performance Overview – Sugar



Financial data	U.O.M.	Q2 FY23	Q2 FY22	Change (%)	H1 FY23	H1 FY22	Change (%)	FY22	FY21	FY20	FY19
Segment Revenues *	(Rs. Cr)	936.20	1021.81	-8.38%	1850.57	1966.22	-5.88%	4262.98	4351.68	4423.26	3822.44
Segment PBIT	(Rs. Cr)	-90.18	14.32	-	-145.89	21.15	-	296.30	329.47	389.04	338.41
PBIT %	%	-9.63%	1.40%	-	-7.88%	1.08%	-	6.9%	7.6%	8.8%	8.9%

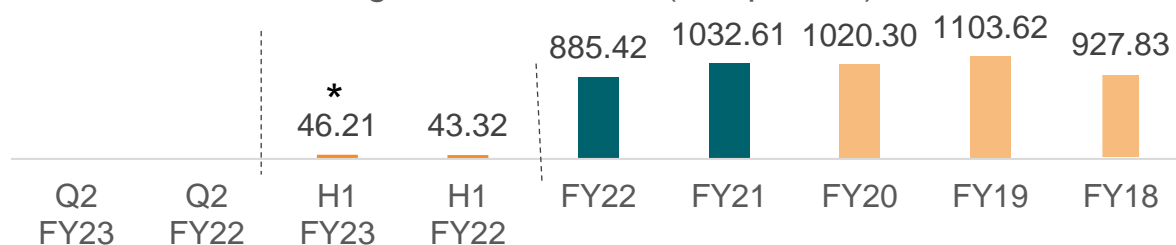
* Includes	U.O.M.	Q2 FY23	Q2 FY22	Change (%)	H1 FY23	H1 FY22	Change (%)	FY22	FY21	FY20	FY19
Revenue from physical export of sugar	(Rs. Cr)	-	-	-	-	13.00	-	179.80	139.75	548.53	354.13
Financial assistance from Government on exports has been accounted under "Other Operating Revenues"	(Rs. Cr)	-	-	-	-	72.76	-	72.76	136.77	272.25	49.31

India has been exporting sugar without any financial assistance from Government of India

Business Overview: Sugar - Operational numbers

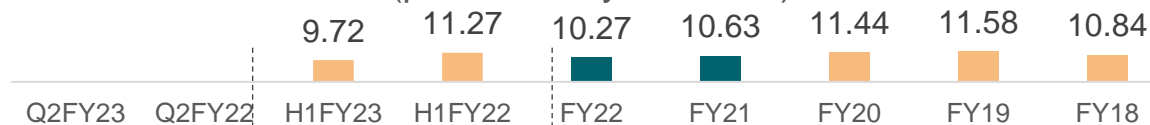


Sugarcane Crushed (lac quintals)



* Lower cane availability owing to weather conditions

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

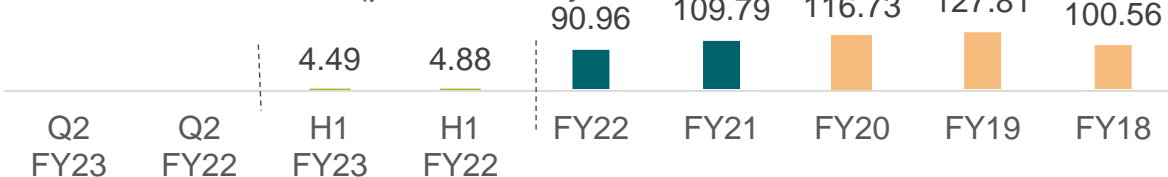


Pre-diversion sugar recovery (%)

- - 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

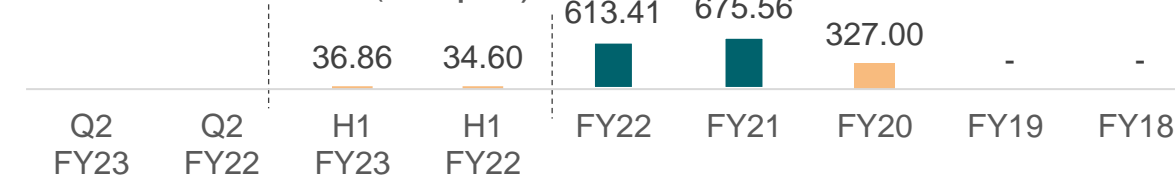
Sugar Production (lac quintals)
(post B-heavy diversion)



Sugar Sacrifice (lac quintals)

- - 0.70 0.62 11.32 11.73 5.10 - -

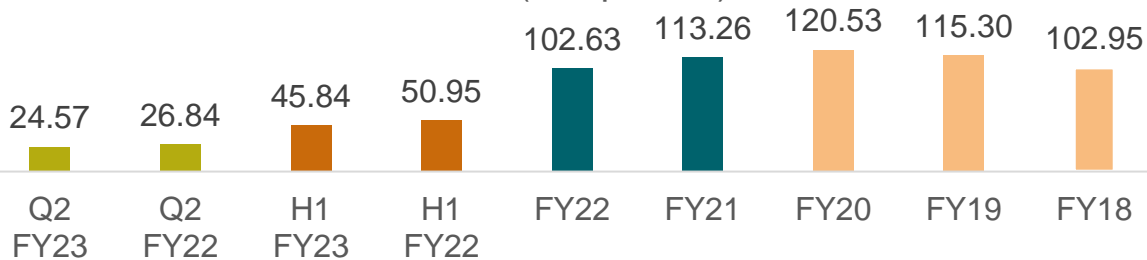
Cane diverted towards B-heavy molasses
(lac qtls.)



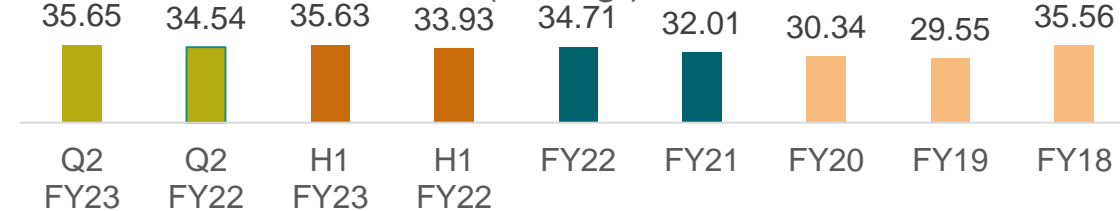
Cane diverted towards B-heavy molasses (%)

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

Sales (lac quintals)



Average blended realization of sugar
(Rs./kg.) *

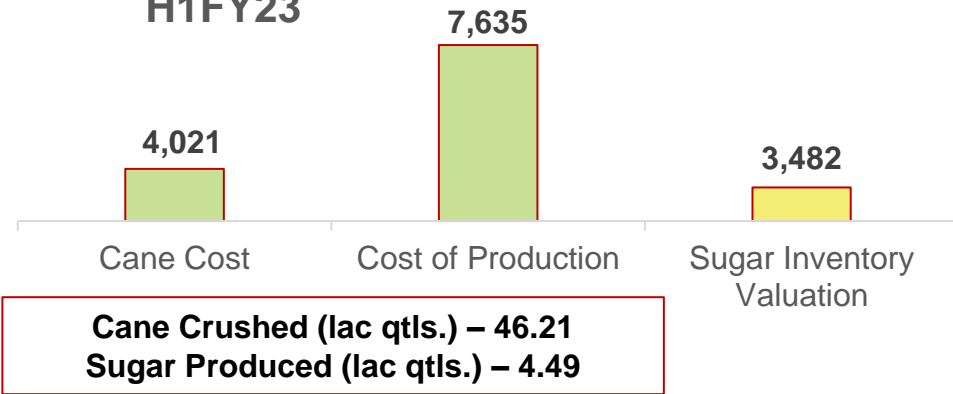


* Excluding Government assistance

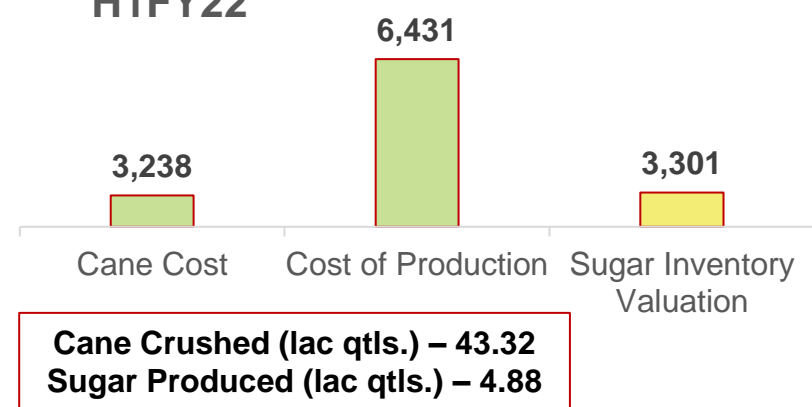


Movement in Sugar Costs & Valuation (Rs./qtl. of sugar)

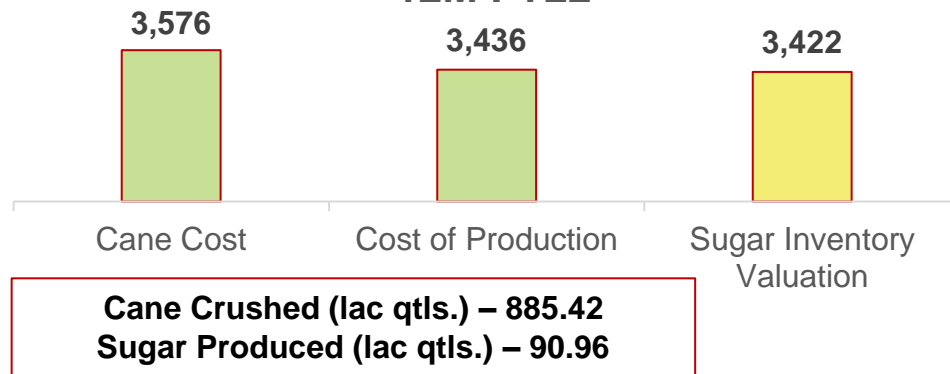
H1FY23



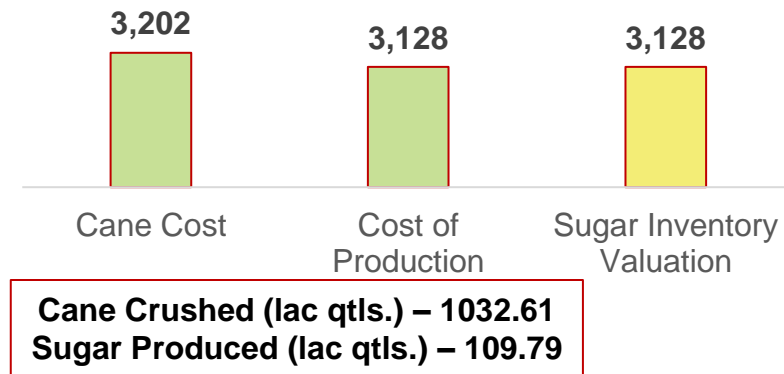
H1FY22



12M FY22



12M FY21



Sugar inventory as on 30th Sep. 2022 stood at 11.90 lac quintals valued at an average rate of Rs. 34.82 per kg as compared to 18.89 lac quintals as on 30th Sep. 2021 valued at an average rate of Rs. 33.01 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 November 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
- Company has been allocated export quota of 1.99 lac tonnes against which 1.4 lac tonnes has already been contracted for physical exports

Business overview: Distillery



Distillery revenues

229.87

Rs. cr. Q2FY 23

256.14

Rs. cr. Q2FY 22

10.26% lower

Distillery PBIT

72.97

Rs. cr. Q2FY 23

108.92

Rs. cr. Q2FY 22

33.01% lower

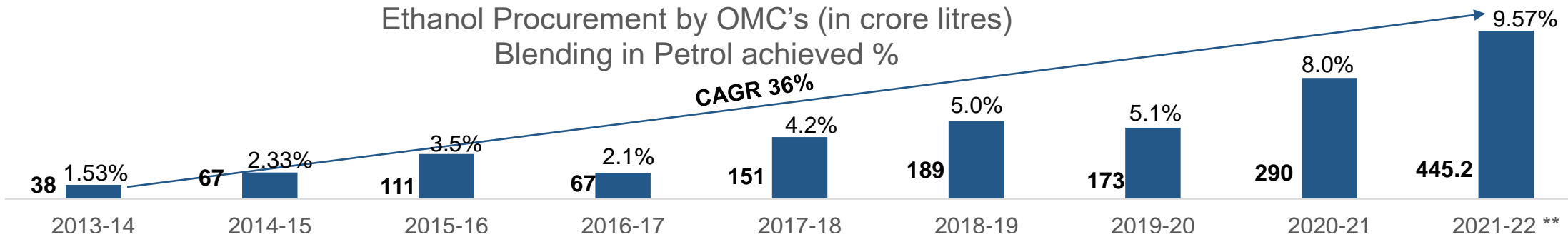
19.62

% of revenues,
Q2, FY23

Rising Fuel Ethanol Supply to meet huge Demand in India



Ethanol Procurement by OMC's (in crore litres)
Blending in Petrol achieved %



**** OMC have finalized tenders for 455.57 crore litres out of which 454.12 crore litres has been contracted and 371.69 crore litres has been delivered till 23rd October 2022 resulting in Pan India Ethanol blending of 9.57%**

Price fixed by Government (Rs./BL)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*/
C-route Ethanol	39.00	40.85	43.46	43.75	45.69	46.66	49.41
B-route Ethanol	-	-	52.43	54.27	57.61	59.08	60.73
Juice-route Ethanol	-	-	59.19	59.48	62.65	63.45	65.61

***/ Prices for 2022-23 are effective from December 2022 and are valid till 31st October 2023**

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 2025-26)

Reduce import dependency of fuels (savings of ~\$4 billion forex i.e. more than 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

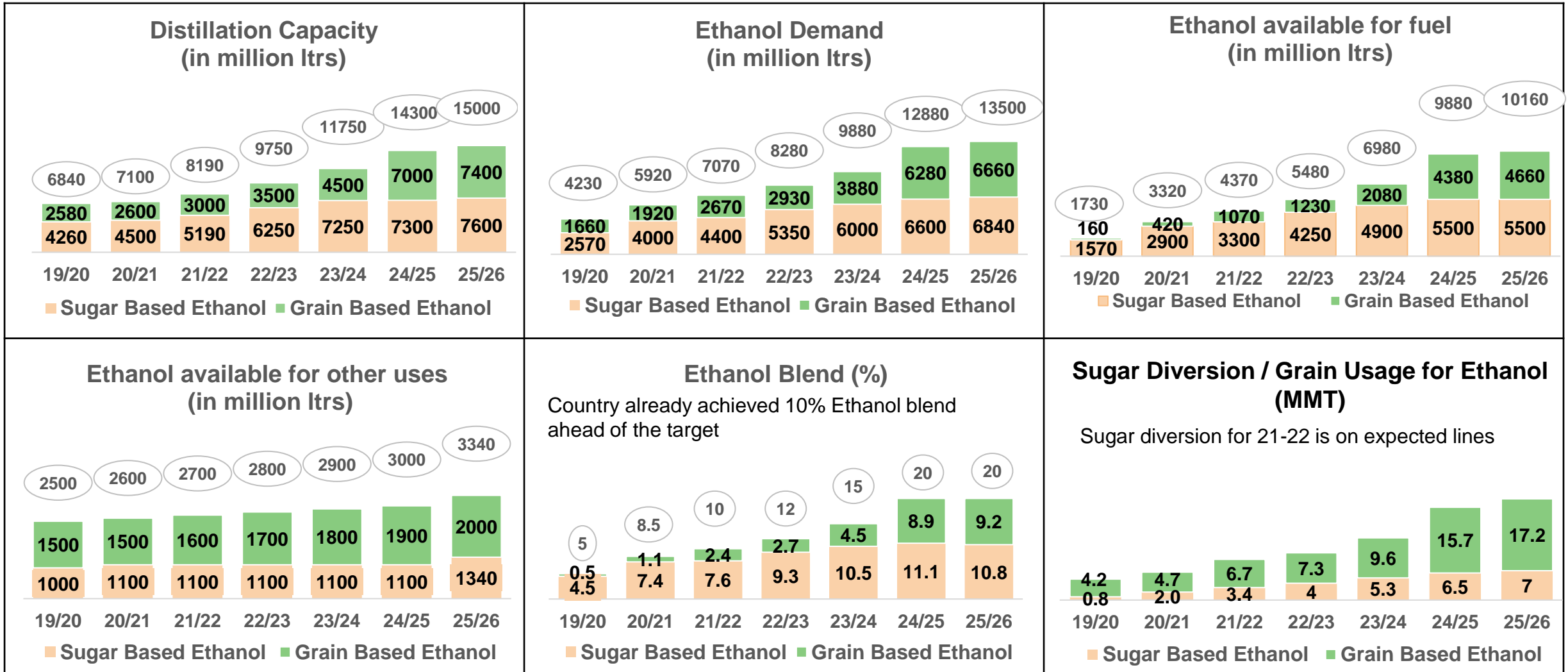
In January 2021, the target of achieving 20% Ethanol-blending with petrol was preponed to 2025. For the same, the country will need to produce ~1016 crore litres of Ethanol

In June 2021 Central Government announced that from April 2023 blending upto 20% to be implemented so as to reach E20 by 2025-26.

Road-map for Ethanol Blending in India 2025-26



○ = total

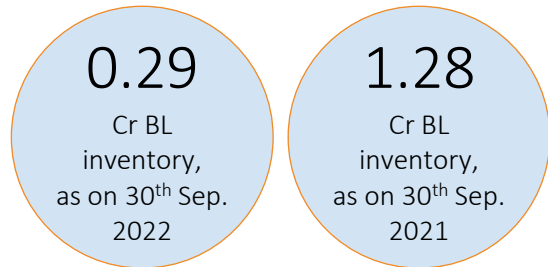


Source: Report of the Expert Committee, NITI Aayog | Ministry of Petroleum and Natural Gas

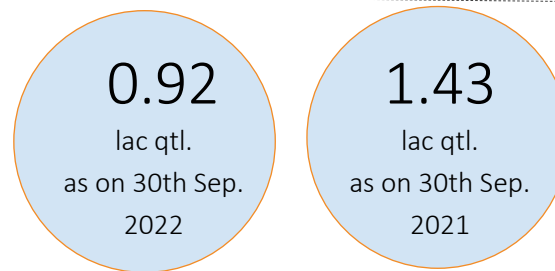


➤ Lower volumes and realizations leading to lower profitability

Alcohol Stock



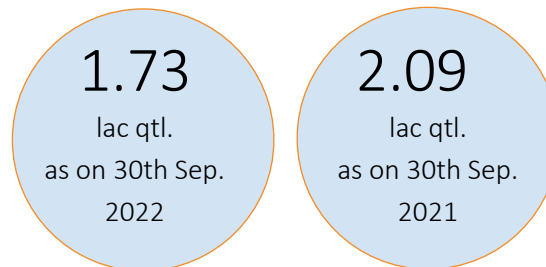
B-heavy Molasses Stock



Ethanol Sale (B-heavy)



C-heavy Molasses Stock



Business Overview – Distillery



Financial data	U.O.M.	Q2 FY23	Q2 FY22	Change (%)	H1 FY23	H1 FY22	Change (%)	FY22	FY21	FY20	FY19
Segment Revenues *	(Rs. Cr)	229.87	256.14	-10.26%	527.97	526.49	0.28%	1001.41	841.52	566.38	495.82
Segment PBIT	(Rs. Cr)	72.97	108.92	-33.01%	171.40	226.48	-24.32%	382.36	344.09	264.19	322.87
PBIT %	%	31.74%	42.52%	-	32.46%	43.02%	-	38.2%	40.9%	46.7%	65.1%
Transfer price of B-heavy molasses	Rs./qtl.	1030	700	47.1%	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	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)	3.80	7.26		12.99	14.32		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)	7.26	11.40		21.66	23.94		50.35	40.89	25.78	21.15
Net freight expenses	(Rs. Cr)	3.46	4.14		8.67	9.62		17.74	18.45	13.50	15.78
Incidence of net freight expenses per/BL of ethanol despatch	(Rs./BL)	0.99	1.01		1.07	1.14		1.13	1.27	1.24	1.46

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

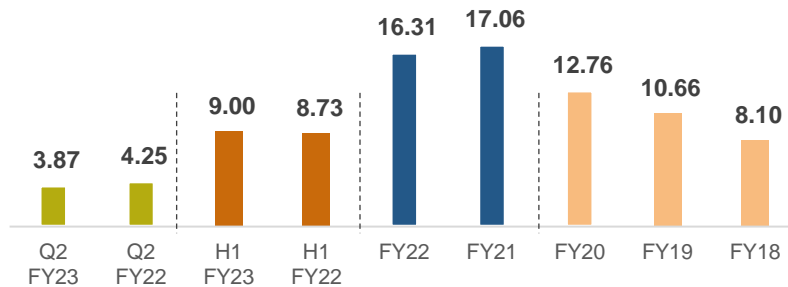
B-heavy Ethanol (Cr. BL)	Total	C-heavy Ethanol (Cr. BL)	Total
Contracted volume	14.84	Contracted volume	0.90
Supplied (31.10.2022)	13.09	Supplied (31.10.2022)	0.84

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

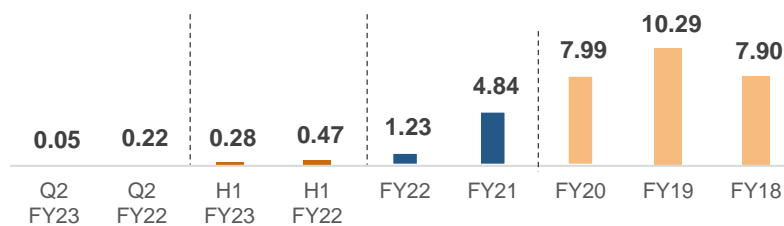
Business Overview – Distillery - Operational numbers



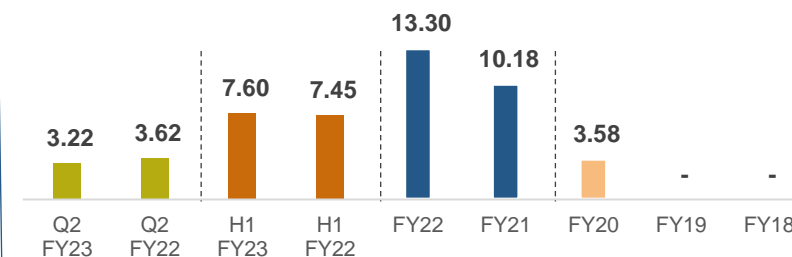
Total Production * (Cr BL)



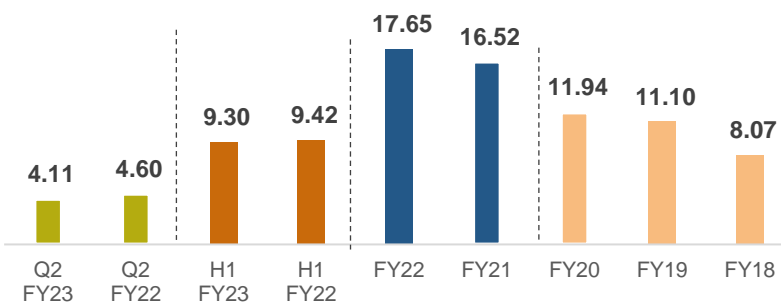
Ethanol Production from C-heavy molasses route (Cr BL)



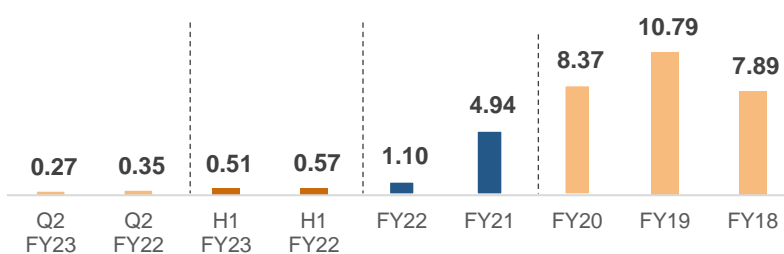
Ethanol Production from B-heavy molasses route (Cr BL)



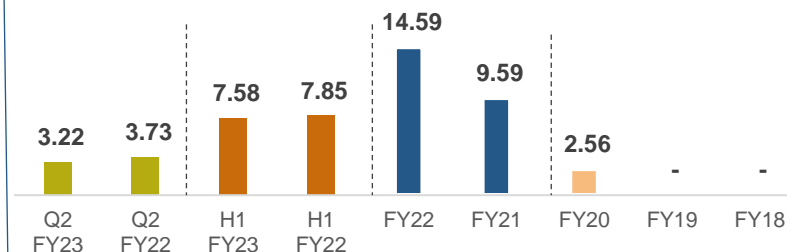
Total Sales * (Cr BL)



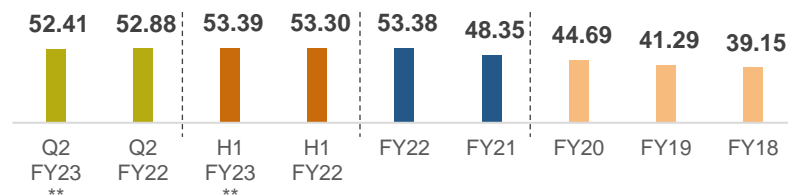
Ethanol Sales from C-heavy molasses route (Cr BL)



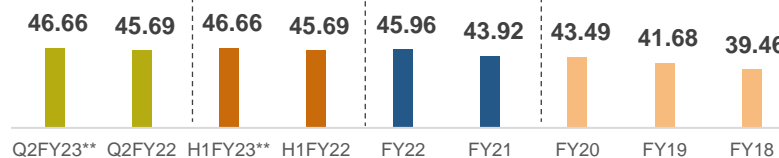
Ethanol Sales from B-heavy molasses route (Cr BL)



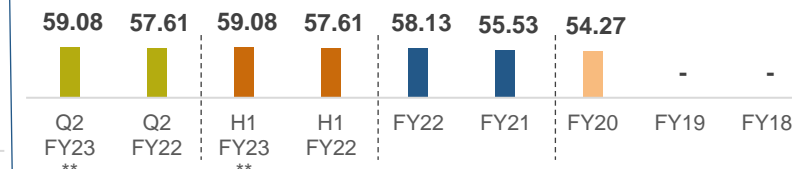
Average Blended Realization – Alcohol (Including ENA / Others) (Rs./BL)



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



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



• Includes ENA & Other products

** Excludes relief announced by OMC's from 1st June 2022

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.
- 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
- Government has recently announced ethanol prices under the EBP Programme for ESY 2022-23, as under:

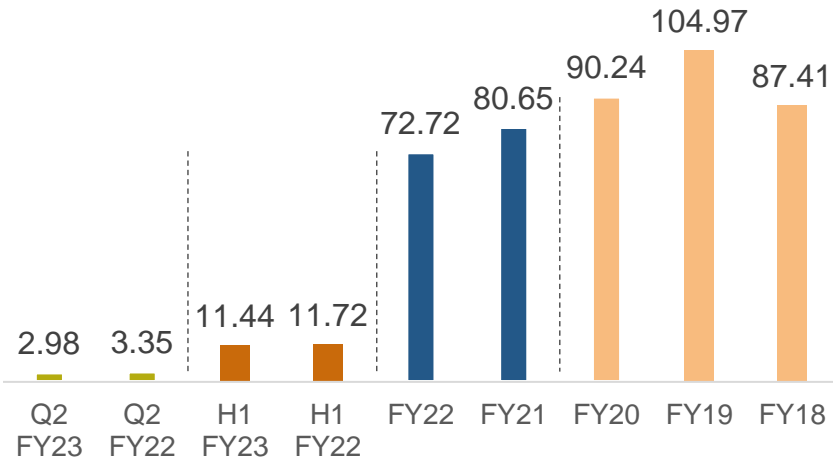
Period	C-route	B-route	Syrup	Damaged Grains	Surplus Rice
Dec 22- (ESY 2022-23) Oct 23	49.41	60.73	65.61	55.54	58.50
Dec 21- (ESY 2021-22) Nov 22 (including incentive w.e.f 1 st June,22)	47.84	60.57	65.05	55.26	58.31
Dec 21- (ESY 2021-22) Nov 22	46.66	59.08	63.45	52.92	56.87
% change (in ESY 2022-23 wrt ESY 2021-22)	5.89%	2.79%	3.40%	4.95%	2.87%

- OMC's have floated tenders for ESY 2022-23 for 651 cr BL as compared to 455.57 cr BL in ESY 2021-22
- In addition, private players have floated tenders for 46 cr BL

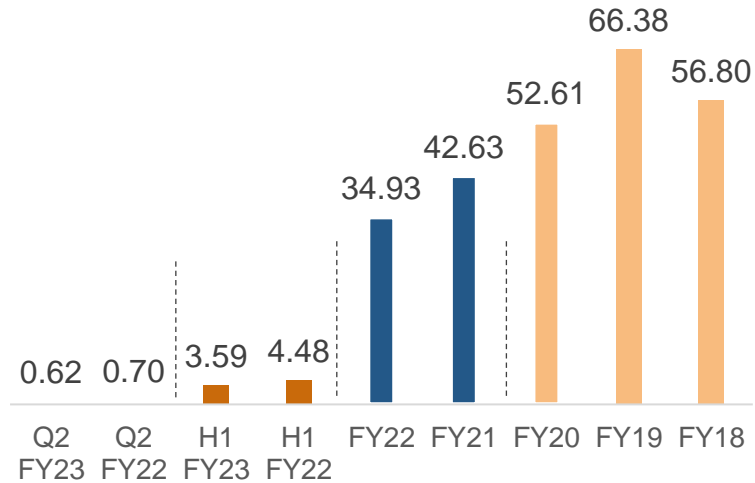
Business overview: Cogeneration



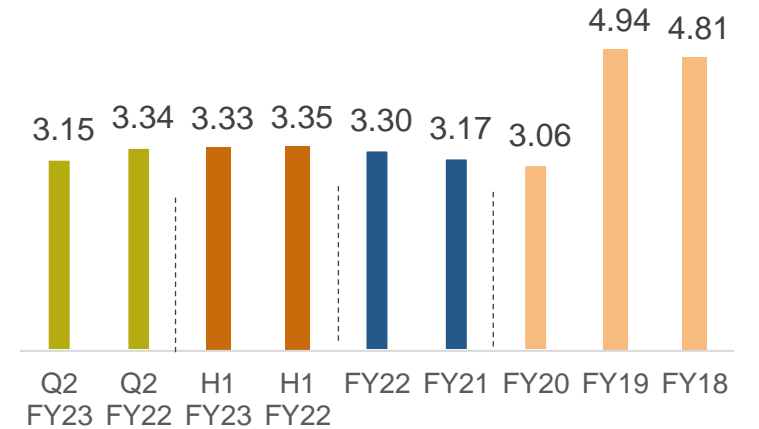
Production (Cr units)



Power sales (Cr units)



Average Realization (Rs. per unit)



As on 30th September 2022 stock of bagasse stood at 0.99 lac MT as compared to 0.78 lac MT as on 30th September 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

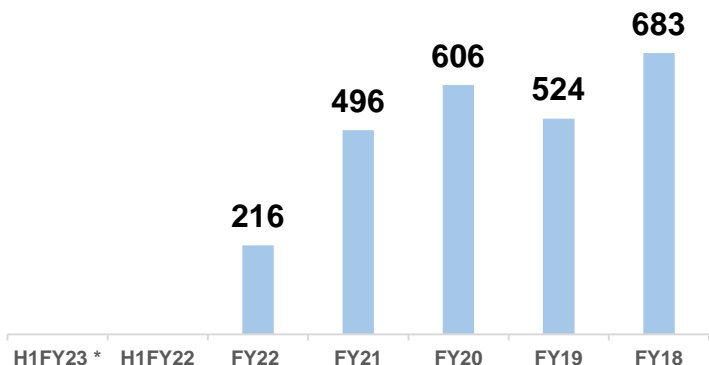


- Our product mix (to manufacture sugar or produce ethanol)
- To sell sugar within India or export
- The government's allocation of sugar sale quota to the company
- The terms of trade related to sales
- The cost of debt on the company's books / external credit rating

Major Working Capital Components / Long Term Debt

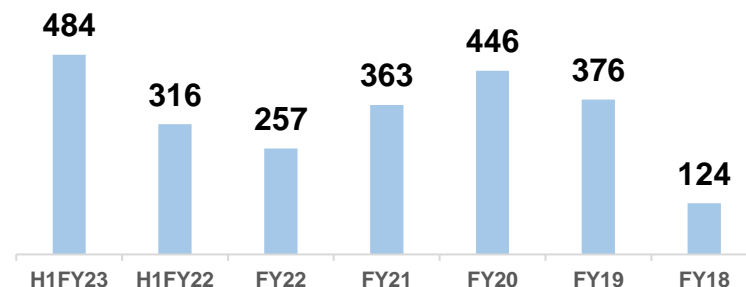


Cane Dues
(Rs. Cr.)



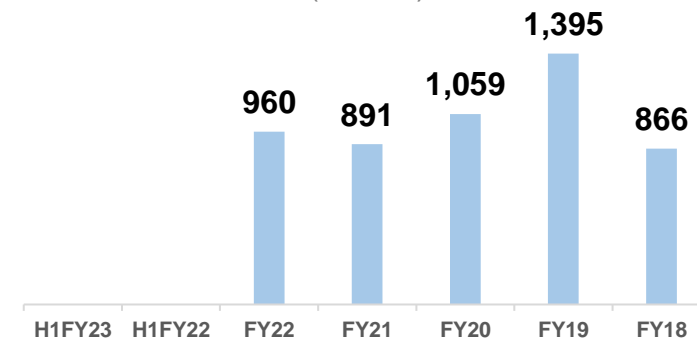
* Zero cane dues

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



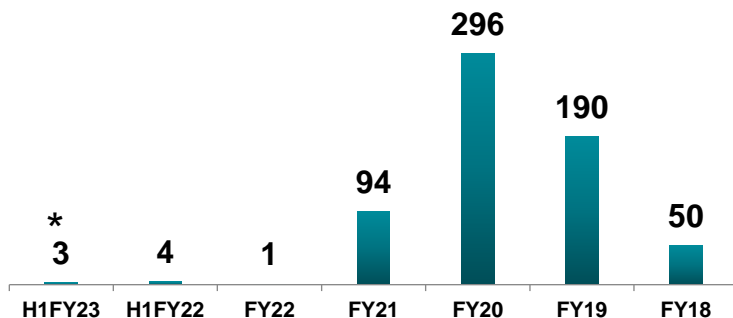
Borrowings increased to fund on-going capex

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

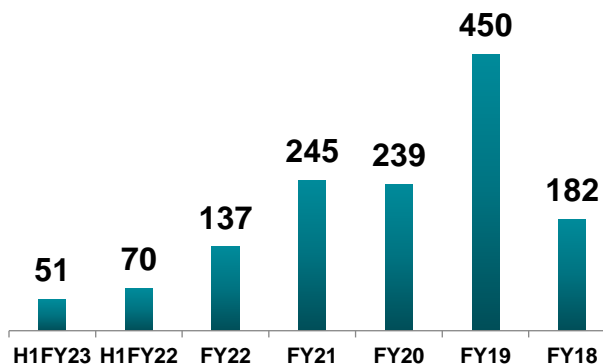
Subsidies receivable from Govt.
(Rs. Cr.)



Declining export subsidy receivables

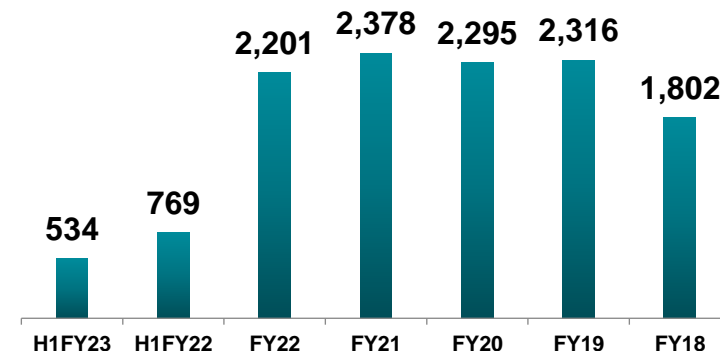
* In respect of interest subvention

Debtors
(Rs. Cr.)



Declining debtors

Inventories
(Rs. Cr.)

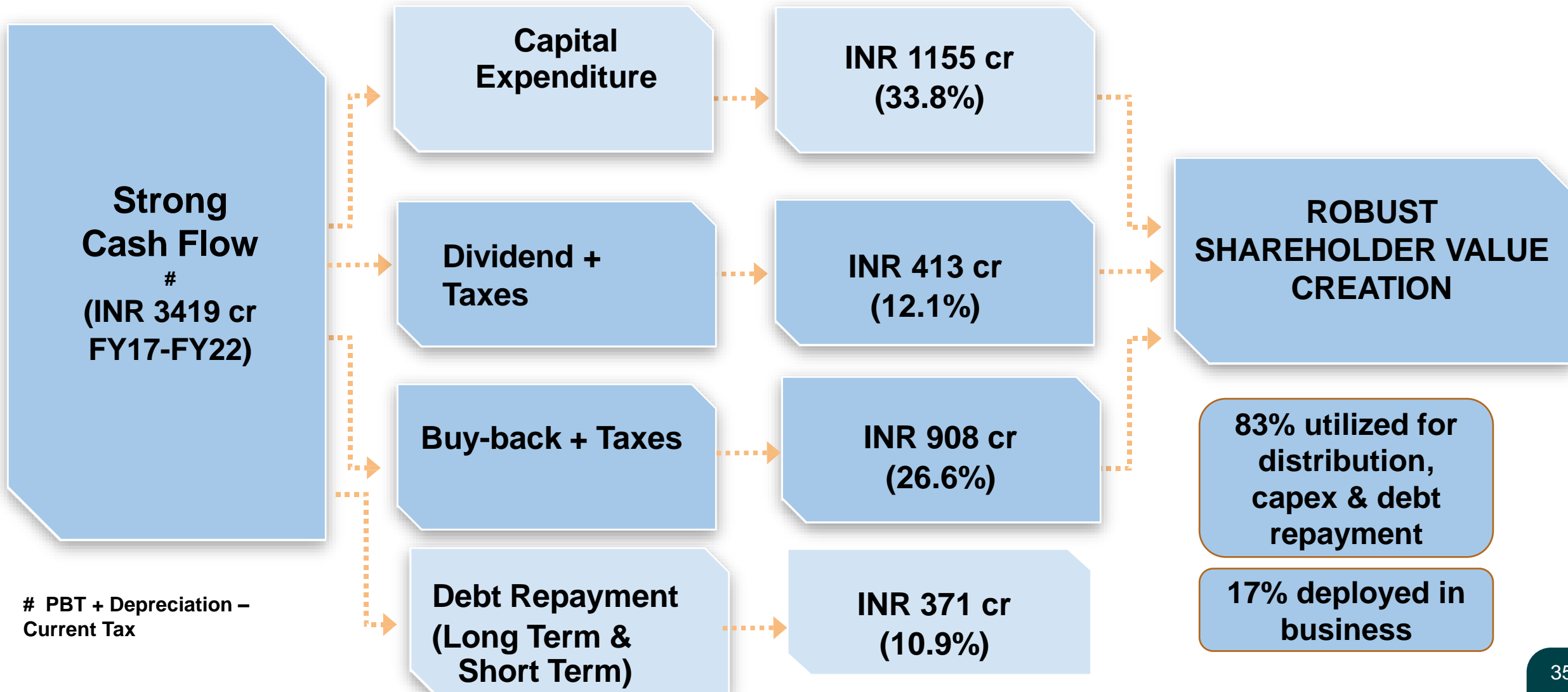


Declining inventories

How we managed our cash flow



Strong cash flow funds multiple drivers of value for shareholders



Cash Flow Analysis – (standalone)



Rs. Cr

Sl. no.	Particulars	H1 FY22-23	H1 FY21-22	FY 21-22	FY 20-21	FY 19-20	FY 18-19	FY 17-18
1	Profit / (Loss) before tax	(23.46)	201.68	655.61	596.11	554.93	595.03	332.18
2	Cash generated from / (used) in operating activities	1520.77	1553.37	694.65	649.21	849.61	(523.01)	1179.84
3	Net cash (used) in investing activities	(591.67)	(90.68)	(309.38)	(81.13)	(304.71)	(159.20)	(159.32)
4	Net cash (used) / generated in financing activities	(757.56)	(1200.51)	(385.39)	(569.12)	(545.52)	681.88	(1020.10)
5	Cash & Cash equivalents as on the reporting date	171.86	262.62	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 cyclicity.

Treasury management update

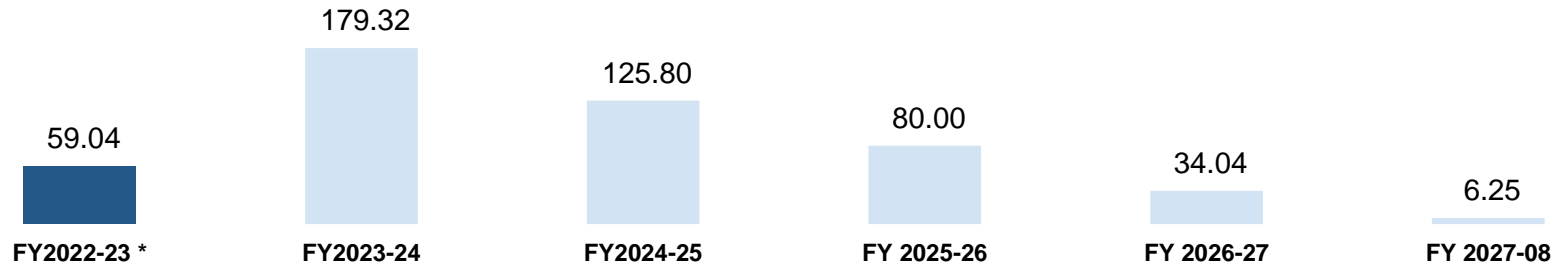


- Long-term credit rating as assigned by CRISIL stands at AA+ (Stable) and the short-term rating at A1+



As of 30th September 2022, long term borrowings of the Company stands at Rs. 484.45 crores which carries low interest rate of ~3.6%-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 H1FY2023, Company availed Long Term borrowings of Rs. 274.04 crores for the ongoing capex in the Distillery segment which is eligible for 50% interest subvention



5

Number of successive
share buybacks
in five years

42.42

% shareholding of
promoter
as on 30.09.22

6th

Buy-back approved by
the Board in its
meeting held on 9th
November 2022

40.40

Lakh maximum shares
at maximum price,
(size of the sixth share
buyback)

360.00

Rs. per share,
maximum price of
sixth share buyback

145.44

Rs. cr. Maximum
outflow in the sixth
share buyback,
excluding taxes



➤ PART FOUR

Global & Indian Sugar Sector Overview

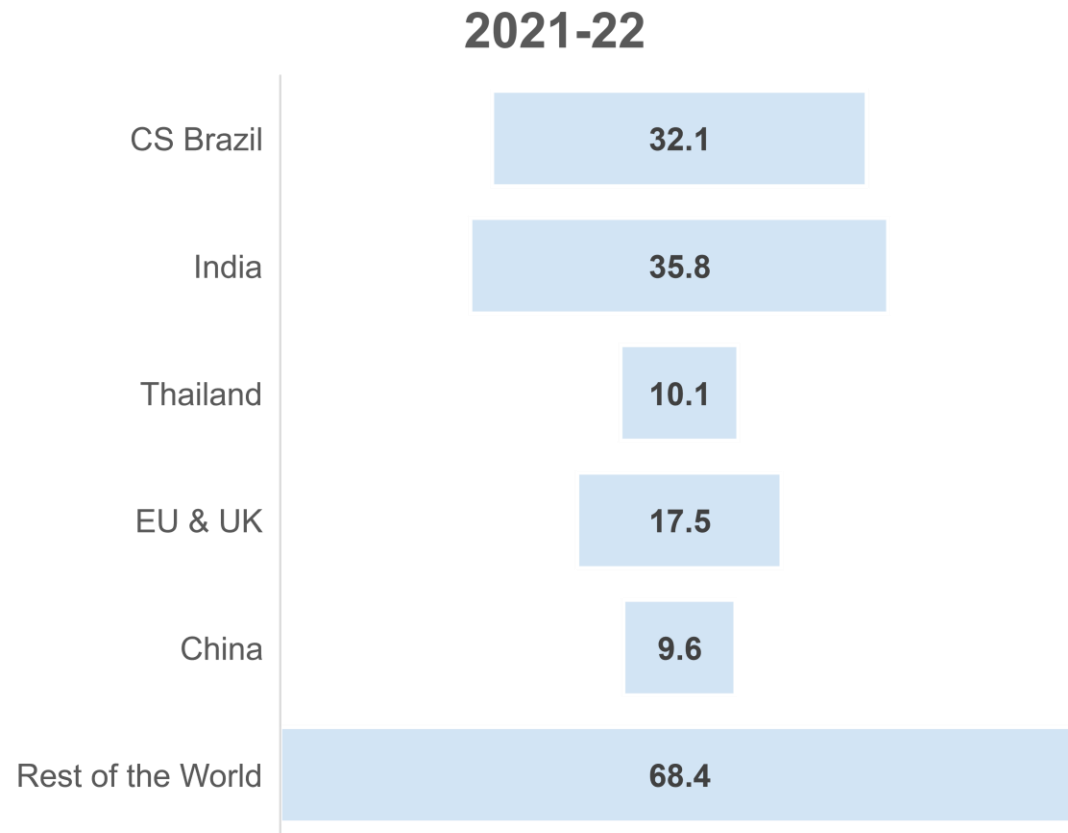


The company's sugar prospects are influenced by trends in the global and domestic sugar markets

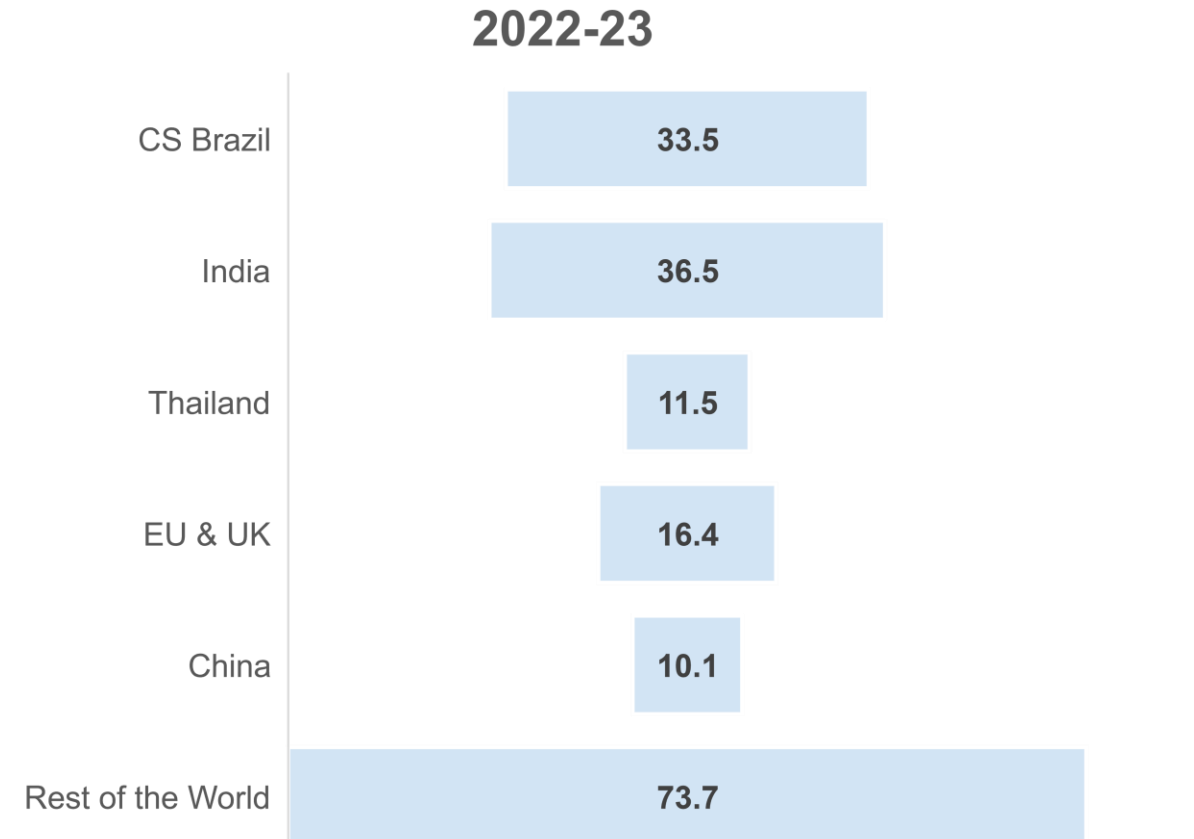
Global Sugar Production Outlook



(metric million tonnes)



Total Global production at 173.5 MMT



Total Global production estimated at 181.7 MMT

In Brazil higher sugar mix along with reduction in gasoline prices by Petrobras is likely to result in higher sugar production. Both Thailand and China are expected to produce more sugar in 2022-23.

Factors influencing global sugar industry trends



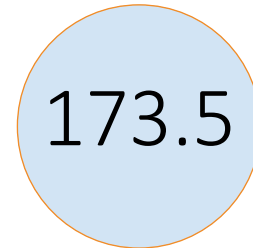
1	Global oil prices
2	Government policies catalyzing the shift between sugar to ethanol
3	Climatic impact on sugar production in Brazil, India, EU & Thailand, among the largest sugar producers in the world
4	Global sugar consumption

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

Opening	95.3
Production	173.5
Consumption	173.8
Closing	95.0

Global sugar Balance Sheet, 2022-23 (Projected) (in million tonnes)

Opening	95.0
Production	181.7
Consumption	176.5
Closing	100.2



Million tonnes, global sugar production, 2021-22



Million tonnes (estimated), global sugar production, 2022-23

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 Consumption Outlook:

- Global consumption is expected to go up and tightness in sugar availability will be felt by the global trade flows till end of Q1 of calendar year 2023.

Global Price Outlook:

- The global Raw Sugar price traded in the range of 17.58-18.80 c/lb during Q2FY23 quarter. Downside on NY11 raw sugar price seems to be limited while on the upside it is expected to remain strong with upward bias, at least till Q1 of calendar 2023.
- Brazilian currency value to play an important role on the prices.



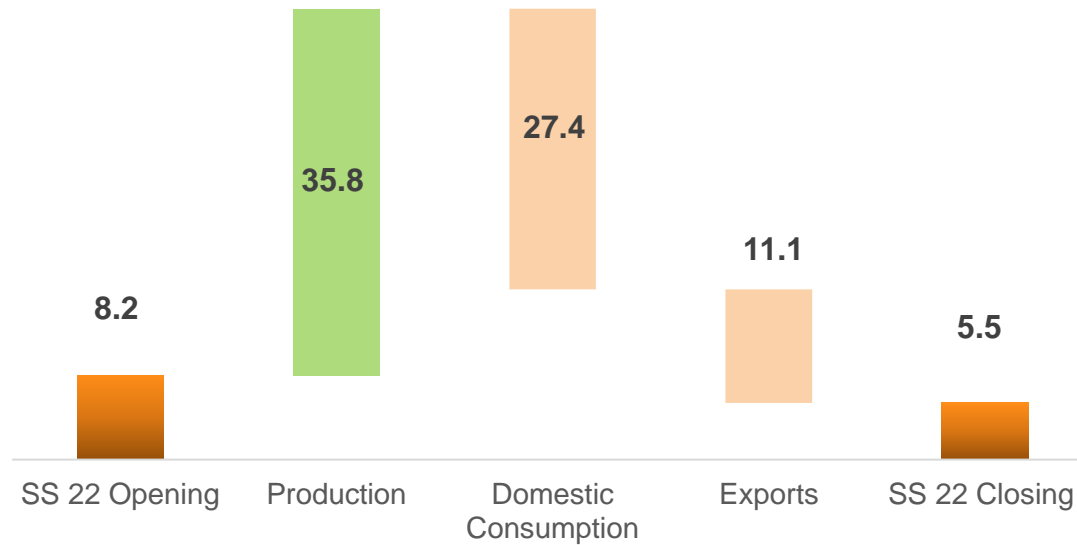
India's sugar inventory is
correcting downwards

Domestic Sugar Balance Sheet

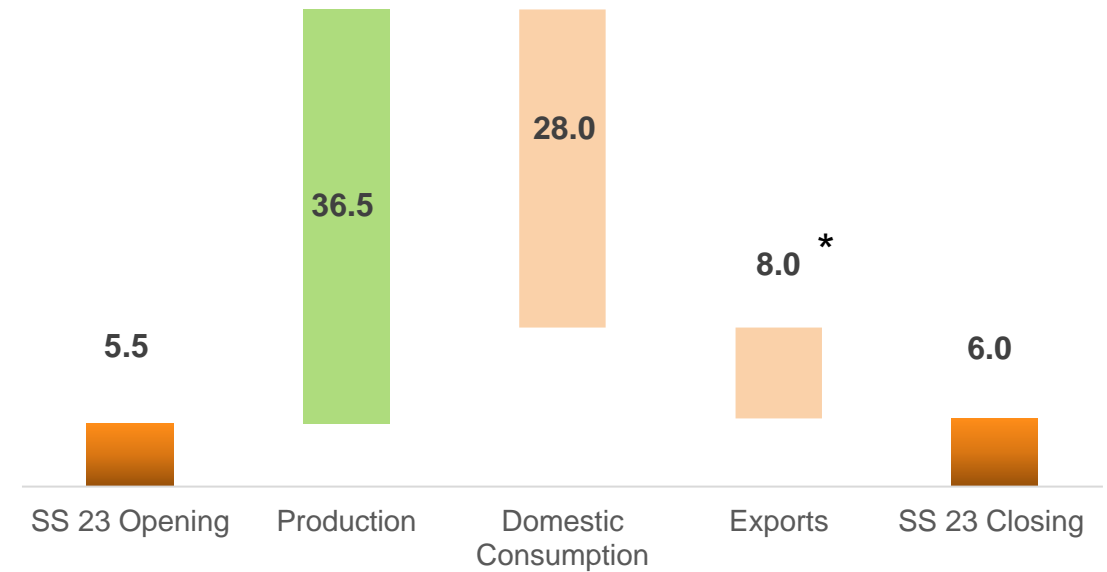


(metric million tonnes)

Sugar Season 2021-22



Sugar Season 2022-23 (Estimated)



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

Moderating the sugar inventory and also supporting the domestic sugar prices

- Export quota of 6.0 million tonnes has been announced by Government of India which can be exported till May-23. Government would continue to access the production for the SS 2022-23 and decide the course of action for forward exports.

Outcome of the declining national sugar inventory



Strong sugar
realisations

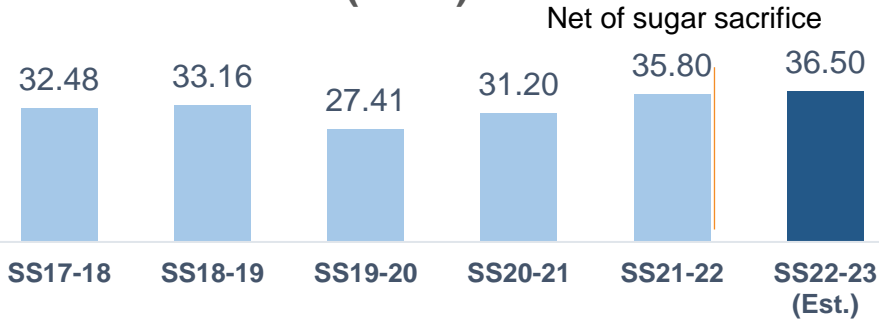
Increased
profitability
of the
sugar
business

Superior
prospects for
integrated
sugar
companies



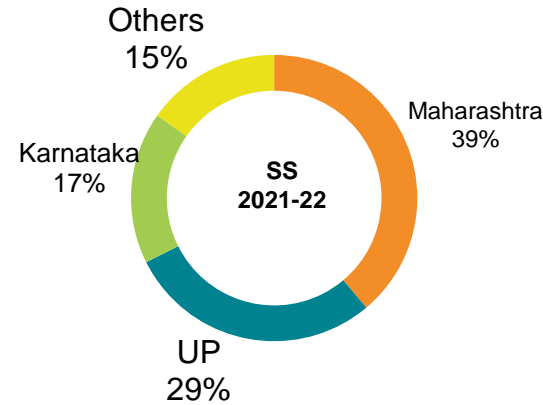
India: Has emerged as world's Largest Sugar Producing Country

India's Sugar Production (MMT)

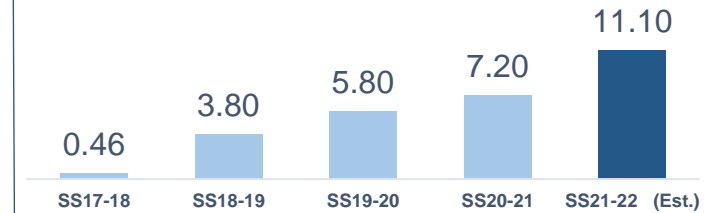


Sugar Sacrifice (MMT) Through B-heavy/Juice route	0.8	2.0	3.5	4.5
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State-Wise Sugar Production



India's Sugar Export (MMT)

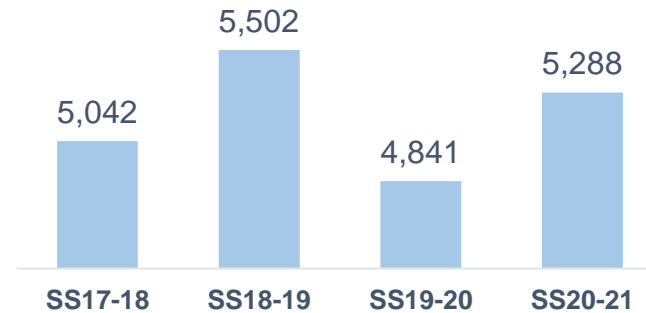


Financial Assistance (Rs./kg)	8.3	10.48	6.0*	Nil
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* / revised to Rs. 4/kg w.e.f. 20.05.2021

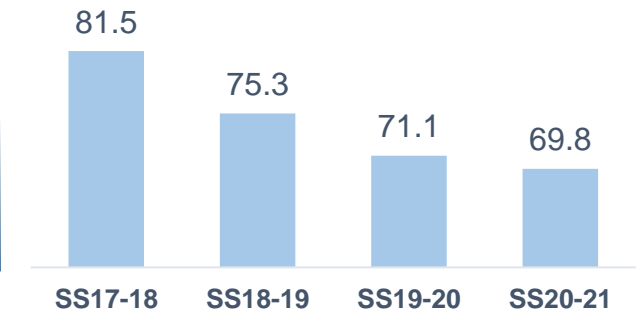
- Sugarcane farming in India is among the largest agro-based sector, employing over 5 crore sugarcane growers and over 5 lakh workers.
- The country has a potential to export sugar to several countries.

Sugarcane Acreage (000' Hectare)



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

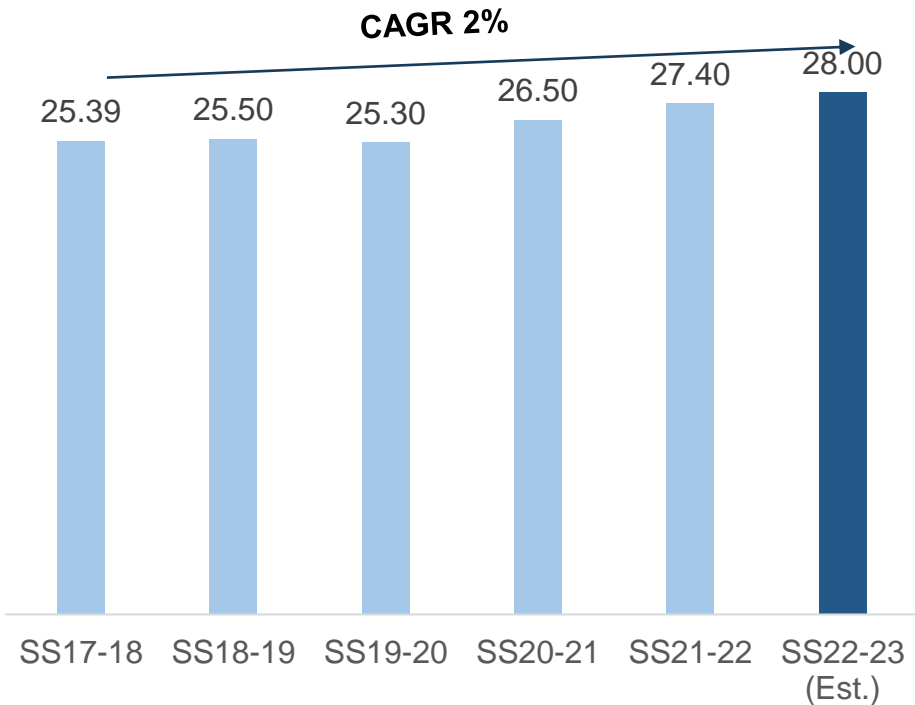
Sugarcane Yield per Hectare (tonnes)



India: World's Largest Sugar Consumer



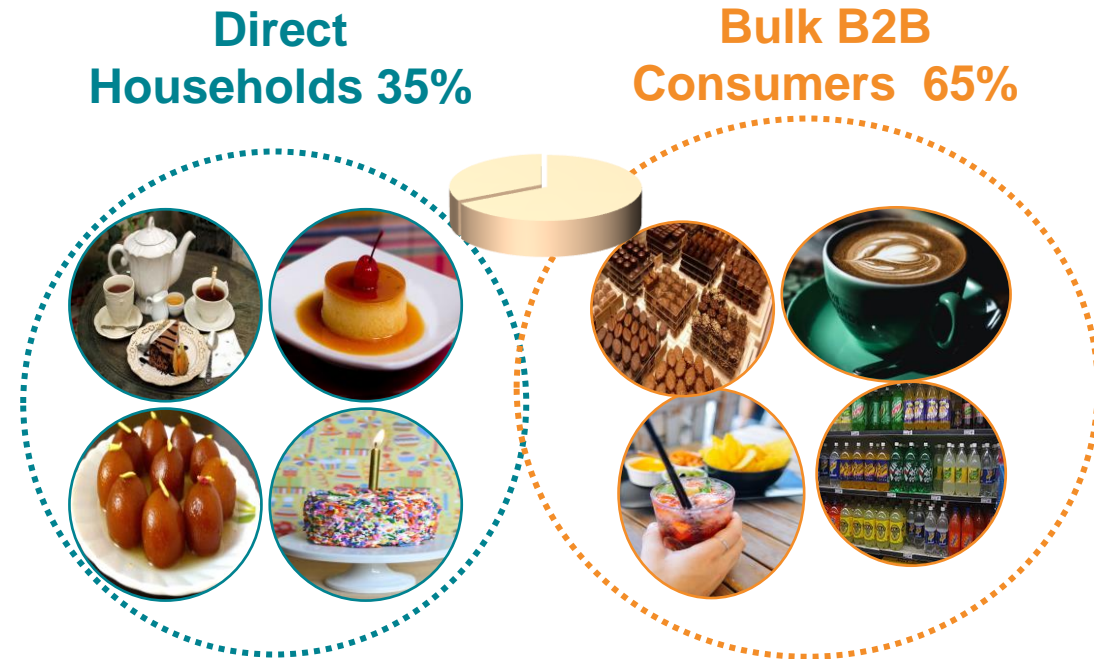
India's Sugar Consumption (MMT)



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



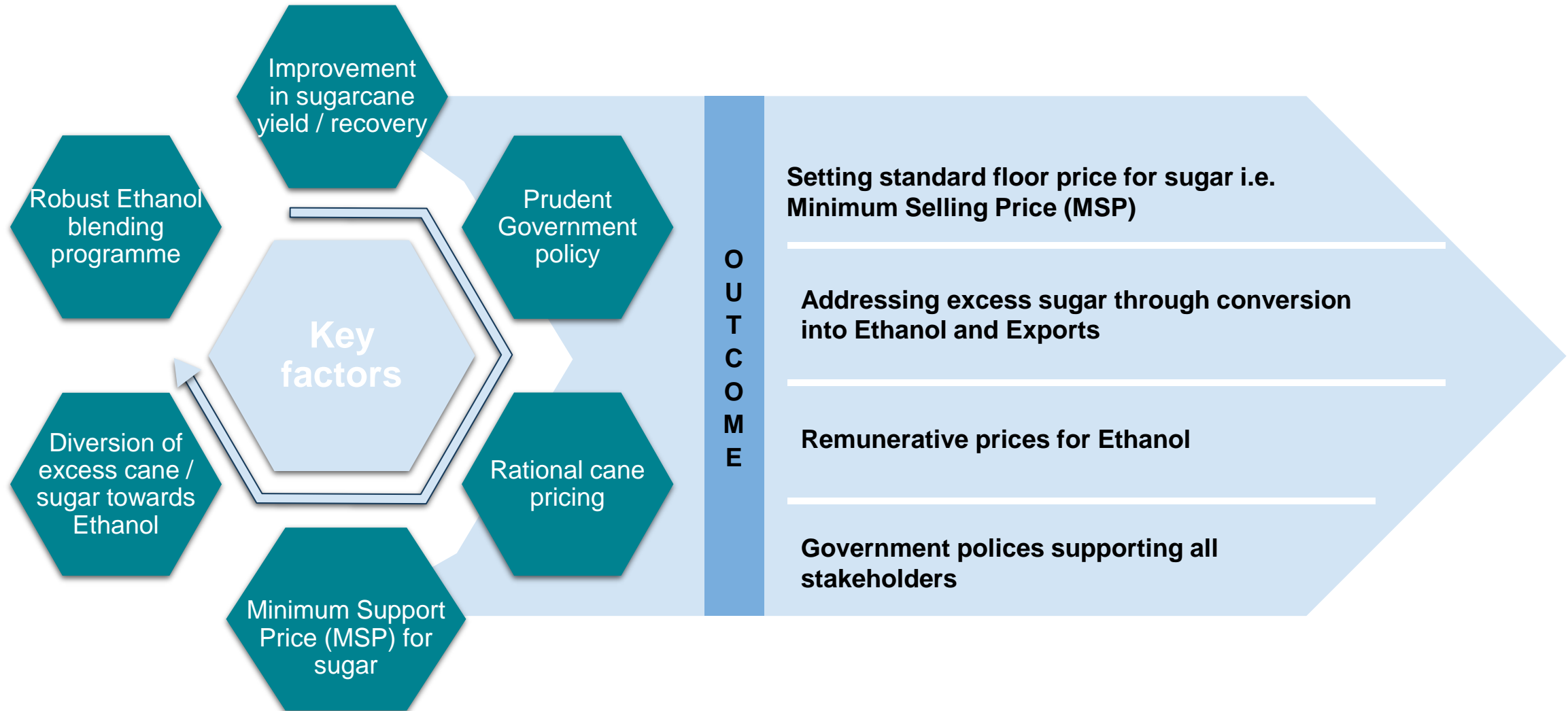
Per capita consumption in India is at 19.6 kilograms per year

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.

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



Structural improvement in the performance of the sugar industry



➤ PART FIVE

The strategic direction of our company

Preparing for the next growth phase



(excluding normal / running capex)

Distillery Capacity (KLPD)

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

	Existing	Maizapur (Greenfield)	Balrampur (Expansion)	Post expansion
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	Nov-22	Dec-22	-
Feed-stock		Juice/Grain	Juice/B-Molasses	-

Out of the 5 distilleries; Maizapur will be compatible to run fully on sugarcane juice/syrup along with part of Balrampur distillery will operate on Juice and B-heavy simultaneously

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

- Modernization & Setting up of Refinery at Balrampur
- Modernization at Babhnan & Rauzagaon
- De-bottlenecking & efficiency improvement at various units
- 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





➤ PART SIX

ESG and enhanced stakeholder value



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.



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



Governance

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



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.



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.



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



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.

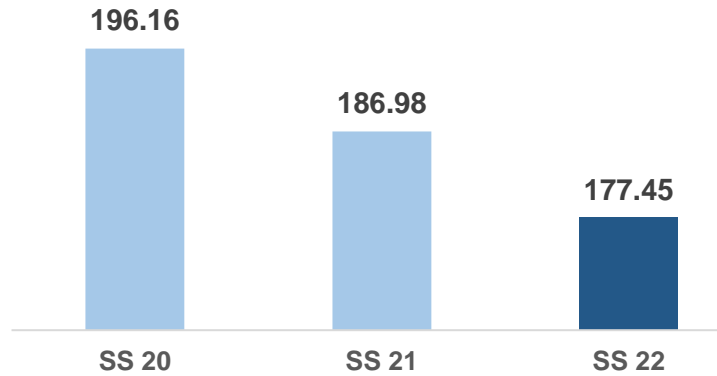
Represents a platform leading to secure, scalable and sustainable long-term growth.

Our ESG Achievements



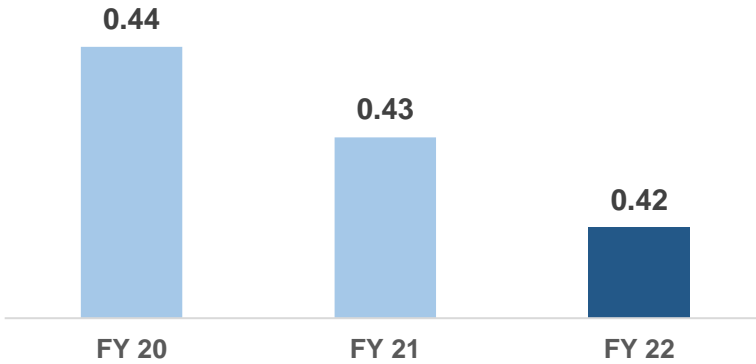
**Total effluents
(Ltrs/MT)**

Improvement ↓



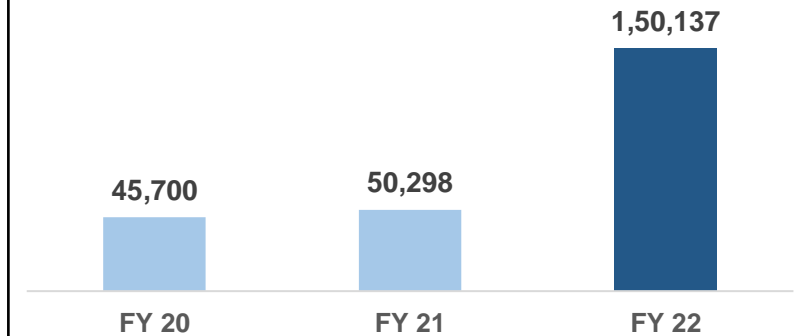
**Steam consumption
(per MT of cane)**

Improvement ↓



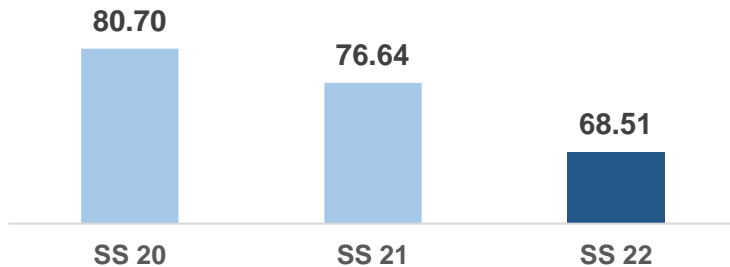
**No. of trees planted
(units)**

Improvement ↑



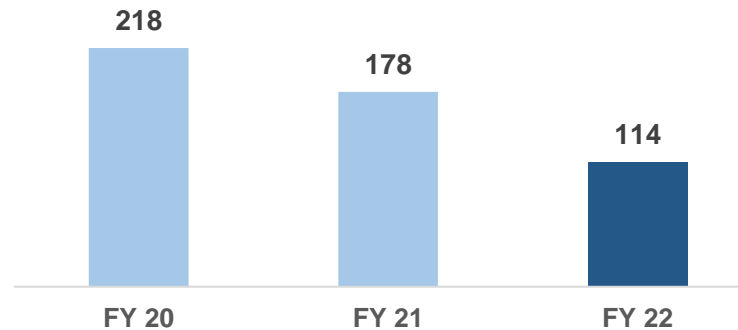
**Particulate matter emission from
boiler (Mg/ Nm3)**

Improvement ↓



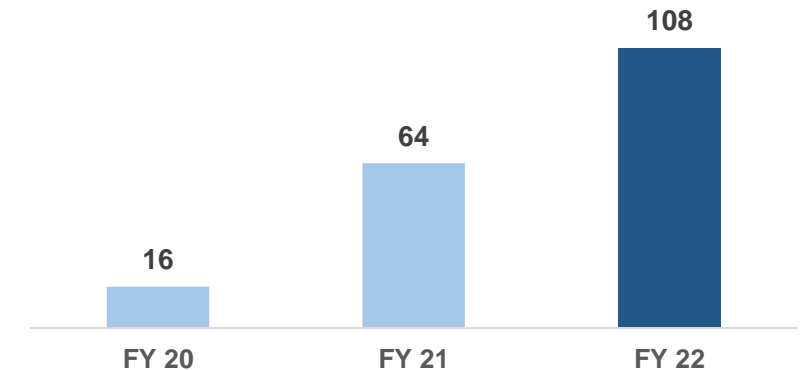
**Ground water drawal
(in litres/MT of cane)**

Improvement ↓



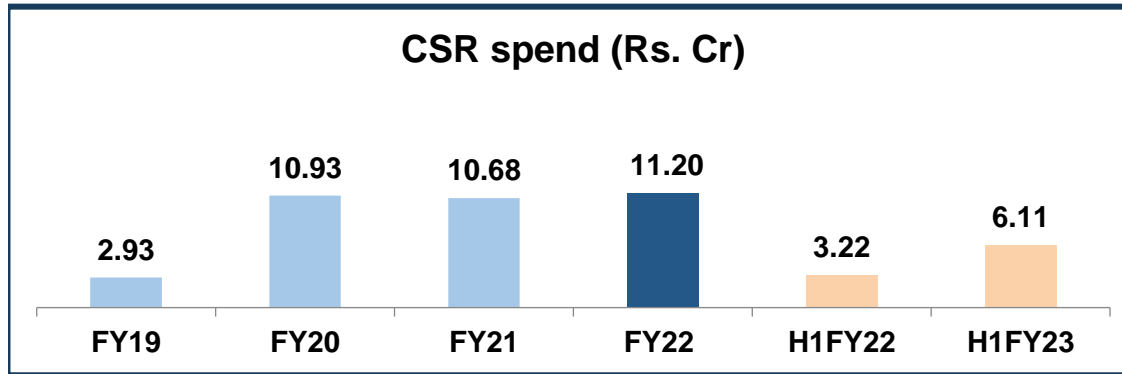
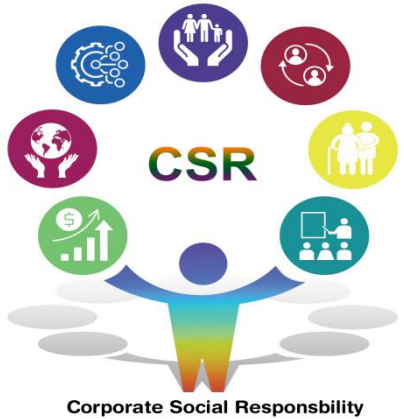
**Total afforested area
(hectares)**

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 benefitted

8 Government healthcare facilities supported

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



Focus on de-risking coupled with controlled growth

Strategic guidance from experienced and diversified Board of Directors

Investment in digitalisation, processes and systems



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.



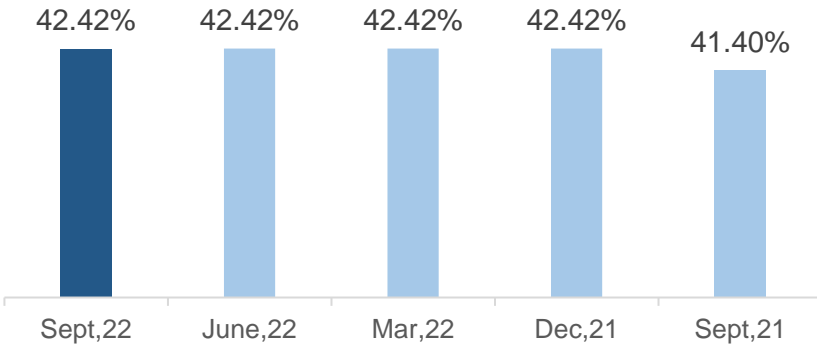
Praveen Gupta – Whole-time Director (Additional Director)

- 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

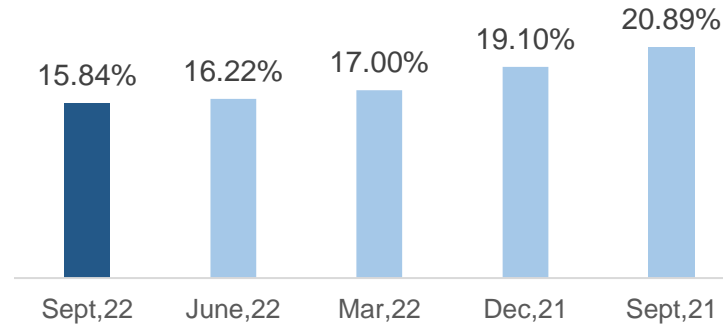
Shareholding Pattern



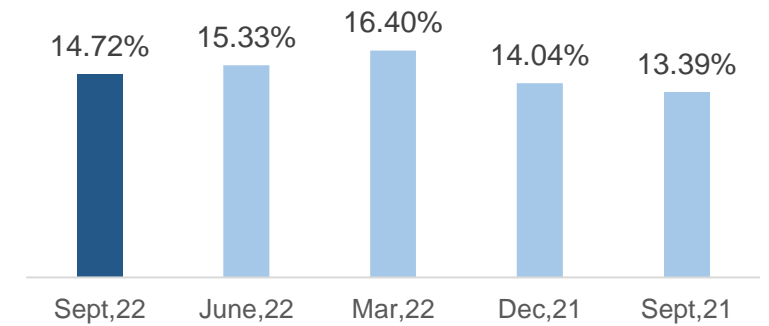
Promoter Group Holding



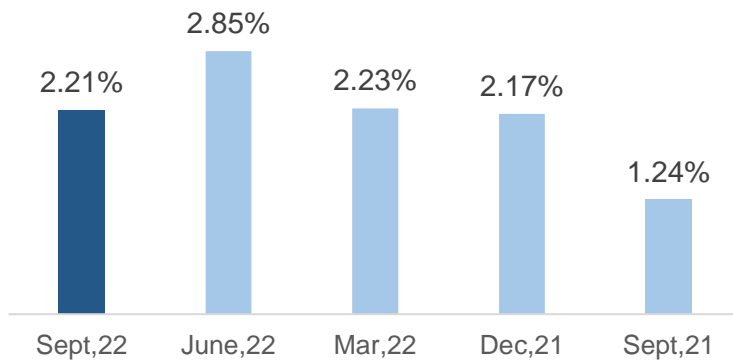
Foreign Holding



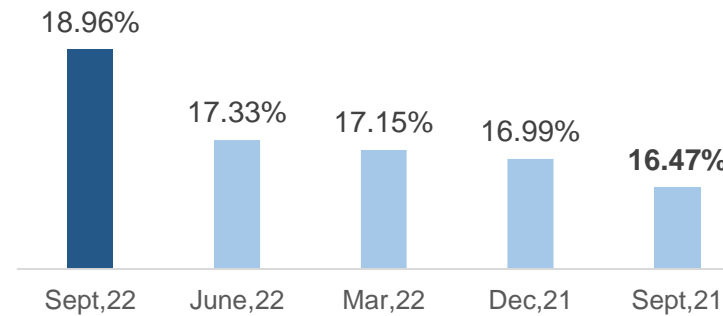
Domestic Mutual Funds



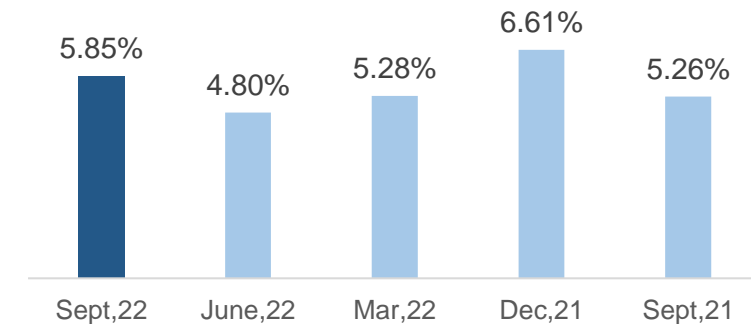
Qualified Institutional Buyers



Resident Individuals



Others



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



Shareholder	% Shareholding
NIPPON LIFE INDIA TRUSTEE LTD-A/C (Under Various Funds)	4.68%
ABU DHABI INVESTMENT AUTHORITY – MONSOON	1.55%
L&T MUTUAL FUND TRUSTEE LIMITED (Under Various Funds)	1.52%
GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY	1.40%
KOTAK MAHINDRA LIFE INSURANCE COMPANY LTD.	1.35%
KOTAK EQUITY ARBITRAGE FUND (Under Various Funds)	1.26%
AZIM PREMJI TRUST	1.24%
HDFC TRUSTEE CO. LTD. A/C (Under Various Funds)	1.16%
ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C (Under Various Funds)	1.02%
INEVSCO INDIA SMALLCAP FUND (Under Various Funds)	0.85%

Key events to watch out



- * ***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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karl@cdr-india.com

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 by Nov/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