



DWARIKESH SUGAR INDUSTRIES LIMITED

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REF: DSIL/2023-24/228

October 27, 2023

Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai - 400 001
Fax: 22723 2082 /3132

National Stock Exchange of India Limited
“Exchange Plaza”
Bandra – Kurla Complex,
Bandra [E], Mumbai - 400 051

Scrip Code - 532610

Scrip Code – DWARKESH

Sub: Disclosure under regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Investor Presentation

Dear Sir,

Pursuant to regulation 30 – Schedule III - Part A – Item no.15 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith Investor Presentation for quarter (Q2) and half year ended September 30, 2023 for the purpose of making disclosures under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the stock exchange(s)

Kindly take the same on record.

Yours faithfully,

B. J. Maheshwari
Managing Director & CS cum CCO
(DIN: 00002075)

Encl: as above



Dwarikesh
Sugar Industries Limited

INVESTOR PRESENTATION

COMPANY PERFORMANCE

Q2 & H1 FY24 Results

27 October 2023

SAFE HARBOR STATEMENT

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Dwarikesh Sugar Industries Ltd (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

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EARNINGS CALL

Time and Date

3:00 PM IST, Monday, October 30, 2023

Conference Dial-In

+91 22 6280 1116/+91 22 7115 8017

International Toll Free

UK

08081011573

USA

18667462133

Hong Kong

800964448

Singapore

8001012045

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SECTOR OUTLOOK

According to the latest report from S & P Global, the sugar season of 2023-24 is anticipated to conclude with a surplus of approximately 3.3 million tons. This positive outlook, however, comes with some cautionary notes, especially concerning the sugar crops in Asia, particularly in countries like India and Thailand. The threat of El-Nino looms large. Some experts have projected that the SS 2023-24 may conclude with a deficit.

The balance of supply and demand in the global sugar market remains susceptible to climatic variations and the performance of major sugar-producing regions in Asia and South America. As per initial estimates Brazil is expected to clock record production of more than 40 million tons. However, logistical problems in Brazil could restrict trade flows from Brazil thus supporting Global sugar prices. Persistent El Nino conditions could not only impact 2023-24 sugar crops, and it is expected that the damage could extend to SS 2024-25.

Over the past months, sugar prices have surged significantly, reaching a 12-year high on both NY and London sugar markets. This upward trend, with NY sugar hitting an all-time high of 27 cents per pound, has been driven by concerns over a global sugar production shortfall.

India's Sugar Season 2022-23 concluded with a closing stock of around 6 million tons.. The closing stock stands at approximately 6 million tons, which equates to a consumption buffer of around three months. This stockpile represents a crucial safety net, ensuring a steady supply of sugar for domestic consumption. Around 6.4 million tons of sugar is exported highlighting India's growing prowess as a key player in the international sugar trade. Domestic consumption was 27.5 million tons.

As per the initial estimates provided by ISMA, the projected figure of sugar production for SS 2023-24 stands at 31.7 million tons, which is a modest decrease from the 32.8 million tons produced in the previous season. The same is attributable to late arrival of the monsoon and subsequent continuous rainfall in certain regions of the country. The above estimate of sugar production is after considering 5 MMT of sugar sacrifice in favor of ethanol.

Continued..

Navigating multiple hurdles and challenges during ESY 2022-23 blending target of close to 12% has been achieved. As we look ahead to the Ethanol Supply Year (ESY) 2023-24, there are expectations of a higher blending target, potentially reaching 15%. However, the ultimate goal of achieving a 20% blending rate by 2024-25 does appear to be a formidable challenge. It requires a significant scaling up of ethanol production and infrastructure.

There will be a greater sugar sacrifice in favor of ethanol production if the Government incentivizes use of sugarcane juice for making ethanol by fixing alluring price for the same. Recently OMCs have invited bids for the supply of a staggering 8250 million litres of ethanol for the upcoming ESY 2023-24.

With an effort to mitigate the upward pressure on sugar prices, the Central Government has taken proactive measures in recent months. These measures include announcing higher monthly sugar releases, as well as providing a roadmap by announcing partial releases for the subsequent months. Despite these measures sugar prices continued to remain firm.

The Government also continues to announce the procurement price of ethanol with a view to incentivize sugar mills to increase ethanol production and sacrifice the sugar production. As the industry eagerly awaits the announcement of ethanol prices for the upcoming Ethanol Supply Year (ESY) 2023-24, there is a sense of anticipation and expectation.

It is expected that during SS 2023-24 sugar industry in UP is likely to produce around 10.9 million tons of sugar which is after considering probable diversion of sugar in favor of ethanol.

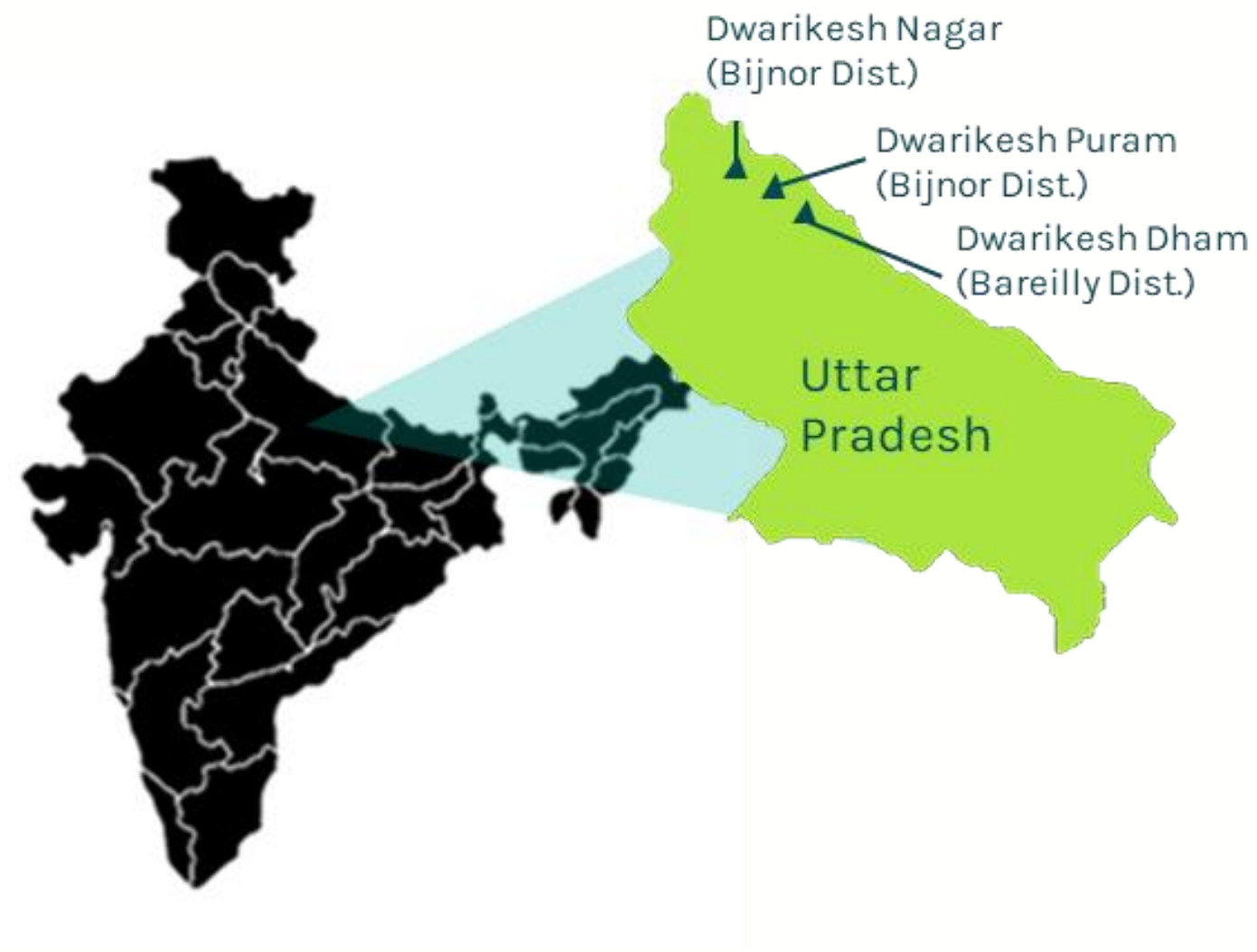
The State Government is yet to announce SAP for SS 2023-24. It is expected that any increase in SAP will be reasonable.

The recent retrospective amendment to the molasses policy for Molasses Year 2022-23 by the State Government is a regressive step. The move to equate B and C heavy molasses, without considering the crucial distinction in their respective ethanol output is unjust. This has placed an undue burden on sugar mills by mandating higher obligations to sell levy molasses at exceptionally low prices. This move is financially detrimental to sugar mills and has also impeded the ability of sugar mills to produce & supply ethanol and thereby earn profits.



BUSINESS OVERVIEW

AT A GLANCE

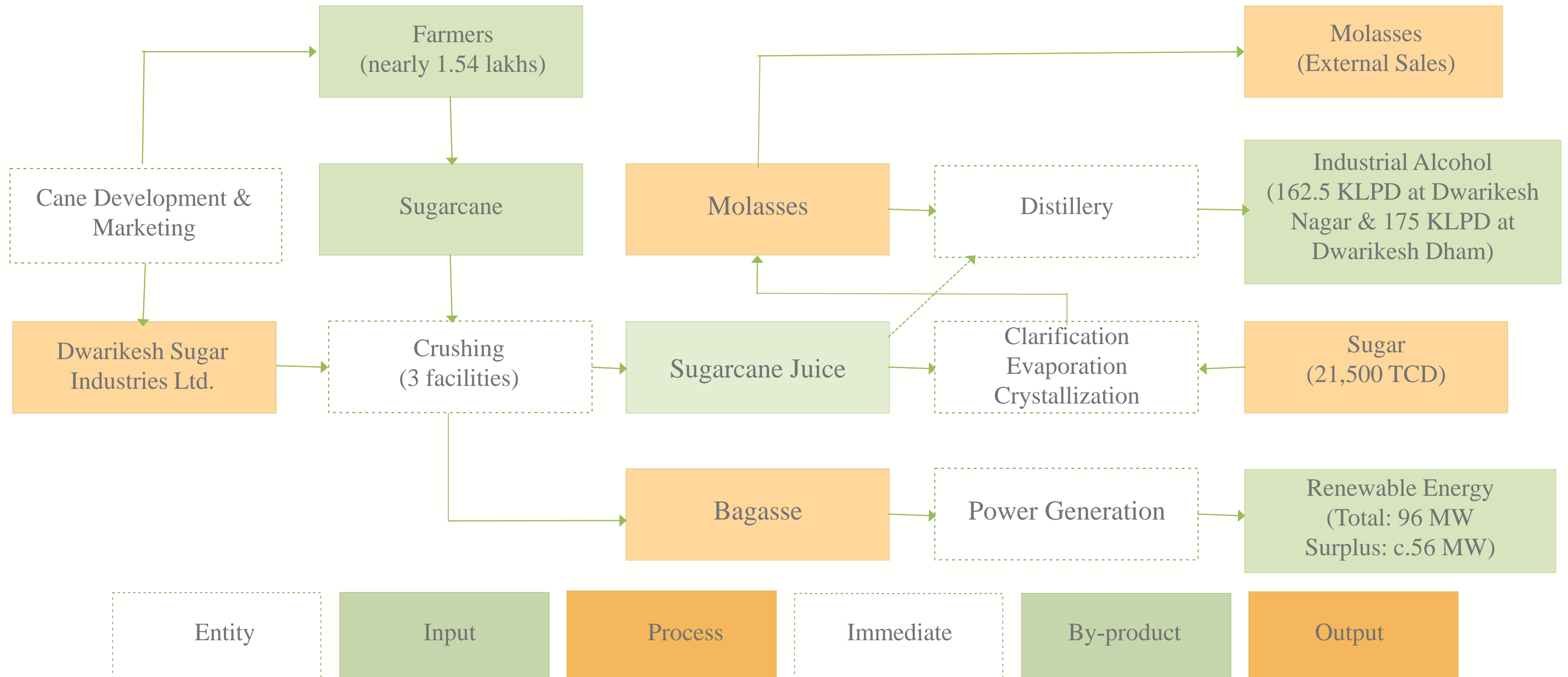


Note: TCD stands for tonnes of cane per day, MW stands for Megawatts, LPD stands for litres per day; KLPD stands for kilo litres per day; SS stands for Sugar Season defined as 12 months period ending September 30 of the particular year

Capacity	Dwarikesh Nagar	Dwarikesh Puram	Dwarikesh Dham	Aggregate
Sugar (TCD)	6,500	7,500	7,500	21,500
Cogeneration (MW)	22	33	41	96 (Surplus: c. 56)
Distillery (LPD)	1,62,500	-	1,75,000	3,37,500

- Three plants located in Uttar Pradesh, one of India's largest sugar producing states
 - Two plants located in Bijnor district– a district with focused concentration on cane production on highly fertile & well-irrigated land
 - One plant in Bareilly district – the low-lying Ganges plains district with fertile alluvial soil
- Access to large, clearly defined cane-producing areas in the region
- All the three plants are well connected with major sugar consuming markets of the country, the Bareilly plant being located on the National Highway itself
- The 175 KLPD distillery project embarked upon at Dwarikesh Dham commenced commercial production on 7th July, 2022

OPERATIONS OVERVIEW



MANAGEMENT



G R Morarka

- Founder and Promoter
- Executive Chairman Commerce graduate & ICWA Inter
- Received 'Indira Gandhi Priyadarshini Award for Management', 'Bhamashah Award', 'Indira Gandhi Sadbhavana Award' & 'Swami Krishnanand Saraswati Purashkar' for exemplary achievements in various fields



Vijay S Banka

- Managing Director
- Chartered Accountant
- Associated with the company since 2007
- Over 35 years of experience in Finance and Strategy



B J Maheshwari

- Managing Director & Company Secretary cum Chief Compliance Officer
- Associated with the company since 1994
- Over 35 years of experience in Legal, Taxation, Secretarial & Administrative matters

PRIYANKA MORARKA
President
(Corporate Affairs)

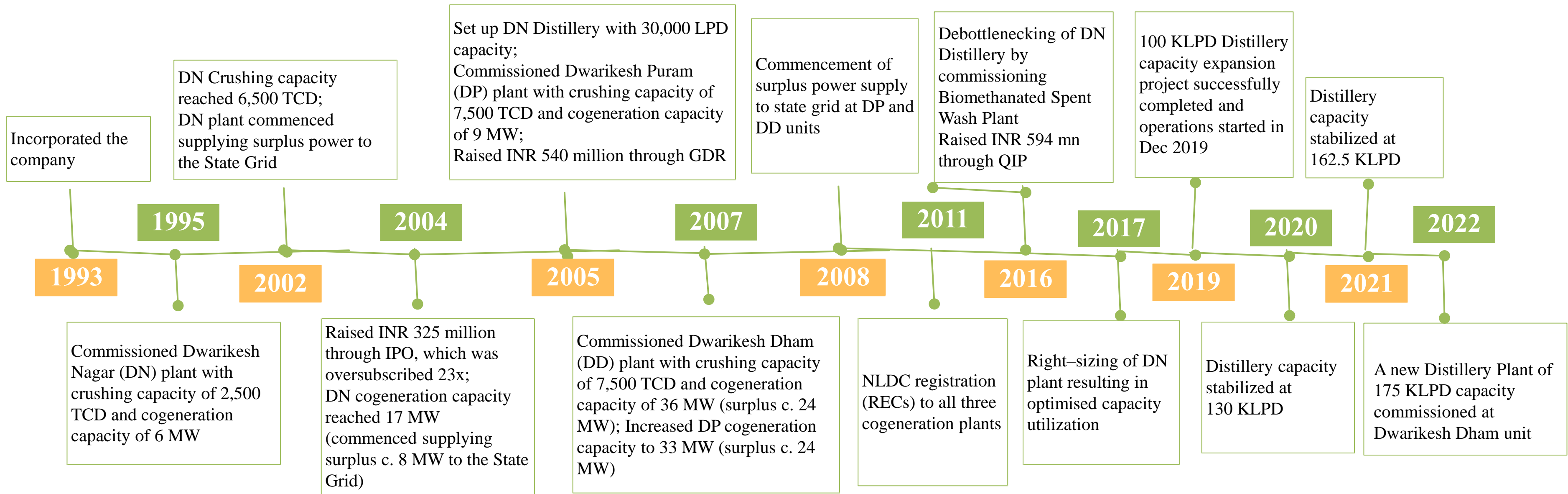
R K GUPTA
Senior Executive Vice
President
(Works) - DD Unit

N K KHETAN
Senior Executive Vice
President (Works) DN & DP
Unit

SALIL ARYA
Senior Executive Vice
President (Corporate)

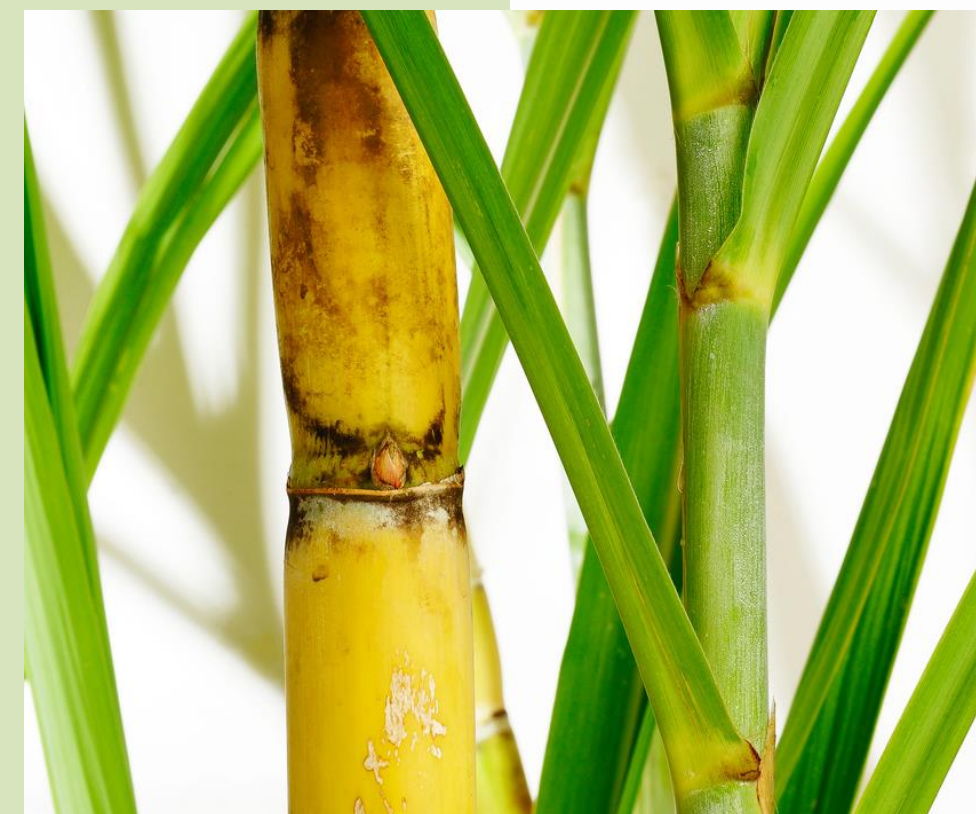
SUNIL KUMAR GOEL
Chief Financial Officer

KEY MILESTONES



FINANCIAL PERFORMANCE

Q2 & H1 FY24



PERFORMANCE HIGHLIGHT

In INR million	Q2FY24	H1FY24	Q2FY23	H1FY23	FY23
Total Income	4,486.8	10,202.2	5,424.2	11,908.3	21,170.0
EBIDTA	319.0	1,092.9	306.2	1,058.6	2,285.7
PAT	102.6	508.8	78.4	475.4	1,048.1

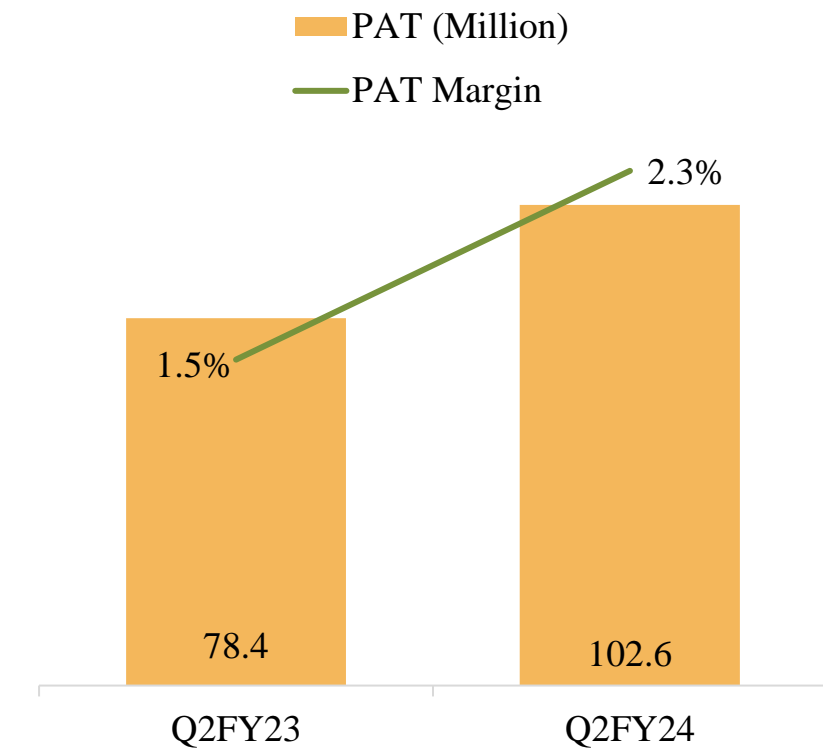
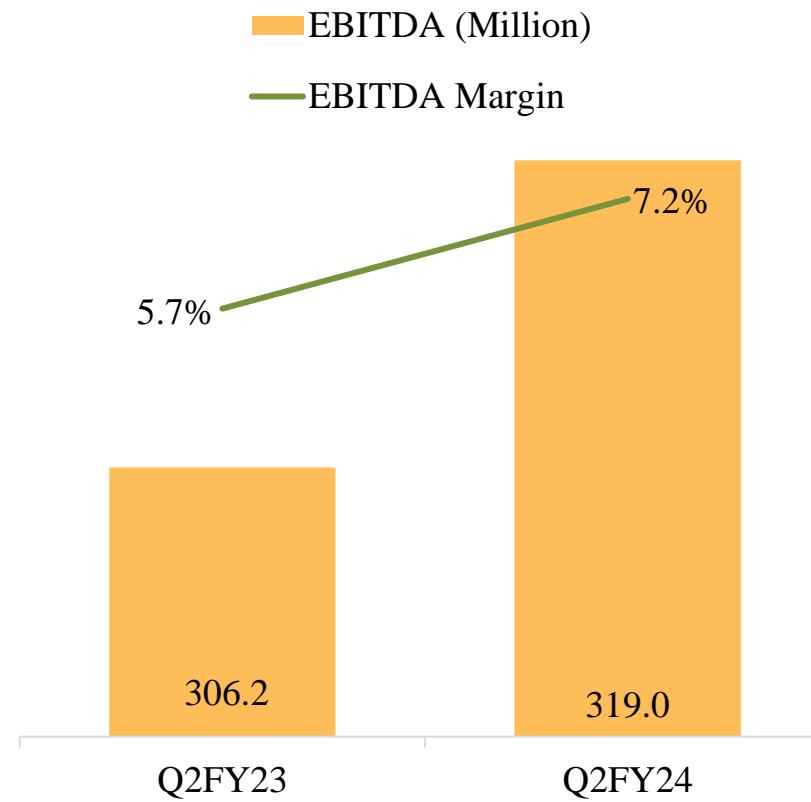
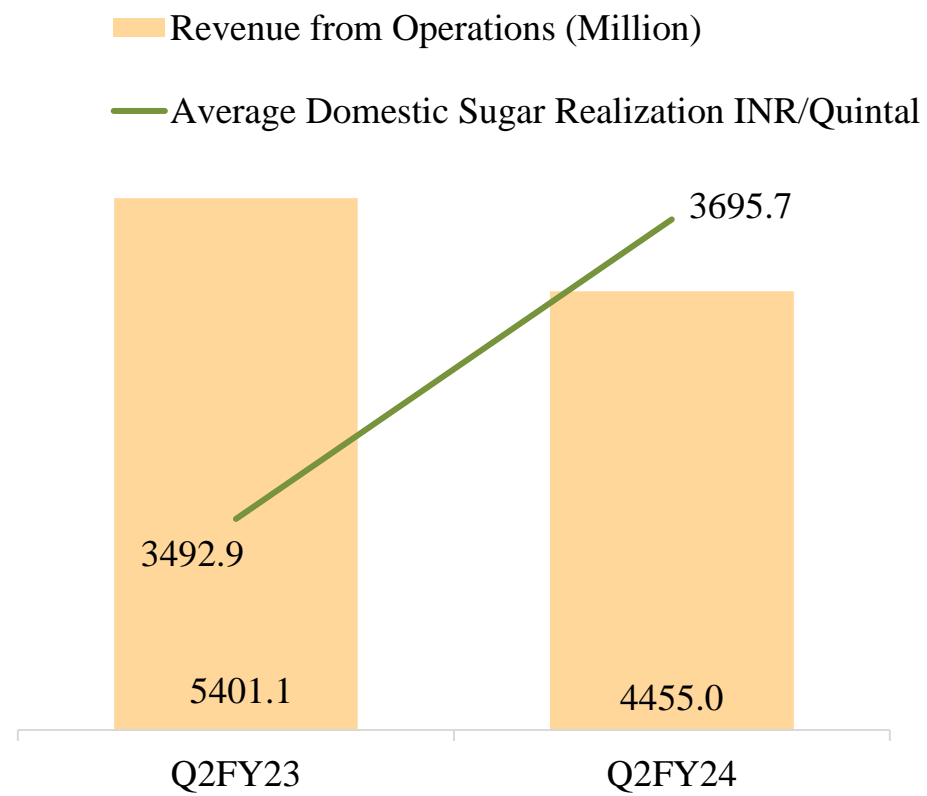
In INR	Q2FY24	H1FY24	Q2FY23	H1FY23	FY23
EPS	0.55	2.70	0.42	2.52	5.57

During H1 FY23, depreciation has been suitably adjusted to exclude amounts pertaining to pre-operative & trial period. Accordingly, EBIDTA has been computed .

In Q2 and H1 of FY 24, company's profit parameters have been negatively affected by an additional levy obligation imposed by the State Government by treating both B and C heavy molasses equally, despite the fact that they have different potential ethanol outputs. This has led to an additional expense of Rs. 199.2 million during the period under reckoning

Additionally, this has deprived the company of the opportunity to convert the molasses into ethanol, which indeed is a more profitable alternative.

QUARTERLY TRENDS

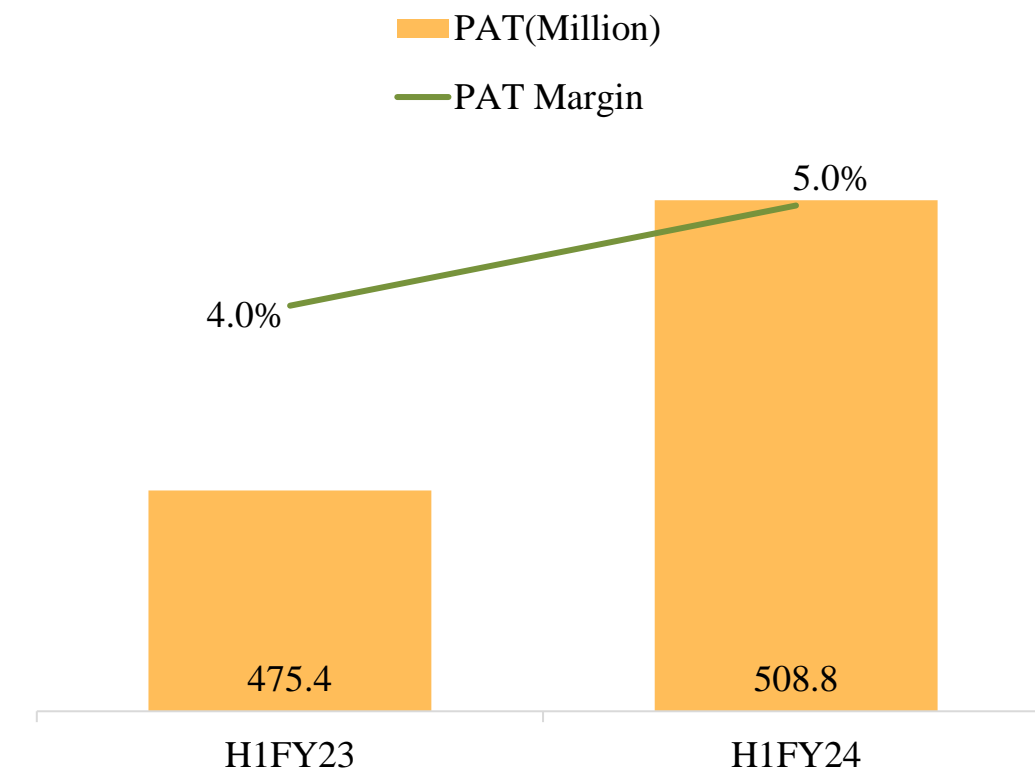
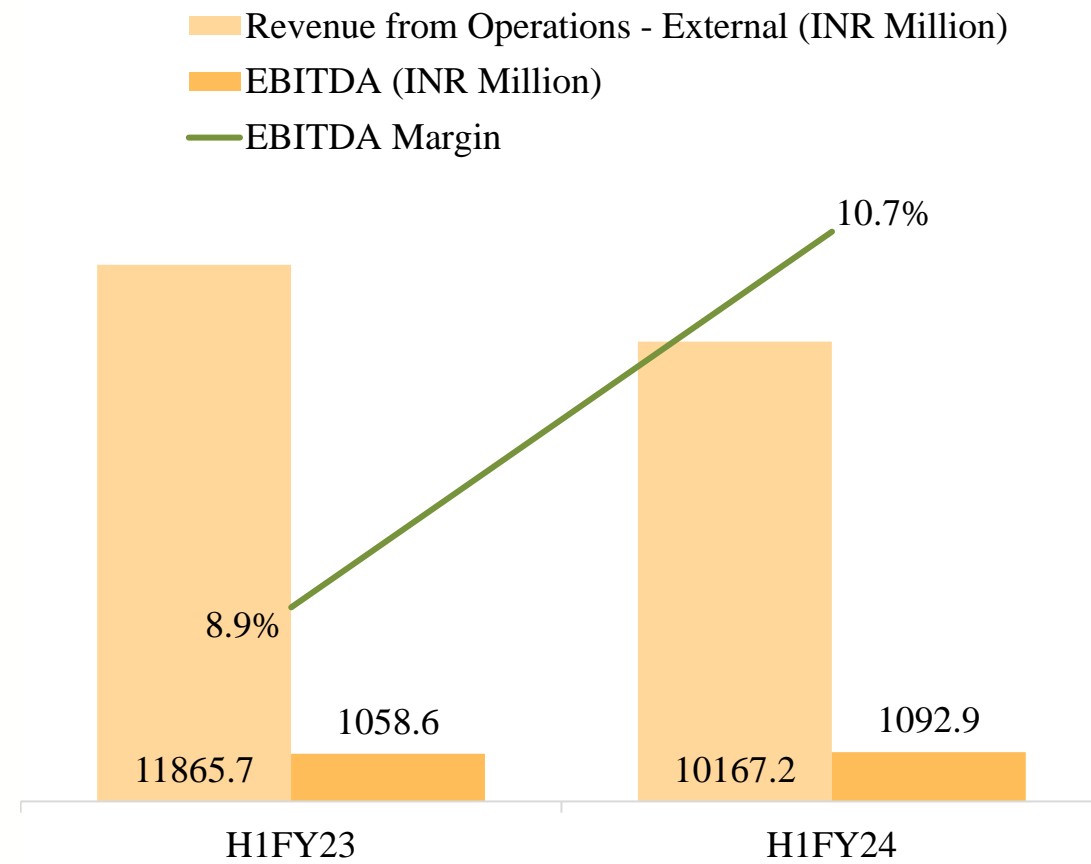


PAT Margin is PAT / Revenue from operations

EBITDA Margin is EBITDA / Revenue from operations

Previous periods' figures have been regrouped and reclassified wherever necessary for the purpose of clarification

HALF YEARLY TRENDS



PAT Margin is PAT / Revenue from operations

EBITDA Margin is EBITDA / Revenue from operations

Previous periods' figures have been regrouped and reclassified wherever necessary for the purpose of clarification

FINANCIALS - SUMMARY

In INR million

INCOME	Q2 FY 24	H1 FY 24	Q2 FY 23	H1 FY 23	FY 23	REMARKS
Revenue from operations	4,455.0	10,167.1	5,401.1	11,865.7	21,029.6	<i>Lower during the Q2 & H1, FY24 on account of lesser volume of sugar sold</i>
Other income	31.8	35.1	23.1	42.6	140.4	--
Total Revenue	4,486.8	10,202.2	5,424.2	11,908.3	21,170.0	--
EXPENDITURE						
Cost of material consumed	42.0	3,754.7	35.7	3,016.8	14,244.6	<i>Higher in H1, FY24 on account of higher sugarcane crushed during Q1 FY 24 as compared to sugarcane crushed in Q1, H1, FY23</i>
Purchase of stock in trade	5.0	84.4	2.1	66.5	89.7	--
Changes in inventories of finished goods, WIP and stock-in-trade	3,491.9	4,042.9	4,413.9	6,534.4	2,013.8	--
Employees benefit expense	265.0	532.8	335.5	576.5	1,180.3	<ul style="list-style-type: none"> ▪ <i>Lower on account of : Q2 H1 23 included arrears of wages of ₹ 8.95 crores</i> ▪ <i>Higher on account of: year on year increase in employee cost</i>
Finance cost	35.0	90.1	61.6	139.3	258.5	<p><i>Lower on account of</i></p> <ul style="list-style-type: none"> A. <i>Repayment of term loans as per stipulated schedule</i> B. <i>Lesser utilization of cash credit limits</i>

FINANCIALS - SUMMARY (continued)

In INR million

INCOME	Q2 FY 24	H1 FY 24	Q2 FY 23	H1 FY 23	FY 23	REMARKS
Depreciation and amortization expense	134.7	262.7	132.7	240.6	502.3	<i>Higher on account of depreciation in respect of DD distillery unit. (Commenced operations during Q2 FY23)</i>
Other expense	363.9	694.5	330.8	671.6	1,372.0	--
Preoperative & trial period capitalized	-	-	-	-16.3	-16.3	--
Total expenses	4,337.5	9,462.1	5,312.3	11,229.4	19,644.9	--
Profit / (loss) before taxes	149.3	740.1	111.9	678.9	1,525.1	<i>Improvement in profit during the Q2,H1 FY24 is on account of</i>
Tax expense	46.7	231.3	33.5	203.5	477.0	<i>A. Higher volume of ethanol sales</i>
Profit for the period	102.6	508.8	78.4	475.4	1,048.1	<i>B. Better realization on sale of sugar</i>
Other Comprehensive Income	-	-	-	-	-6.4	<i>C. Moderation in finance costs.</i>
Total Other Comprehensive Income	102.6	508.8	78.4	475.4	1,041.7	<i>Improvement in profit is notwithstanding</i> <i>A. Lower quantity of sugar sold</i> <i>B. Higher levy obligation of B heavy molasses resulting in additional expense of Rs. 199.2 Million</i>

OPERATIONAL TRENDS

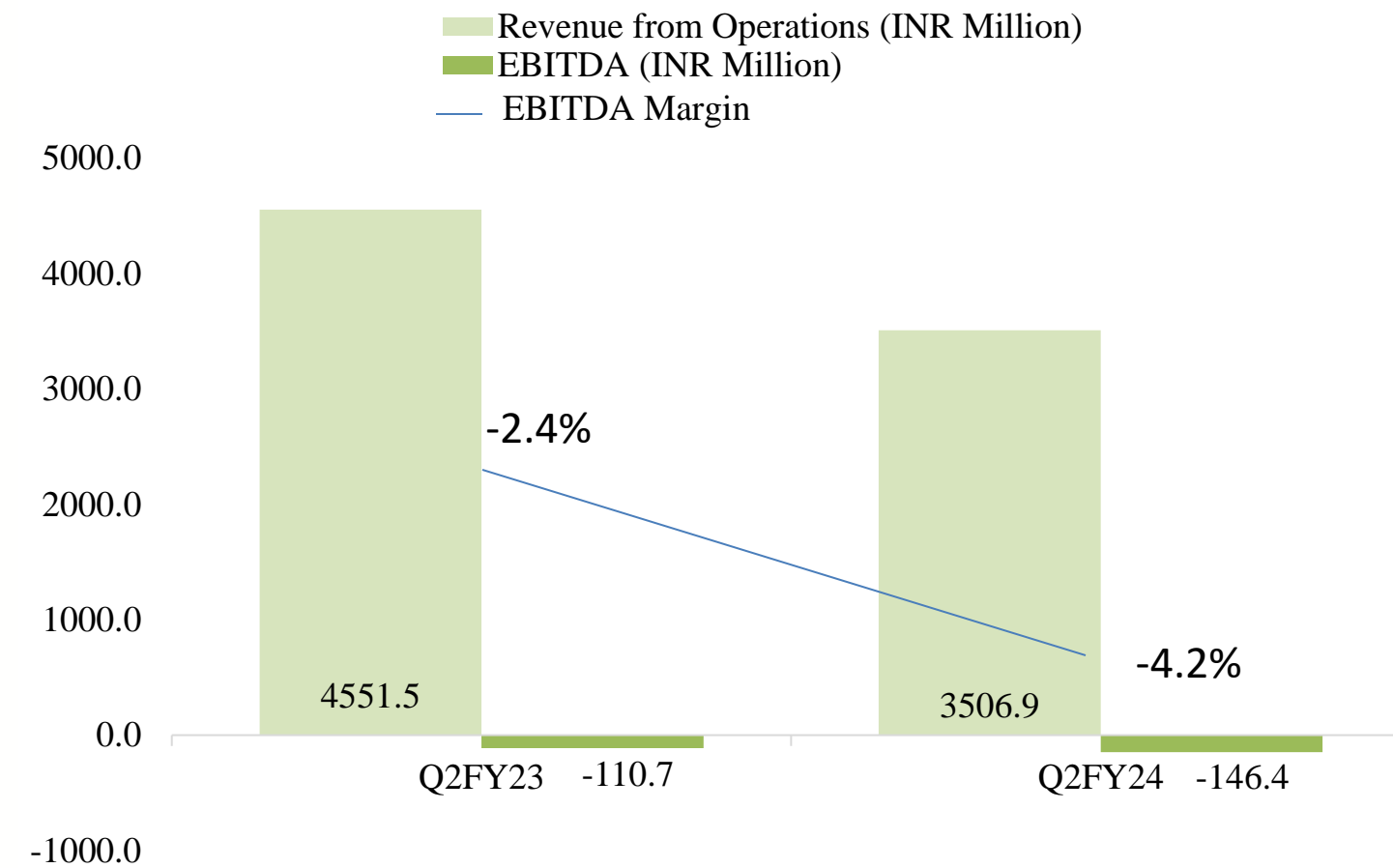
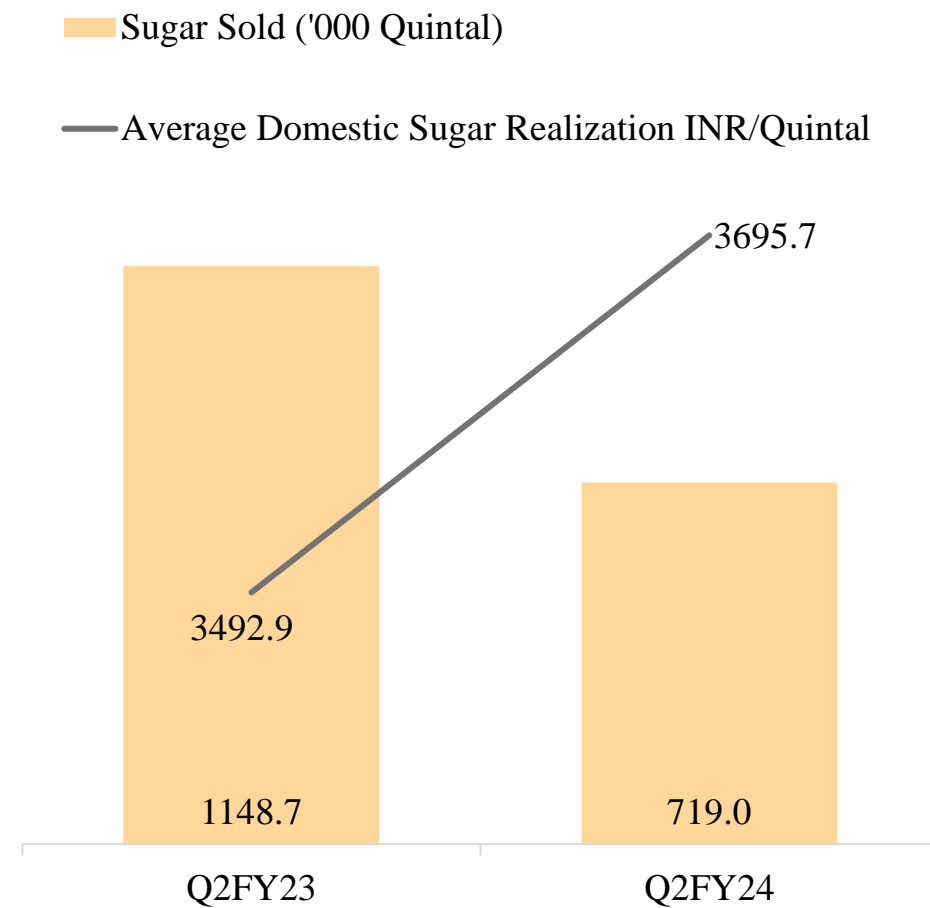


SUGAR BUSINESS

HIGHLIGHTS

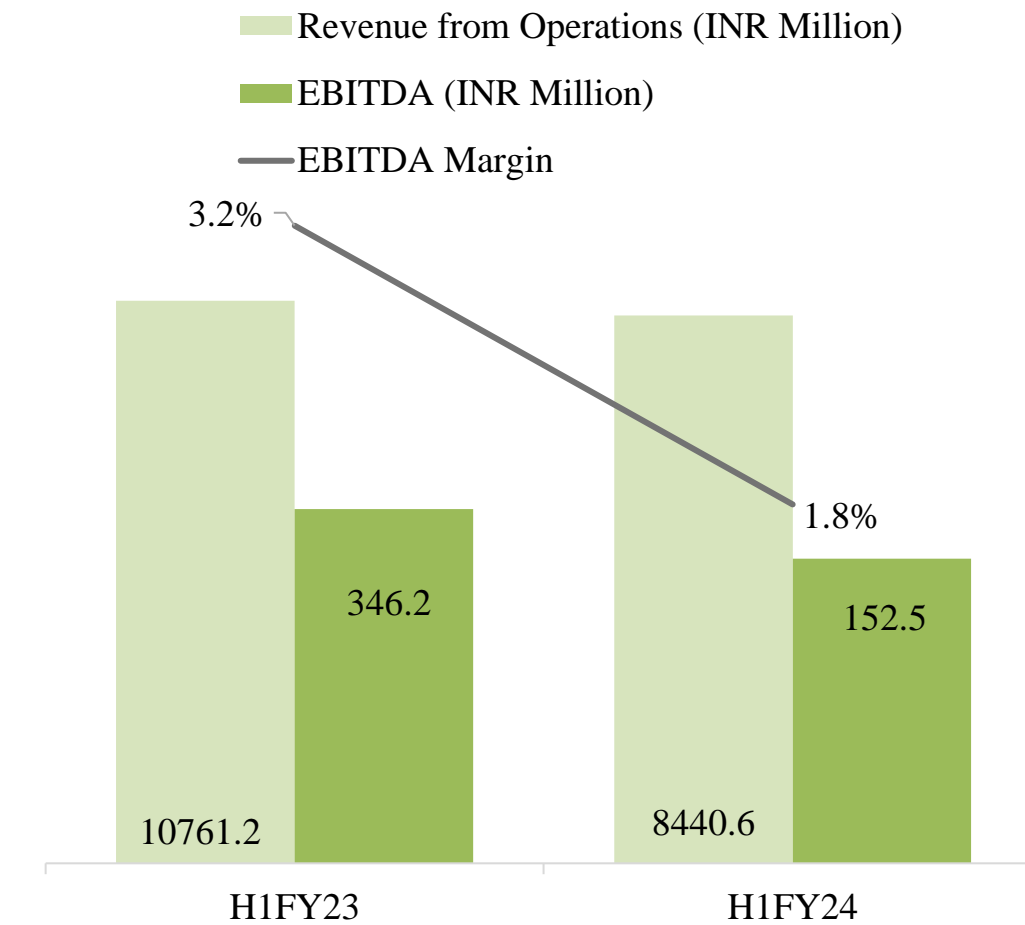
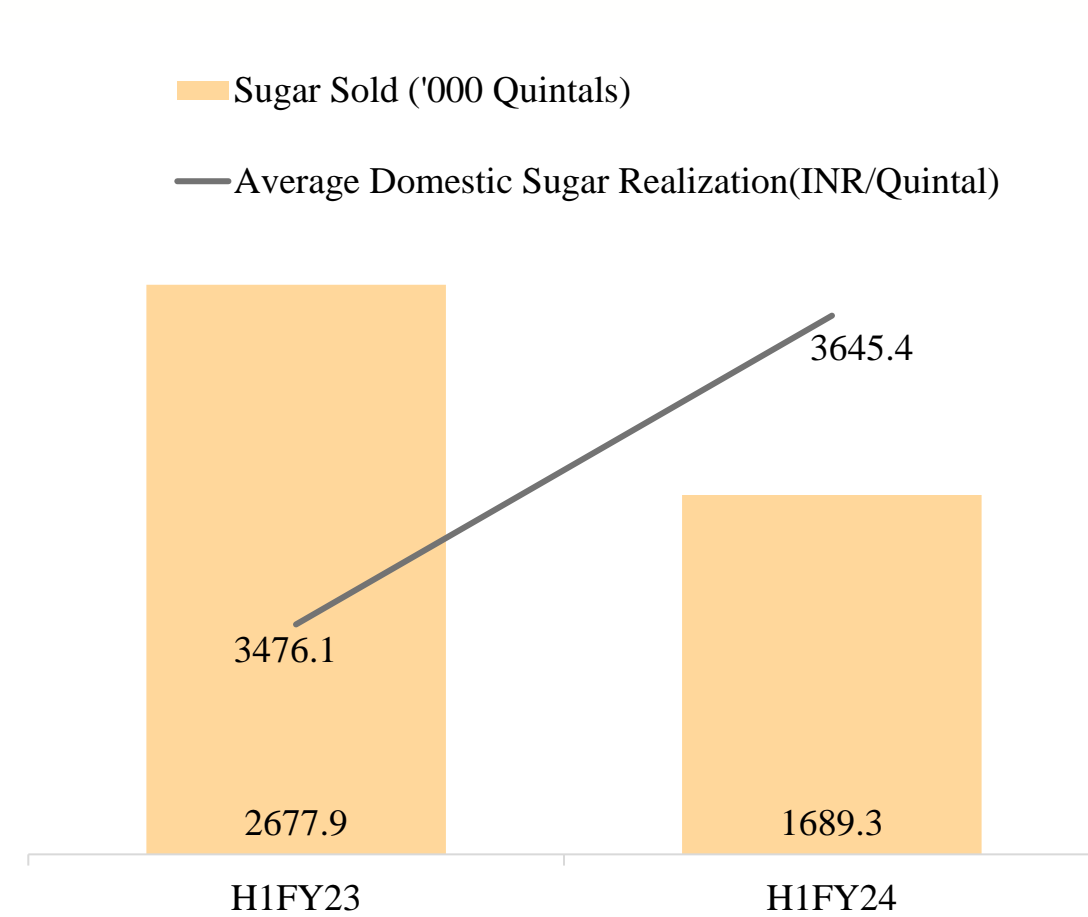
- Crushing during H1 FY 24 is up by 24 % at 9.851 million quintals as compared to 7.942 million quintals during H1 FY 23.
- Sugar production during H1 FY 24 is 0.897 million quintals as compared to 0.896 million quintals during H1 FY 23. In spite of higher cane crushing during the quarter, sugar production is low, mainly due to diversion of sugar cane syrup to distilleries at DN & DD units for producing ethanol. Lower recoveries also caused a dent on the sugar production.
- Crushing at DN & DP units is expected to commence on 31st October, 2023 and at DD unit on 5th November, 2023. The untimely and relentless rainfall in Bijnor district, coupled with the looming threat of red-rot, presents a challenging situation at these units during SS 2023-24. These conditions can cause a dent on both the crushing metrics. However these are early days and favourable weather, going forward, could alter the scenario.
- In QoQ, revenue is down by 18%, totalling ₹ 4,455 million compared to ₹ 5,401 million in the same quarter the previous year. In H1FY24, revenue stands at ₹ 10,167 million, reflecting a 14% decrease compared to the revenue of ₹ 11,866 million in H1 FY23. The primary reason for this decline is attributable to reduced quantity of sugar sold. During Q2FY24 and H1FY24, the volume of domestic sugar sales has dropped significantly by 37% in both periods. This decrease has also had an impact on overall sugar sales, which are down by 37% in both Q2 & H1 FY 23. In the corresponding H1 last year, sugar exports accounted for 0.5 million quintals of sugar sold.
- In Q2FY24 and H1 FY24, the average domestic sugar realization has increased by 6%, amounting to ₹ 3,696/- and 5%, amounting to ₹ 3,645/- per quintal, respectively. This is in comparison to realizations of ₹ 3,493/- and ₹ 3,476/- per quintal during the corresponding periods in the previous year.
- Results of sugar segment are impacted on account additional levy obligation cast up on the company which unfairly treats both B heavy and C heavy molasses as equivalent regardless of their respective potential ethanol output.

SUGAR BUSINESS - QUARTERLY SNAPSHOT



EBITDA Margin is EBITDA / Revenue from operations (including internal revenue)

SUGAR BUSINESS – HALF-YEARLY SNAPSHOT

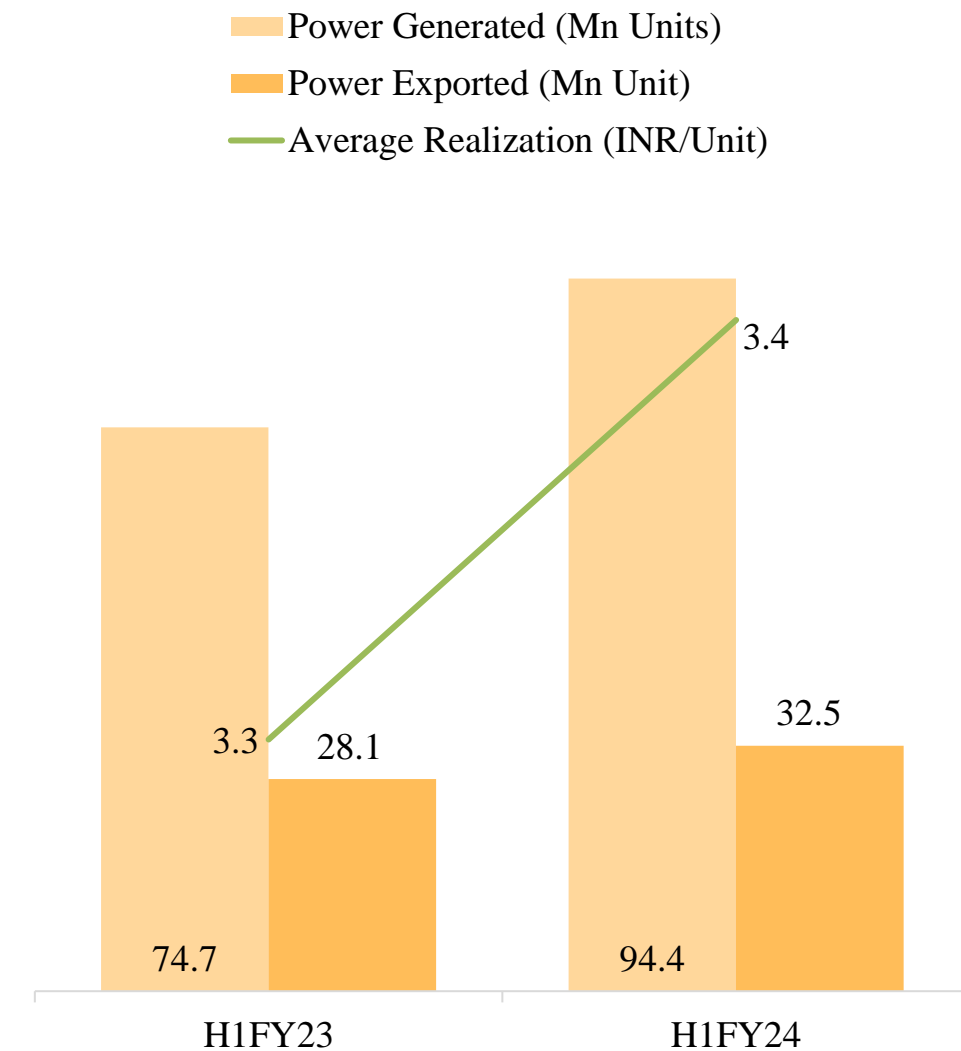


EBITDA Margin is EBITDA / Revenue from operations (including internal revenue)

COGENERATION DATA

HIGHLIGHTS

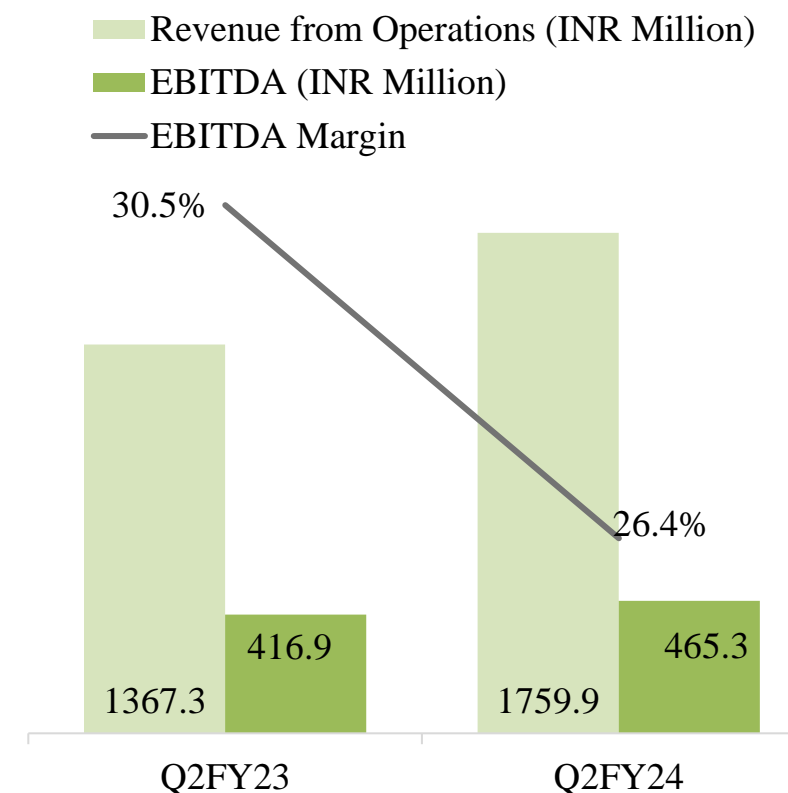
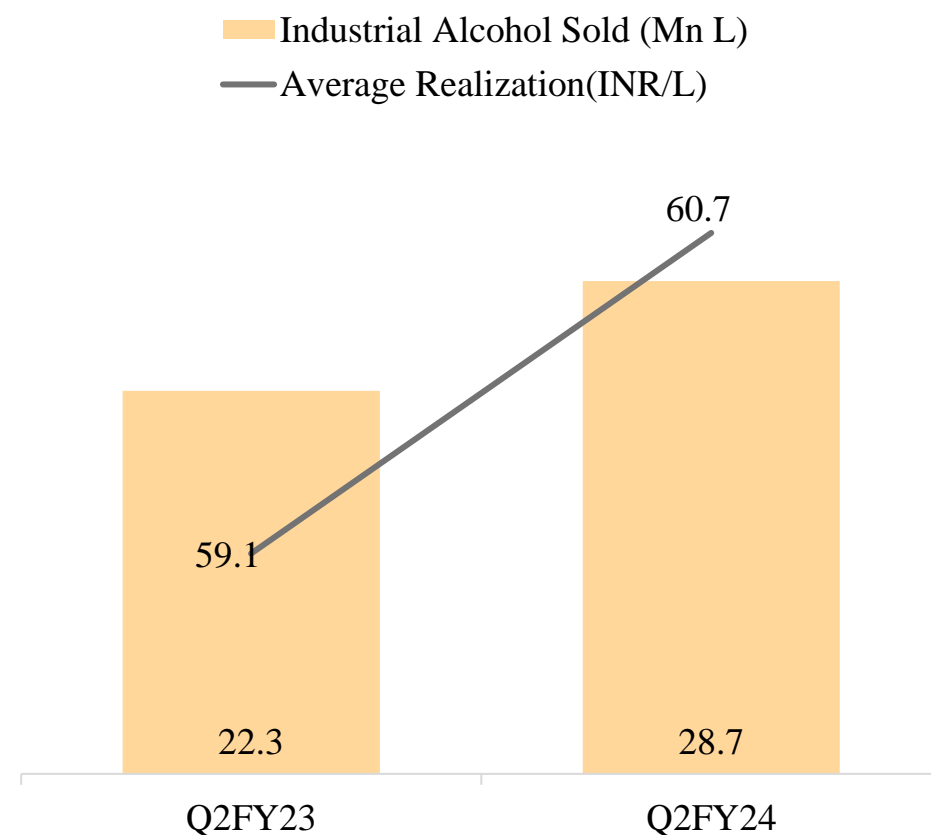
- Power revenue during H1FY24 has increased by 21%, reaching ₹ 112 million, compared to ₹ 93 million during the corresponding period in the previous year. The generation of power is incidental to the steam required for sugar and ethanol production, resulting in savings in bagasse. Revenue from bagasse sales in the quarter and half-year is ₹ 11 million and ₹ 106 million, respectively, compared to ₹ 11 million and ₹ 74 million during the corresponding previous periods.
- During SS 2022-23 revenue from power sale is ₹ 505 million as compared to revenue of ₹ 495 million during SS 2021-22.



DISTILLERY QUARTERLY SEGMENT

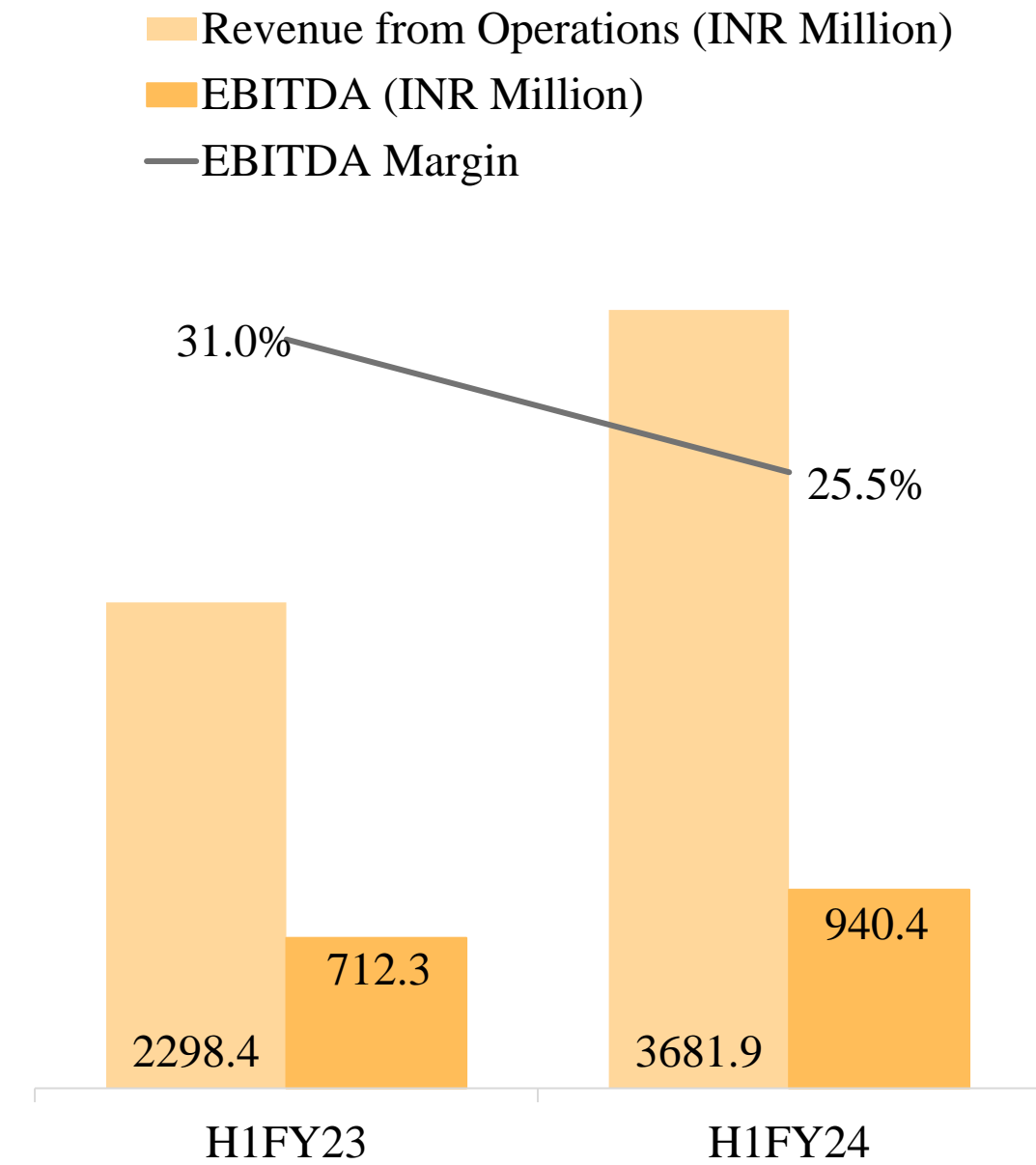
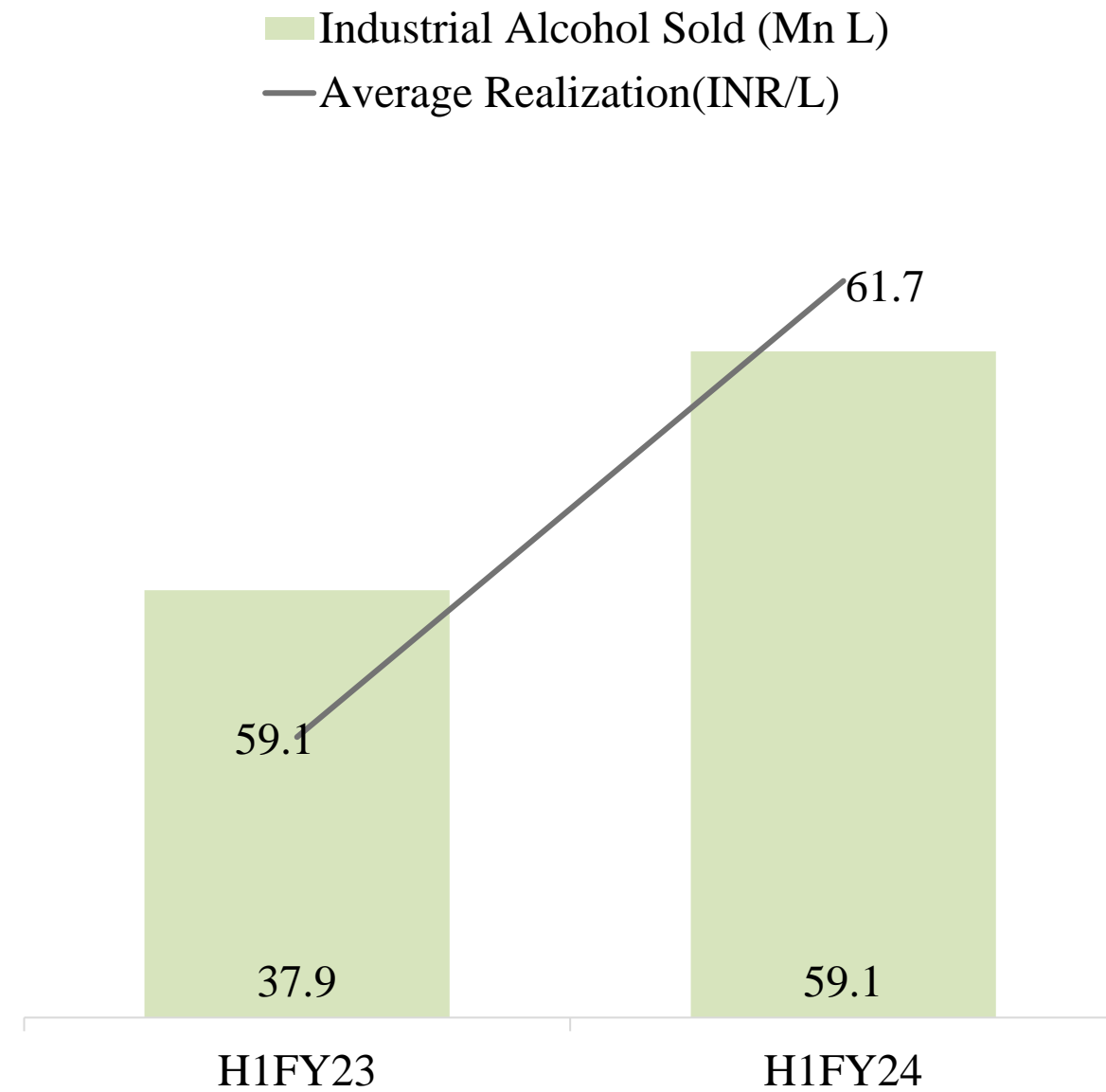
HIGHLIGHTS

- The sale volume of Industrial Alcohol has surged by 29% and 56% on a quarterly and half-year basis, respectively, compared to the corresponding period in the previous year. Similarly revenue is up by 29% & 60% respectively as compared to corresponding periods last year.
- Industrial Alcohol sold during Q2FY24 and H1FY24 is 28,736 KL and 59,090 KL respectively as compared to 22,257 KL and 37,892 KL sold during corresponding periods last year. During H1 FY 24 (in Q1 FY24) 11,388 KL of industrial alcohol sold was made from sugarcane juice / syrup directly. Rest of the quantity sold was made from B heavy molasses whereas during H1 FY 23 entire quantity of industrial alcohol sold was made from B heavy molasses.



EBITDA Margin is EBITDA / Revenue from operations

DISTILLERY HALF-YEARLY SEGMENT



EBITDA Margin is EBITDA / Revenue from operations

PICTURES OF OUR FACILITIES



DWARIKESH NAGAR UNIT (BIJNOR DISTRICT)



Sugar plant overview



Distillation house & multi-effect evaporator



Bagasse silos & feeders of boiler



Continuous pan

DWARIKESH PURAM UNIT (BIJNOR DISTRICT)



Juice evaporator



Centrifugal station



Cogeneration control panel



Switch yard

DWARIKESH DHAM UNIT (BAREILLY DISTRICT)



Facility overview



24 MW TG set



Pan station



Clarification section

DWARIKESH NAGAR DISTILLERY (BIJNOR DISTRICT)



162.5 KLPD
distillery

DWARIKESH DHAM DISTILLERY (BAREILLY DISTRICT)



175 KLPD
distillery



THANK YOU

Vijay S. Banka

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Rashi Sanghi

Adfactors PR Pvt. Ltd.
Email: rashi.sanghi@adfactorspr.com

