Vishwaraj Sugar Industries Ltd.

Investor Presentation

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VISHWARAJ SUGAR INDUSTRIES LTD

Safe Harbour

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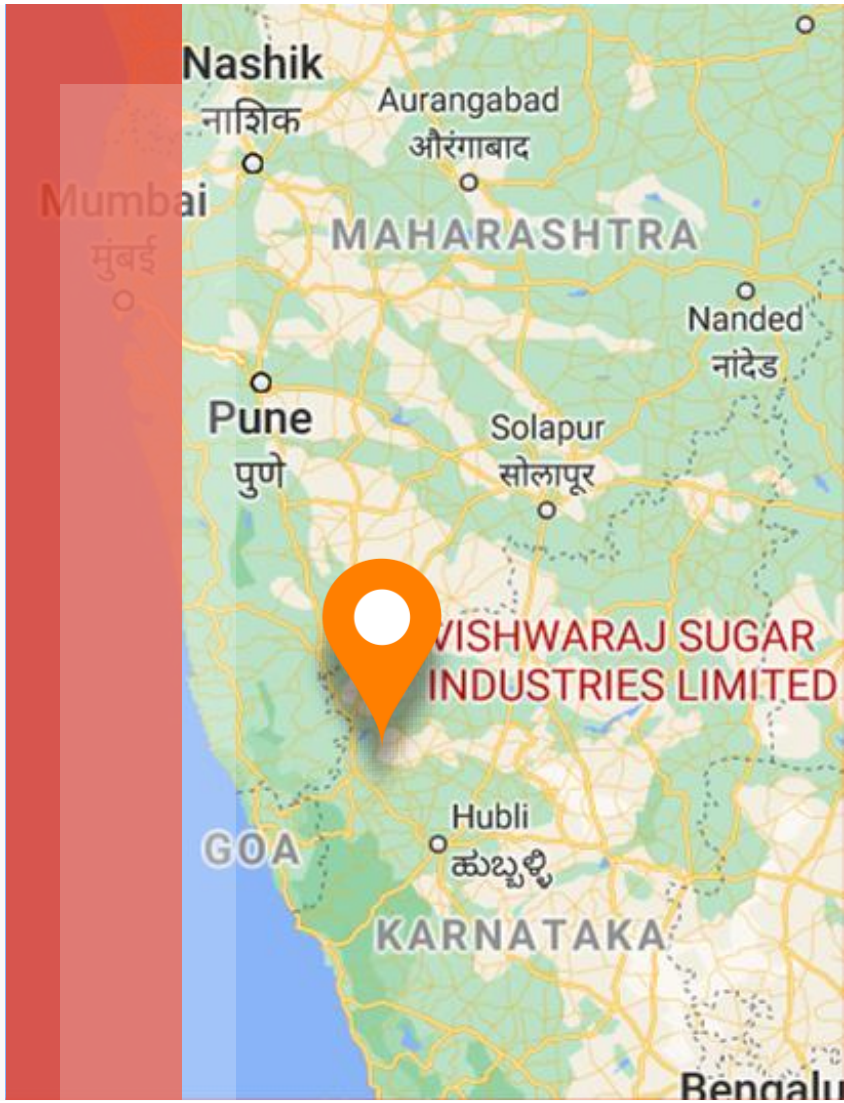
About the Company

Incorporated in **1995, Vishwaraj Sugar Industries Limited (VSIL)** has an integrated sugar and ethanol manufacturing plant in **Bellad-Bagewadi, Karnataka**.

- Sugarcane Crushing Capacity of **11,000 MT** Per Day
- Distillery Capacity of **100,000 Litres** Per Day
- Co-Generation Capacity of **36.4MW**
- Vinegar Manufacturing Capacity of **70,000 Litres** Per Day

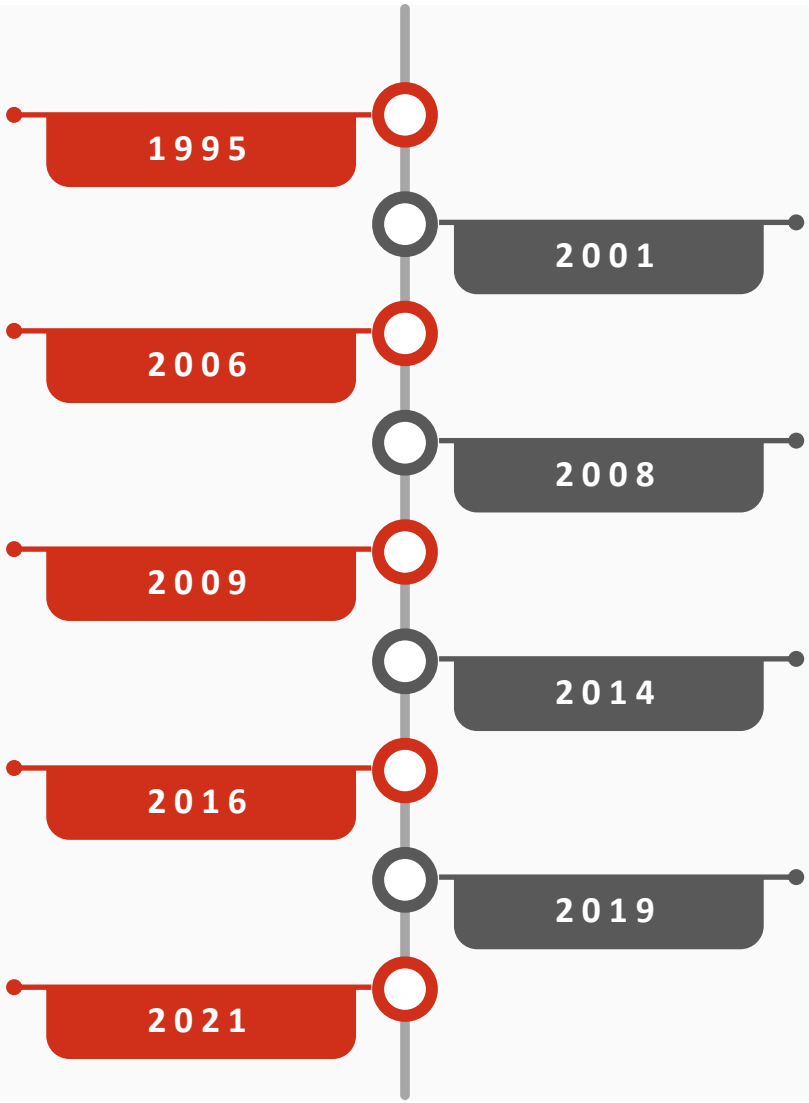


Existing Scale of Operations

	Details	Present Production Capacity	Production/Processed Quantity	Sales Quantity
	**Sugarcane Crushing**	• 11,000 MT per day	• 9,08,000 MT in FY2021	
	**Sugar**	• 1,320 MT per day	• 79,320 MT in FY2021	• 94,073 MT in FY2021
	**Distillery** (Ethanol)	• 100 KL per day	• 8,188 kilo litres (KL) in FY2021 • 1,500 KL used for vinegar production; 400 KL purchased from market	• 8,105 KL in FY2021
	**Electricity / Power**	• Co-generation capacity of 36.4MW • Production achieved in real life situation ~26 MW	• 88,050 MWh	• 56,612 MWh sold to the grid in FY2021
	**Brewed Vinegar**	• 70 KL per day	• 8,652 KL	• 9,538 KL

Note: The company also produced and sold extra neutral spirit in FY2021: 1,450 KL, which has been discontinued now

Key Growth Milestones of the Company



Business Transformation Strategy

Functional Advantages 1

- Located in the sugarcane rich belt of Belagavi in Karnataka
- Feedstock resilience
- Talented team, experienced and seasoned management
- Enhanced financial control and improved receivables management.

Technological Prowess 2

- Differentiated processes and product customization capabilities
- System and process patent filed for manufacturing sugar
- In-house R&D team

Moving Up the Value Chain 3

- New industries and clientele targeted in pharmaceuticals, health supplements and nutraceuticals, and beauty and personal care industry
- Focus on high-value high-margin products, backed by robust growth prospects of the targeted end user industries
- Enhanced geographical reach
- Increasing revenue per tonne of sugarcane crushed

Additional Revenue Streams 4

- Power self-sufficiency and stable stream of revenue
- Passive income from leasing of IML (Indian made liquor) facility
- Exploration of new product verticals: retail distribution of vinegar and sugar

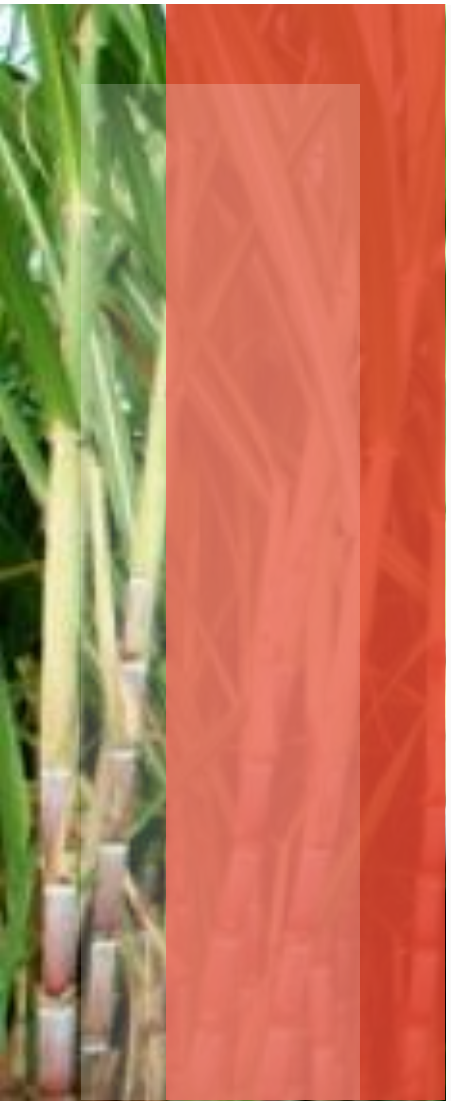
Lower Operational Leverage 5

- Reduced human interference and errors due to plant automation and reduced steam consumption costs
- Enhanced fermentation efficiency in the distillery, resulting in high yield at no additional costs
- Capex optimization

Expansion Plans 6

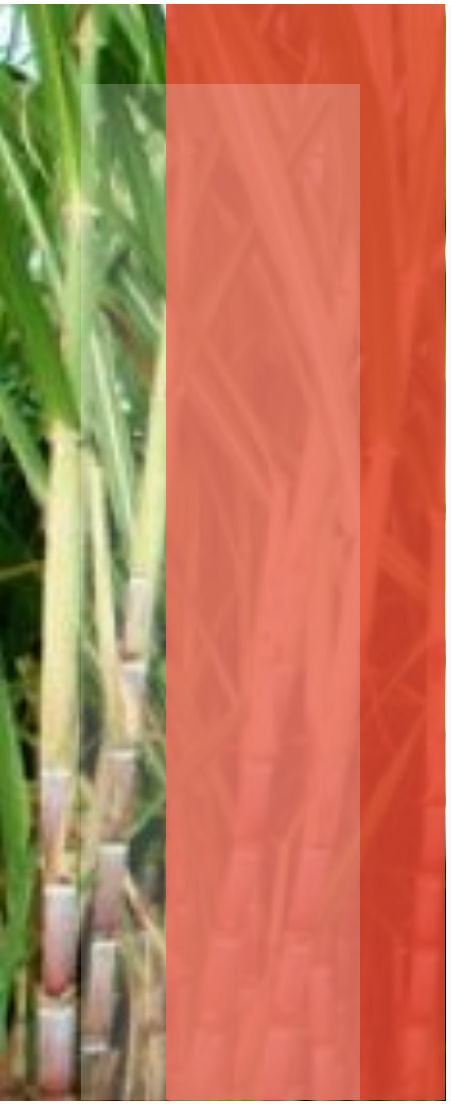
- Plant upgradation and automation
- Enhanced capacity utilization for sugar business
- Brownfield expansion for ethanol business
- Greenfield expansion for ethanol business

Feedstock Resilience: Plant Location in Sugarcane Rich Belagavi District of Karnataka

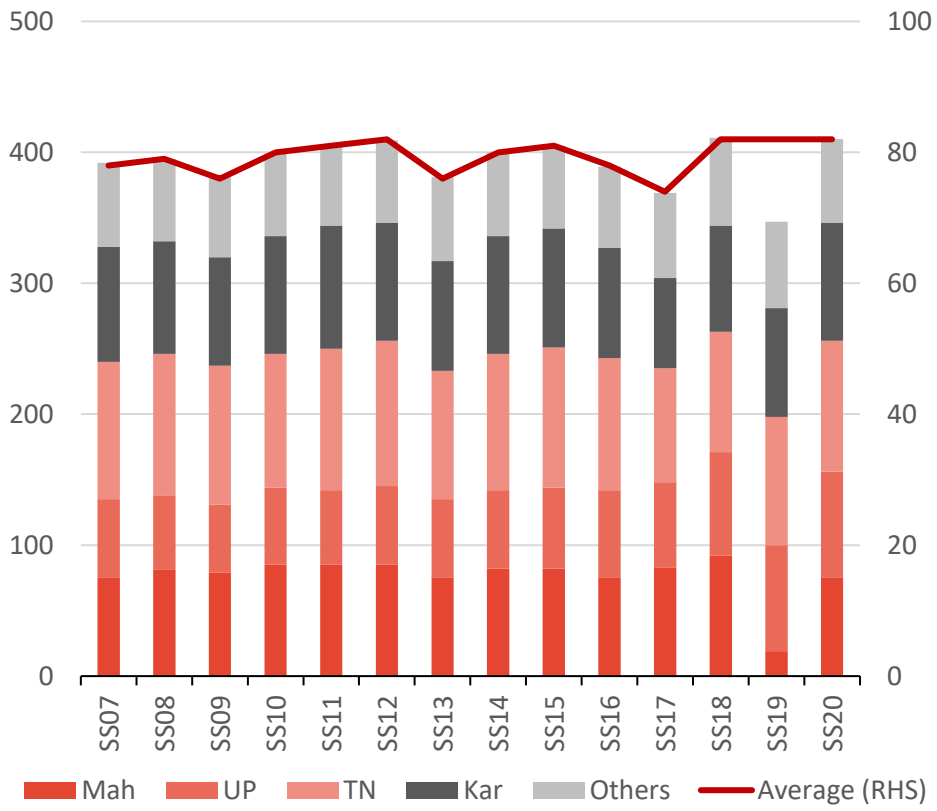


- The company is present in the largest sugarcane growing belt of Karnataka, in the Belagavi district. This district alone contributes to more than 50% of the state's annual output of sugarcane, sugar, and ethanol.
- Belagavi district, with 24 sugar mills, produces over 2-2.5 crore MT of sugarcane every year, leading to an output of 20-25 lakh MT of sugar.
- On an average, 2 lakh MT of sugarcane is crushed per day in the Belgavi district across the 24 factories.
- During the season, the factories in the region crush on an average 8,000 MT of sugarcane per day.

Feedstock Resilience: Karnataka is the 3rd Largest Sugarcane Producing State in India

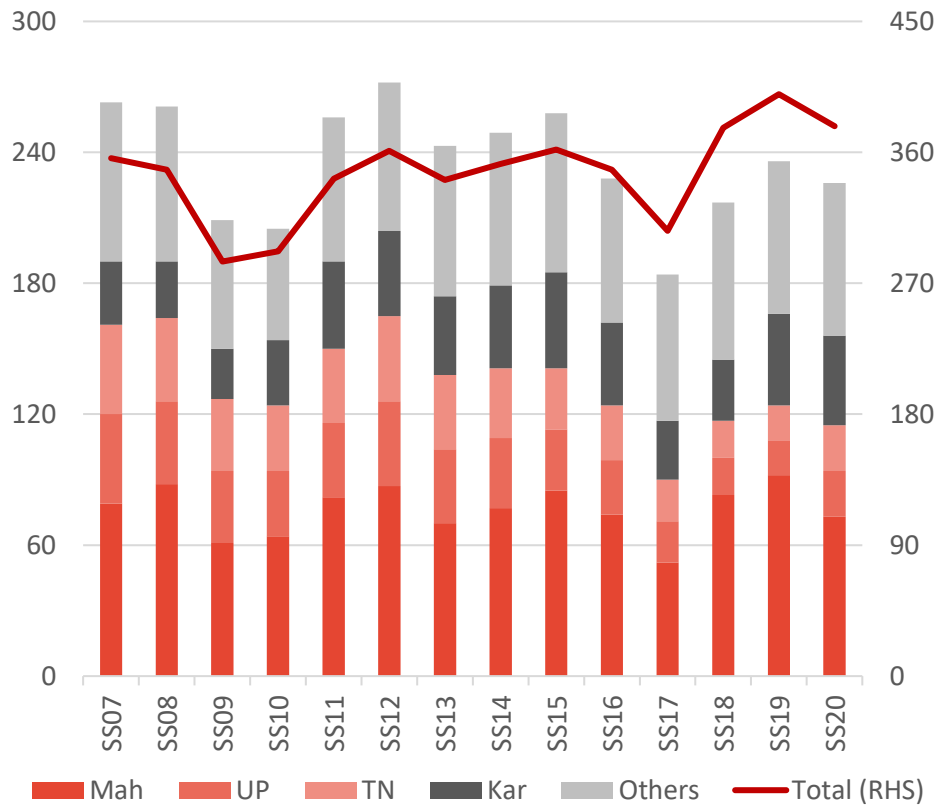


Yield (MT/ha)



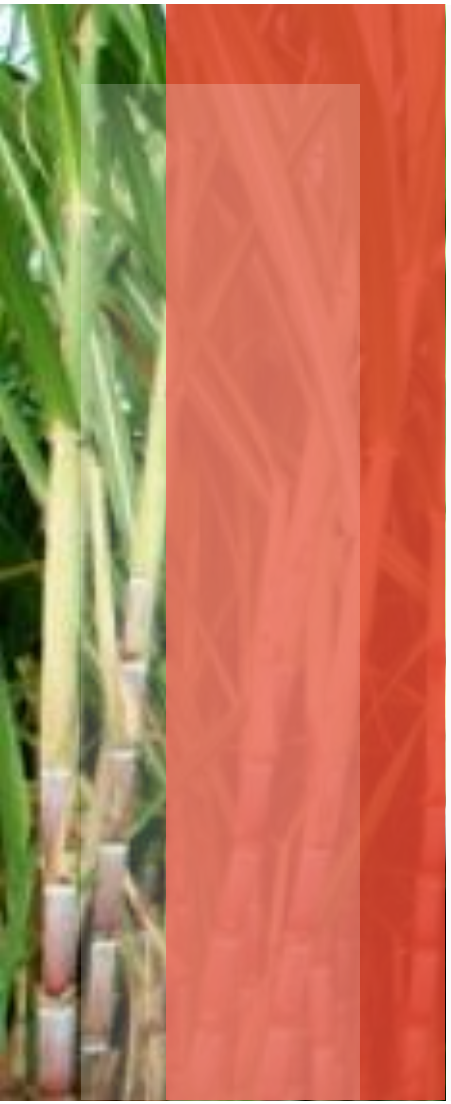
Source: Industry

Sugarcane Production (Million MT)



Source: Industry

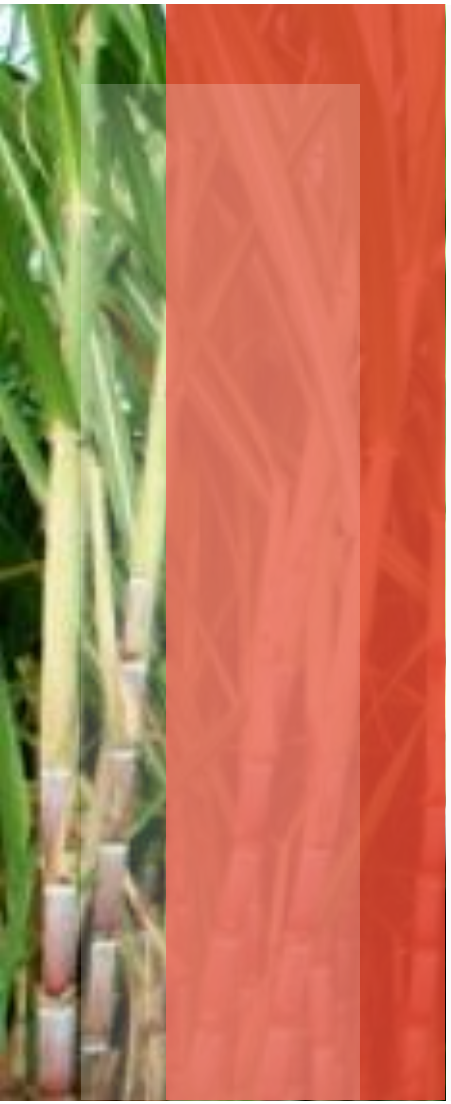
Feedstock Resilience: Cordial Procurement Relationships



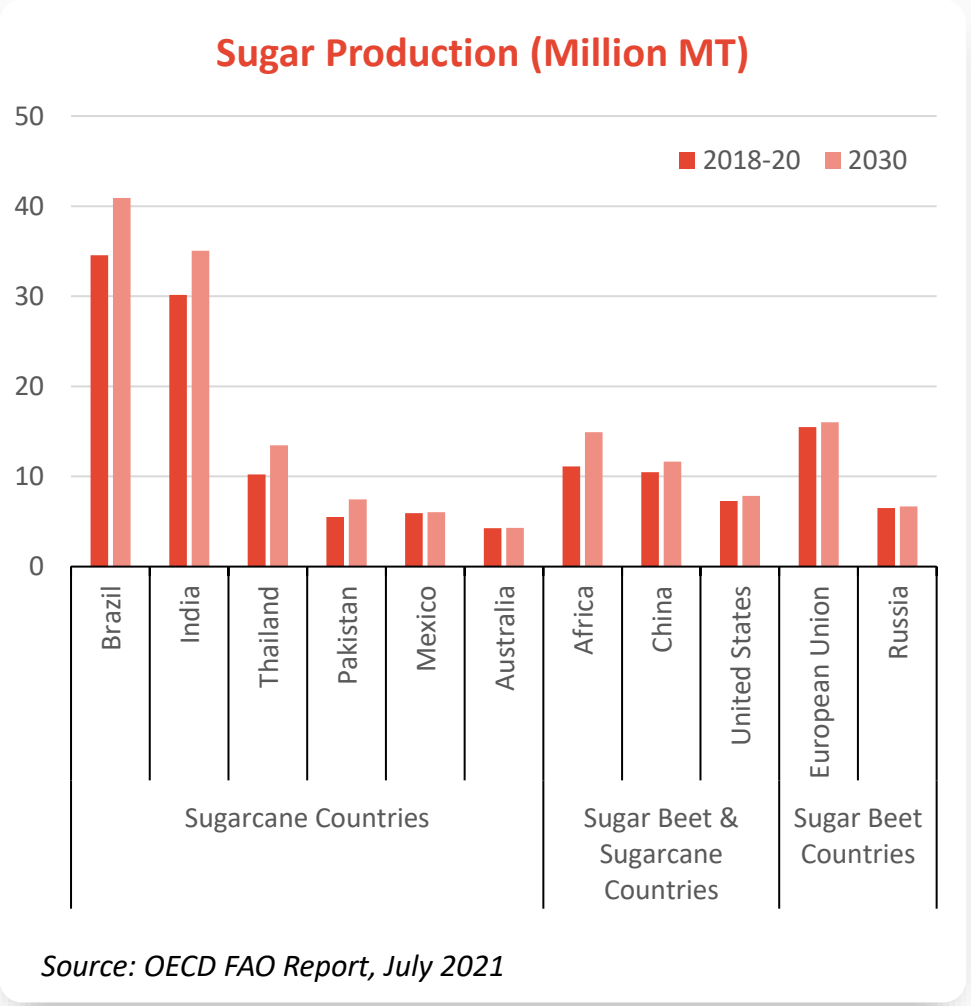
- The company has cordial relationships with the farmer community, ensuring adequate and seamless sugarcane procurement during the harvest season.

- To ensure sourcing adequacy, the company ensures timely payment to the farmers and motivate and educates them to increase their yield per hectare, by supplying them new high yield varieties of sugarcane saplings.

Feedstock Resilience: Benign Sugar Industry Outlook in the Near Term



- World sugarcane production is projected to grow by 1% per annum and reach 1,960 million MT by 2030. Brazil and India are anticipated to contribute 65% of the change in global output volume (38% and 27%, respectively). While Brazil's sugar production is projected to increase to 41.0 million MT, production in India is forecast to reach 35.6 million MT by 2030.
- Income gains and urbanization are likely to drive the per capita consumption of sugar, especially in Asia, where the per capita availability is relatively low. Asia will account for more than half of world consumption by 2030. India will experience the most significant increase in consumption growth. Higher consumption will be triggered by expanding demand for sugar-rich confectionery products and soft drinks.
- The OECD FAO Report 2021 projects that India will have enough supplies to maintain a high level of export, mainly in the form of white sugar, and would continue to be the world's third-largest exporter after Brazil and Thailand.



Source: OECD FAO Report, July 2021

Differentiated Processes and Product Customization Capabilities

1

The company has an **in-house R&D team** that has proven its technological prowess by reengineering sugar and ethanol production processes by a patented process beginning from the time of sugarcane crushing itself.

2

System and process patent for manufacturing sugar is filed, which is provisionally approved. Once granted, the IP portfolio of the company will be strengthened, providing a meaningful competitive edge in the crowded and commoditized sugar industry.

3

The company is in discussions with the National Sugar Institute (Kanpur) through the Government of India (Sugar Directorate) for **monetizing the in-house developed process** to be used by others in the industry that could potentially fetch a royalty income.

Conventional Sugar Business of the Company

Sugarcane Processing Capacity: The company has a sugarcane crushing capacity of 11,000 MT per day.

Types of Sugar Produced and Sold Till Recently: The sugar produced is differentiated based on the size of the sugar crystals. The company produces following grades of sugar including M, S1, and S2, which are in descending order of the size of the crystals.

Target Market: The company has been consistently producing good quality sugar, which has been in demand for domestic consumption, both by households and industrial consumers. The company has been supplying sugar to the major sugar consumers including biscuits, confectionery, and beverages manufacturing companies.

New Revenue Pathways Enabling to Move up the Value Chain

Process Reengineering: The process reengineering implemented by the company leads to a bacteria-and-pathogen-free superior grade sugar and ethanol meeting the required quality standards of the pharmaceuticals, health supplements and nutraceuticals, and beauty and personal care industry.

New Industries and Clientele: The mission is to boost the share of pharma grade sugar, largely catering to the pharmaceuticals, health supplements and nutraceuticals, beauty, and personal care industry with an aim of increasing the average realization per tonne of sugarcane crushed.

Higher Average Price Realizations: Price realization of pharma grade sugar is more than the sugar produced by sulphitation process and the refined sugar.

Multiple Revenue Pathways, and New Industries and Clientele Targeted: Sugar Segment

Pharmaceutical Grade Sugar

In the pharmaceuticals industry, **sugar often plays the role of an excipient**, an inactive substance used as a dose carrier for the active drug. Its functions range from adding bulk and consistency to tablets to making unpleasant-tasting medicines palatable.

In addition to taste and texture, **pharmaceutical-grade sucrose or invert syrup** is also used as a pharmaceutical excipient in tablets and capsules to help improve the appearance and facilitate transportation and storage.

Primarily used to **counteract the unpleasant taste** of the active ingredients in some medicines, pharma-grade invert sugar syrup can also **add viscosity** to a product and act **as a diluent,** which will **increase the volume.**

Pharmaceutical-grade sugar is the **purest sugar**. It does not contain added sulphur or heavy toxic substances such as lead, arsenic, mercury, etc. and is free of bacteria and pathogens.

Quality specifications include Icumsa NMT 45, Sulphurless, confirming to IP, BP, USP specifications. A drug license is needed to manufacture this grade of sugar to be qualified as a reliable feedstock for the pharmaceuticals industry, and the company is working towards getting this license.

Conventional Ethanol Business of the Company

1

The company manufactures **rectified spirit** and **ethanol** from molasses / sugarcane syrup.

2

Rectified spirit is a highly concentrated spirit which is purified through distillation. Currently, the **distillery unit** has an **installed capacity** of **100 KLPD** of rectified spirit.

3

The rectified spirit produced by distillation process is further dehydrated to make anhydrous ethanol containing a minimum of 99.6% ethyl alcohol, and it is sold to Oil Marketing Companies (OMCs) after denaturalization by adding a small quantity of some denaturants. **OMCs** use this anhydrous ethanol for **blending with motor spirit** (Petrol).

Multiple Revenue Pathways, and New Industries and Clientele Targeted: Ethanol Segment

New Revenue Pathways Enabling to Move up the Value Chain

1 

Moving up the value chain, the company is gradually **moving its target market** from OMCs to pharmaceuticals, health supplements and nutraceuticals, and beauty and personal care companies. This is a **niche category** characterized by **enhanced price realization** and **improved receivables management**.

2 

The patented process leads to a **bacteria-and-pathogen-free output** enhancing the **quality** and **quantity** of ethanol, adhering to the **pharma-grade** requirement.

3 

While the acceptance level for pure alcohol/ethanol is 99.6%, the company has already achieved and delivered 99.9%, **benchmarking** the best per **international standards**.

4 

Price realization per litre of ethanol in the normal course from OMCs stands at INR 62.65 for the ethanol produced from sugarcane syrup or juice, and INR 57 for the ethanol produced from molasses. In the case of pharma-grade ethanol, the **price realization goes**.

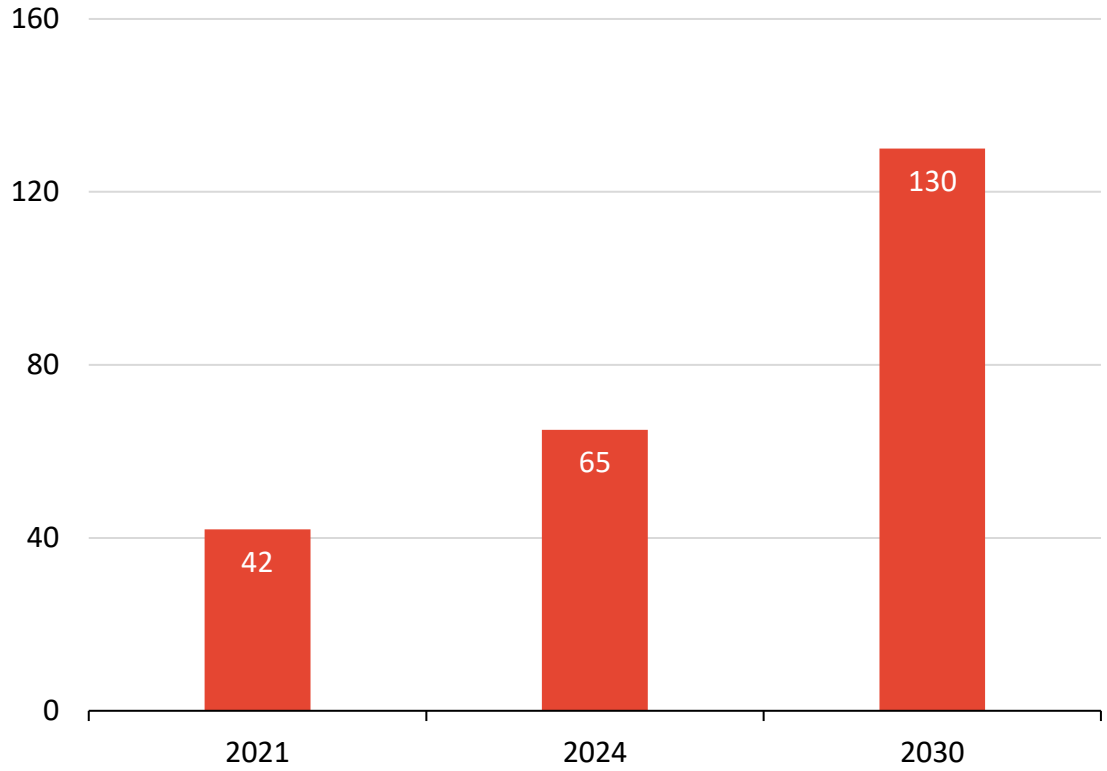
Multiple Revenue Pathways, and New Industries and Clientele Targeted: Ethanol Segment

Pharma Grade Ethanol

- Ethanol 99.9% at a GMP-grade can be used in preparations that can be injected into the body or bloodstream. Furthermore, this pharmaceutical ethanol can be used as a solvent in laboratory use, for sterilization and decontamination, in the production of pharmaceuticals and disinfectants, and medical device manufacturing.
- Other applications include skin and surgery disinfection, production of APIs, sensitive pharma synthesis, blood plasma fractioning, manufacturing of products such as anesthetics, antiseptics, drugs, liniments, lotions, and widely used as a solvent and preservative in pharmaceutical preparations.

New Target Industry 1: Indian Pharmaceuticals Industry

- According to the Economic Survey of India data released in 2021, the domestic pharmaceuticals market is expected to grow threefold in the next ten years. The market size is estimated at US$ 42 billion in 2021, which is likely to reach US$ 65 billion by 2024 and further expand to reach ~US$ 120-130 billion by 2030. India's drugs and pharmaceuticals exports stood at US$ 24.44 billion in FY2021.
- It is estimated that India's drug expenditure will grow at a rate of 12% per year over the next five years, making India one of the ten countries with the highest drug expenditure.
- The Indian government has taken many measures including the rapid introduction of generic drugs to the market which will benefit Indian pharmaceutical companies. In addition, the promotion of rural health programs, life-saving drugs, and preventive vaccines bodes well for pharmaceutical companies.

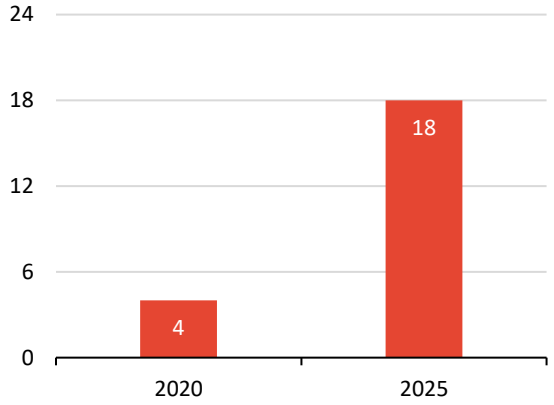


Source: IBEF May 2021

New Target Industry 2: Health Supplements and Nutraceuticals Market

- By the end of 2025, India's nutraceuticals market is expected to grow from an estimated US$ 4 billion to US$ 18 billion. The dietary supplement segment accounts for more than 65% of the nutraceutical market and is growing at a rate of 17% and is likely to be 22% per year, especially when preventive health has become the focus of everyone's attention in the current pandemic.
- Currently, India imports US$ 2.7 billion worth of nutrition and health products. The sector has also been significantly opened to attract foreign investment. The Government of India (GOI) has opened 100% FDI in this manufacturing sector under the automatic route, and such entities can sell their products through wholesale, retail, or e-commerce platform. The Foreign Direct Investment (FDI) has increased from US$ 131.4 million in 2012 to US$ 584.7 million in 2019.
- With changes in lifestyle and eating patterns, increased disposable income, growing attention to nutrition, awareness and access to information, and growth of the working population has led to an increase in the use of health supplements and nutritional products. As India transforms into a global manufacturing hub, health care products manufacturers have a strong momentum in establishing production facilities in India.
- Key supply-side drivers include, strong economic growth, encouraging macroeconomic indicators, superior geographical location, access to major routes, access to several global technologies, easy availability of raw materials, low-cost skilled workforce, strong distribution network, and growing e-commerce channel.

Indian Nutraceutical Market (US$ Billion)

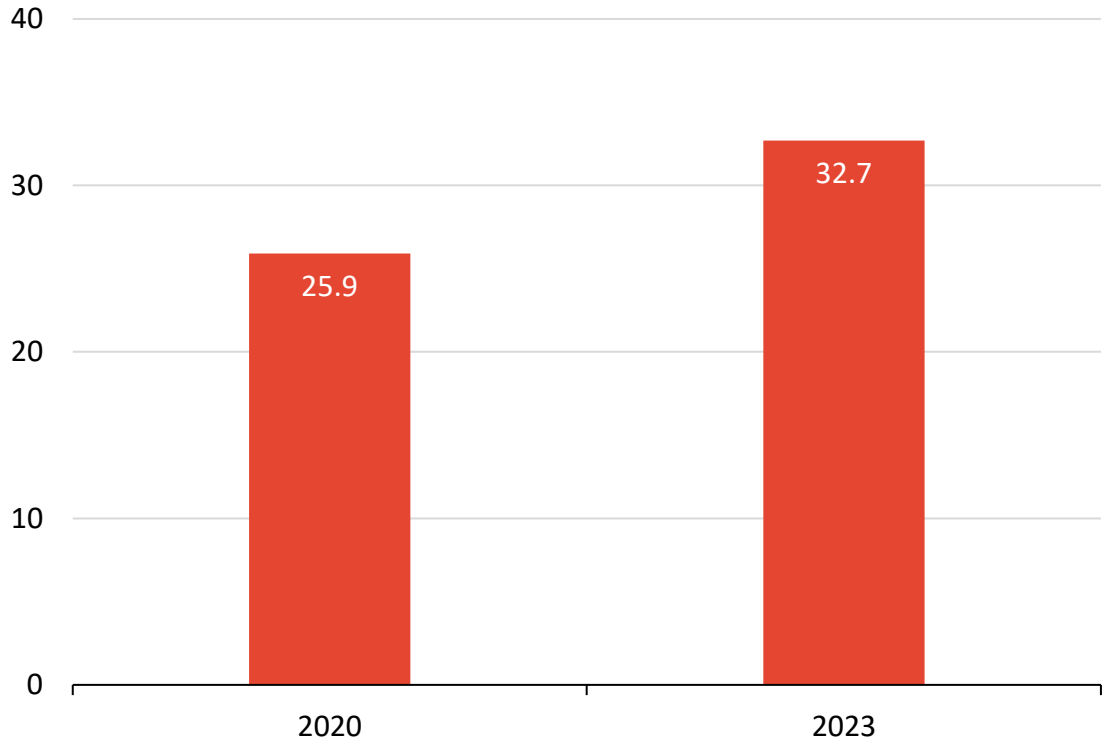


Source: Trade.gov, smergers.com

Definition of health supplements and nutraceuticals market:
Functional / fortified food: Nutrition fortified foods such as fortified flour and oil, fortified malted flour, breakfast cereals, probiotics foods like yogurt, etc.
Functional beverages: Sports and energy drinks, fortified juices, canned juices, glucose powder, etc.
Dietary supplements: Vitamin supplements, minerals supplement, macronutrients, antioxidants, tonics, herbal extracts such as Chyawanprash, etc.

New Target Industry 3: Beauty and Personal Care Market in India

- According to Statista, India's beauty and personal care market is estimated at US$ 25.9 billion in 2020 and is projected to reach US$ 32.7 billion by 2023, growing at a CAGR of 8.1%.
- Key demand drivers include rising disposable income, demand for enhanced international quality products, product authenticity, increasing desire and need of personal grooming, increased internet penetration and social media exposure, attractive offers, and ease of availability.



Source: Statista

Enhanced Geographical Reach and Competitiveness

Increasing Realization Per Tonne of Sugarcane Crushed

- Moving up from a commoditized and crowded business to value-added products, the company is stepping up the value chain in terms of products and end-user industries, which means higher price realization and improved margin per unit of output.
- The company will prioritize selling a mix of pharma grade sugar, pharma grade ethanol and vinegar. Whatever is unsold shall be mobilized via traditional channels; for sugar to the commoditized market and ethanol to the OMCs at the prevailing market rates.
- These efforts will go a long way in enhancing the revenue per tonne of sugarcane crushed over the next five years.

Lower Cost of Production

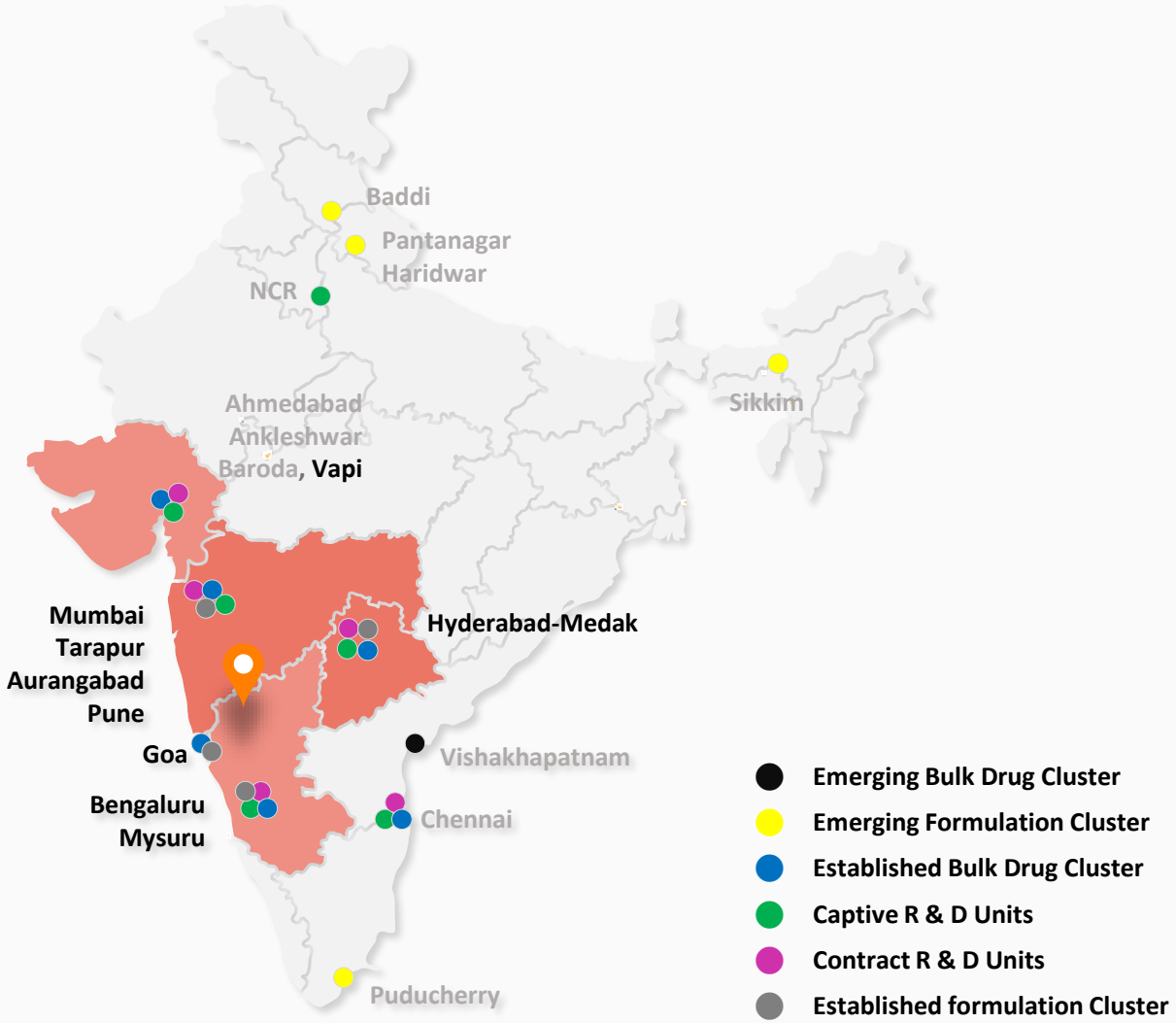
- This endeavour is further complemented by lower costs of operation, driven by process reengineering and production efficiencies.

Scenarios	Industry wide best case scenario	Industry wide best case scenario	In-house Developed	In-house Developed	In-house Developed
Details	**Integrated Sugar Focused Production**	**Ethanol Only from Juice**	**Pharma Sugar Only**	**Pharma Ethanol Only**	**Optimal Mix at VSIL**
Sugarcane Crushed (kg)	1,000	1,000	1,000	1,000	1,000
Yield (%)	11.5%	0.0%	12.0%	0.0%	8.8%
Sugar Production (kg)	115	-	120	-	88
Sugar Price (INR/kg)	32	-	38	-	38
Sugar Revenue (INR)	**3,680**	**-**	**4,560**	**-**	**3,344**
Power					
Produced (KWh)	100	100	100	100	100
Consumed %	60.0%	60.0%	60.0%	60.0%	60.0%
Sold %	40.0%	40.0%	40.0%	40.0%	40.0%
Sold (KWh)	40	40	40	40	40
Price / KWh (INR)	5	5	5	5	5
Revenue (INR)	**200**	**200**	**200**	**200**	**200**
Ethanol					
Produced (litres)	10	73	10	83	32
Yield (%)	1.0%	7.3%	1.0%	8.3%	3.2%
Ethanol Price (INR/litre)	47	63	47	68	61
Revenue (INR)	**470**	**4,542**	**470**	**5,610**	**1,956**
Revenue Per Tonne of Sugarcane Crushed (INR)	**4,350**	**4,742**	**5,230**	**5,810**	**5,500**

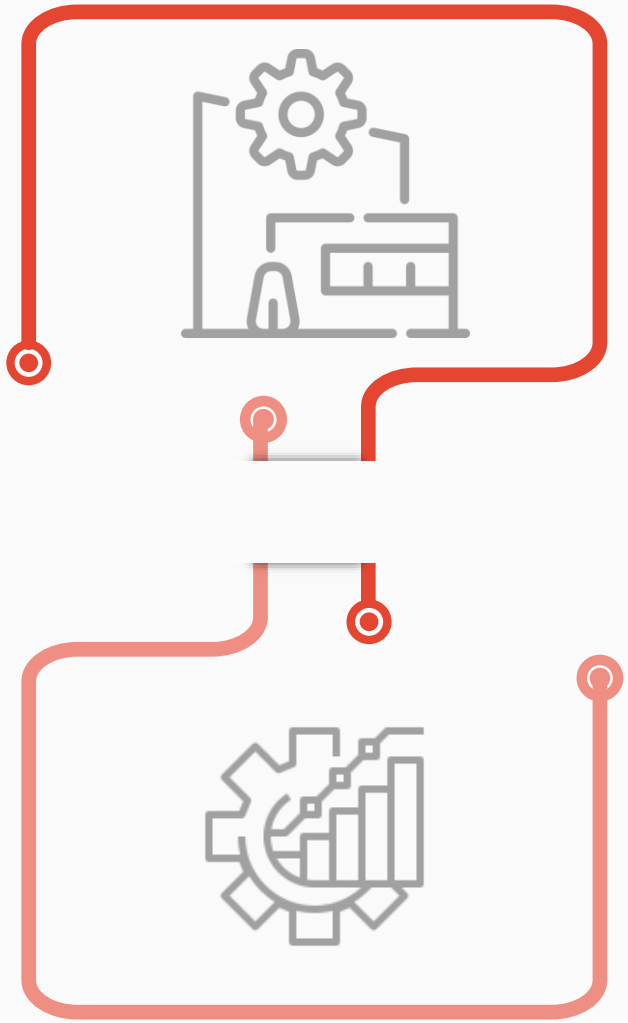
Enhanced Geographical Reach and Competitiveness

Enhanced Market Reach

- Foray in higher-value products, and lower cost of production enables exploring new geographies and industries within the range of 600 kms from the factory. This move will enable the company to cater to the pharmaceuticals, health supplements and nutraceuticals, beauty and personal care manufacturing hubs, including Southern Gujarat (Vapi), Western Maharashtra (Mumbai, Tarapur, Pune) and Central Maharashtra (Aurangabad), Western Telangana (Hyderabad), Goa (Verna and Ponda) and Central and Southern Karnataka (Mysore and Bengaluru) zones in India.



Plant Upgradation and Capex Optimization



Plant Upgradation

The company is investing about INR 25 crore to implement the process reengineering and improvisation backed by plant upgradation for achieving the desired quality levels and meeting the standards requirement for producing pharma grade sugar and ethanol. The company product quality can be benchmarked to the standards and requirements laid down by USFDA.

Capex Optimization

As a result of implementing the process reengineering, the company managed to bypass the capital investment mandated for setting up a sugar refining facility, thereby saving INR 80-90 crore and increasing the overall return on investment for all the stakeholders.

Low Operational Leverage

Apart from capex reduction, the company's process optimization has helped to save operating expenditure as well. On an operational and production level, the company saves costs on steam, labour, power, and chemicals, making it more competitive.

Reduced Steam Consumption 1

- At peak crushing capacity, the steam consumption achieved by the company is 27%, i.e., utilizing 270 kgs of steam for every tonne of sugarcane crushed, which is way below the average industry level at 32%.
- This operational efficiency translates into a lower cost of production as bagasse management is optimized.

Reduced Human Interference and Errors Due to Plant Automation 2

- **Cane Weighing -** Man less
- **Cane Unloading -** In process to be controlled by DCS
- **Cane Feeding and Preparation -** Controlled by DCS
- **Milling -** Controlled by DCS
- **Water Imbibition -** Controlled by DCS
- **Boiling House (Juice Clarification and Evaporation) -** Controlled by DCS
- **Centrifugal Machines -** Human Machine Interface (HMI)
- **Bagging -** Semi Automatic Machines

Enhanced Fermentation Efficiency 3

- As the sugarcane syrup/molasses is coming from the patented process, fermentation yield for ethanol has gone up and qualifies for pharma grade output.
- The general industry wide fermentation efficiency is upto a maximum of 91%.
- In contrast, the company has achieved 95% to 97% fermentation efficiency without adding yeast and special enzymes; as a result, the yield is high, the cost is low, and the fermentation does not fail.

Calculations and Economics for Enhanced Ethanol Production 4

- About 4 MT of sugarcane need to be crushed to derive one tonne of syrup.
- From one tonne of syrup, the company produces about 330 litres of ethanol, approximately 83 litres of ethanol from every tonne of sugarcane crushed.
- This is much better than the industry standard of producing about 70 to 73 litres per tonne of sugarcane crushed.
- Price realization per litre of ethanol in normal course from OMCs stands at INR 62.65 for the ethanol produced from sugarcane syrup or juice and INR 57 for the ethanol produced from B-heavy molasses. In the case of pharma-grade ethanol, the price realization goes up to INR 67 per litre.
- The patented process at the feedstock level enhances the quantum of ethanol produced, and the output quality adheres to the pharma-grade requirement.
- While the acceptance level for pure alcohol/ethanol is 99.6%, the company has already achieved and delivered 99.9%.

Capacity Expansion Plan: Brownfield Project

01

Brownfield Project

The company plans to set up a brownfield ethanol production facility, 150,000 litres per day, over the existing capacity of 100,000 litres per day.

02

Increase in capacity

This will increase the overall ethanol production capacity to 250,000 litres per day. The expansion will happen in the existing premises.

03

Timeframe

The estimated investment is INR 150 crore, and it will need a minimum of two years to set up the plant. The first full year of operation of this facility shall be FY2025, at a time when the government is envisaging 20% blending of ethanol with petrol.

04

Funding

A mix of equity and debt shall fund the project. The equity shall be largely mobilized via internal accruals. With its improvising high-value product mix and improving cost efficiencies impacting profitability, the company shall be comfortably placed to raise the bank debt at competitive interest rates.

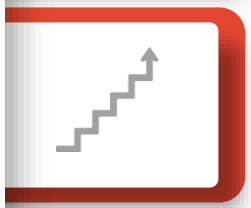
Capacity Expansion Plan: Greenfield Project

01 

New Project: The company has also applied to the government of Karnataka for issuing distance certificate for setting up a greenfield ethanol production facility within 80 kms from the existing factory in the Belagavi district itself.

02 

Evaluation: The state government evaluates whether the two sugar factories are at an aerial distance of a minimum 15 kms or not.

03 

Steps Taken: The company has already acquired 110 acres of land for this plant.

04 

Investment: The estimated project investment is INR 250 crore, to setup an additional ethanol distillery with a total capacity of 250,000 litres per day.

05 

Planned Capacity in Phase I: In Phase I, the company will set up an ethanol distillery with a capacity of 100,000 litres per day.

Capacity Expansion Plan: Greenfield Project

06 

Speed-up Approval Process: This objective is to get permission for smaller scale of operations from the state government itself, which is a relatively faster process.

07 

Strategic Plan: For expanding the scale beyond this capacity, the company will need to seek permission and clearance from the central government.

08 

Targeted Capacity: The company has plans to scale the capacity in this plant up to 250,000 litres per day.

09 

Phase I Timeframe: Phase I, with 100,000 litres capacity, can be set up in 30 months from now. The first full year of operation of this facility shall be FY2025.

10 

Phase II Timeframe: Phase II, with an incremental 150,000 litres capacity, can get fully operational by FY2027.

Natural Alcohol Vinegar

1. 

Vinegar: The company has diversified its operations to produce natural alcohol vinegar by fermentation of alcohol produced in the distillery.

2. 

Production Capacity: The vinegar production facility is a fully automatic plant with a capacity of 70,000 litres/day.

3. 

Present Sales - B2B: The company primarily manufactures and sells vinegar which is largely used as a preservative for exporting raw vegetables and fruits, and also in tomato ketchup manufacturing.

4.

Way Forward - Retail Distribution: Going forward, the plan is to sell it as a bulk product in the initial years and gradually creating a brand and setting up a retail distribution network. The efforts that would go in setting up a marketing and sales channel for mobilizing the vinegar sales via retail network will also help in channelizing branded sugar via the same channel. The timeline to achieve these objectives is three to four years.

Exploration of New Product Verticals: Additional Revenue Generation Avenues

Branded Refined Sulphur-free Sugar

1. 

Pharma Grade Sugar: Due to in-house R&D efforts and achieved process reengineering, the company's sugar produce automatically gets classified as pharma-grade sugar.

2. 

Optimize Sales Realizations: While the priority for the company will be to sell the produce as a pharma-grade product, whatever will be left behind will be first sold via the retail network as refined grade sugar which commands a better price realization than other sugars.

3. 

Competitive Edge: Further, the economics of production and operational efficiencies lead to lower operational costs that enhances competitive positioning of the company in the marketplace.

4.

Retail Distribution: The move to set up a sugar retail brand over the years augurs well in capitalizing on the growing demand for the final product and leveraging the retail network set for vinegar distribution. The timeline to achieve these objectives is three to four years.

Power Self-Sufficiency and Stable Stream of Revenue

Electricity Production: During sugar manufacturing from sugarcane, bagasse is generated, which is used as a bio-fuel for boilers to generate steam and for the rotation of turbines and further to generate electricity. The co-generation unit has a total installed capacity of 36.4 MW divided into two turbine generators set of 14 MW and 22.4 MW.

Power Purchase Agreement: The company has entered into a Power Purchase Agreement (PPA) with Electricity Supply Companies (ESCOMs) in the state of Karnataka on February 17, 2017 (PPA). This agreement is valid for a period of five (5) years from the date of commencement of power supply. The distribution companies forming part of the PPA are Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Gulbarga Electricity Supply Company Limited (GESCOM), Hubli Electricity Supply Company Limited (HESCOM), and Chamundeshwari Electricity Supply Corporation Limited (CESC, Mysore).

Captive Consumption: During FY2021, the company produced about 26MWh, of which it captively consumed about 12 MWh.

Power Sales to Grid: During FY2021, the company sold about 14 MWh to the grid @5 per kWh (rounded off).

Passive Income From Leasing of IML (Indian Made Liquor) Facility

Diversion

The company used to manufacture IML; however, after the expansion of distillation capacity in the year 2020, the company shifted its focus towards manufacturing anhydrous ethanol for supplying it to the OMCs and stopped manufacturing IML.

Revenue

The company has leased the IML facility, which will fetch INR 50-60 lakhs in FY2022, INR 1.5 crore in FY2023, and about INR 2 crore in FY2024 in the form of lease rentals.

Talented Team, Experienced and Seasoned Management

Talented Team Coupled with Experienced and Seasoned Management to Steer the Company in the Right Growth Path

The team of seasoned and visionary professionals steers the strategic path of the company to excel in the business operations. The talented and knowledgeable personnel continually strive to drive business growth. The company offers several in-house training programs to the personnel to keep them updated with the ever-changing dynamics of the industry. Mr. Nikhil Katti and Mr. Mukesh Kumar lead the team and operations.

Mr. Nikhil Katti, aged 37 years, is a Promoter and the **Managing Director.** He holds a Bachelor's degree in Business Administration from Karnataka University, Dharwad, as well as a degree of Masters in Business Administration (MBA) in International Marketing from the University of Wales. He is serving on the Board since 2009. Having gained over 12 years of experience in the sugar industry, he is responsible for the overall growth and development of all product segments, especially the distillery unit. He is also involved in the marketing the products of the company.

Mr. Mukesh Kumar, aged 59 years, has been appointed as an **Executive Director**. He has completed his BSc Engineering (Chemical Engineering) from the Ranchi University. He has more than three decades of experience in the petroleum, distillery, and sugar industry, including approximately 18 years in the company.

He heads the plant operations and oversees day-to-day administration of the business.

Mr. Vishnukumar Mahadeo Kulkarni, aged 62 years, has been appointed as **Non-Executive Independent Director**. He has completed his M.Sc. in Microbiology from Pune University in the year 1983. He has started his proprietary concern, V. M. Biotech, for research, consultancy, and manufacturing special chemicals in the field of microbiology for the sugar industry, water treatment, and biotechnology. He holds 29 patents in his name. He has been mentoring the R&D efforts of the company.

Enhanced Financial Control and Credibility

Efficient Management

The company efficiently manages its low-cost debt and intends to gradually reduce the leverage through prudent financial management and timely repayment.

Vision

The lower-than-usual profitability during the covid times has impacted the overall credit rating of the company. Active measures are undertaken to enhance the company's credit rating, including moving to high-value products, higher-margin business, lower cost of operations, targeting newer sectors and geographies, stringent credit controls and policies, prudent receivables management, amongst others.

Driving Growth: Focus on High-Value High-Margin Products in New Industry Segments

Distinguished Business Strategy: Moving up from a commoditized business to value-added products, the company is stepping up the value chain in terms of produce and end-user industries, which essentially means higher price realization per unit of output.

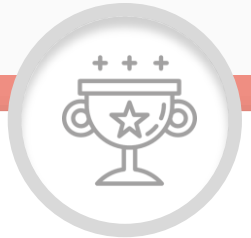
Sales Optimization and New Industry Segments: The company will prioritize selling a mix of pharma grade sugar and pharma-grade ethanol, mainly catering to the pharmaceuticals, health supplements and nutraceuticals, and beauty and personal care industry to increase the average realization per tonne of sugarcane crushed. Going forward, other product segments to include vinegar and refined grade sugar sold via the retail distribution network. Whatever is unsold shall be mobilized via traditional channels; sugar to the commoditized market and ethanol to the OMCs at the prevailing market rates.

Improvement in Average Price Realization: These steps will eventually lead to a 10% to 20% improvement in average price realization, driving sales growth.

Driving Growth: Enhanced Operational Efficiencies

Operational Cost Savings

The company's process optimization has helped to save operating expenditure as well. On an operational and production level, the company saves costs on steam, labour, power, and chemicals, making it more competitive.



Capex Optimization

As a result of implementing the process reengineering, the company managed to bypass the capital investment mandated for setting up a sugar refining facility, thereby saving INR 80-90 crore, increasing the overall return on investment for all the stakeholders.

Enhanced Competitiveness

Bypassing to setup the sugar refinery has led to bypassing the operational costs of running the refinery, which significantly enhances the competitiveness of the company.

Driving Growth: Expansion Plans

Near Term Goal

- In the near term, the company's objective is to enhance the capacity utilization rate of the plant and step up the value chain optimizing higher revenue per tonne of sugarcane crushed and reduce the overall costs to make the operations more profitable.

Enhanced Capacity Utilization for Sugar Business

- As far as the sugar business is concerned, the company is not considering scaling up the production beyond the present production level. Instead, the objective is to grow this segment's sales by improvising the product mix and average price realization.

Capacity Expansion for Ethanol Business

- Going forward, most of the expansion planned by the company shall lead to enhanced production capacities of pharma-grade ethanol.
- In the mid-term, the company is expected to see an additional 4 lakh litres per day ethanol capacity between FY2025 and FY2027, taking to the total capacity to 5 lakh litres per day.

Driving Growth: Expansion Plans

Brownfield Expansion

- Additional ethanol production capacity of 150,000 litres per day in the existing premises.
- The estimated investment is INR 150 crore, and it will need two years to set up the plant. The first full year of operation for this facility shall be FY2025.

Greenfield Expansion

- The company has plans to scale the capacity in this brand-new plant up to 250,000 litres per day.
- Phase I, with 100,000 litres capacity, can be set up in three years from now. The first full year of operation of this facility shall be FY2025.
- Phase II, with an incremental 150,000 litres capacity, can get fully operational by FY2027.
- The estimated project investment is INR 250 crore.

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