



# Usher Agro Limited

## Investment Teaser

April 2018

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Draft for discussion purposes

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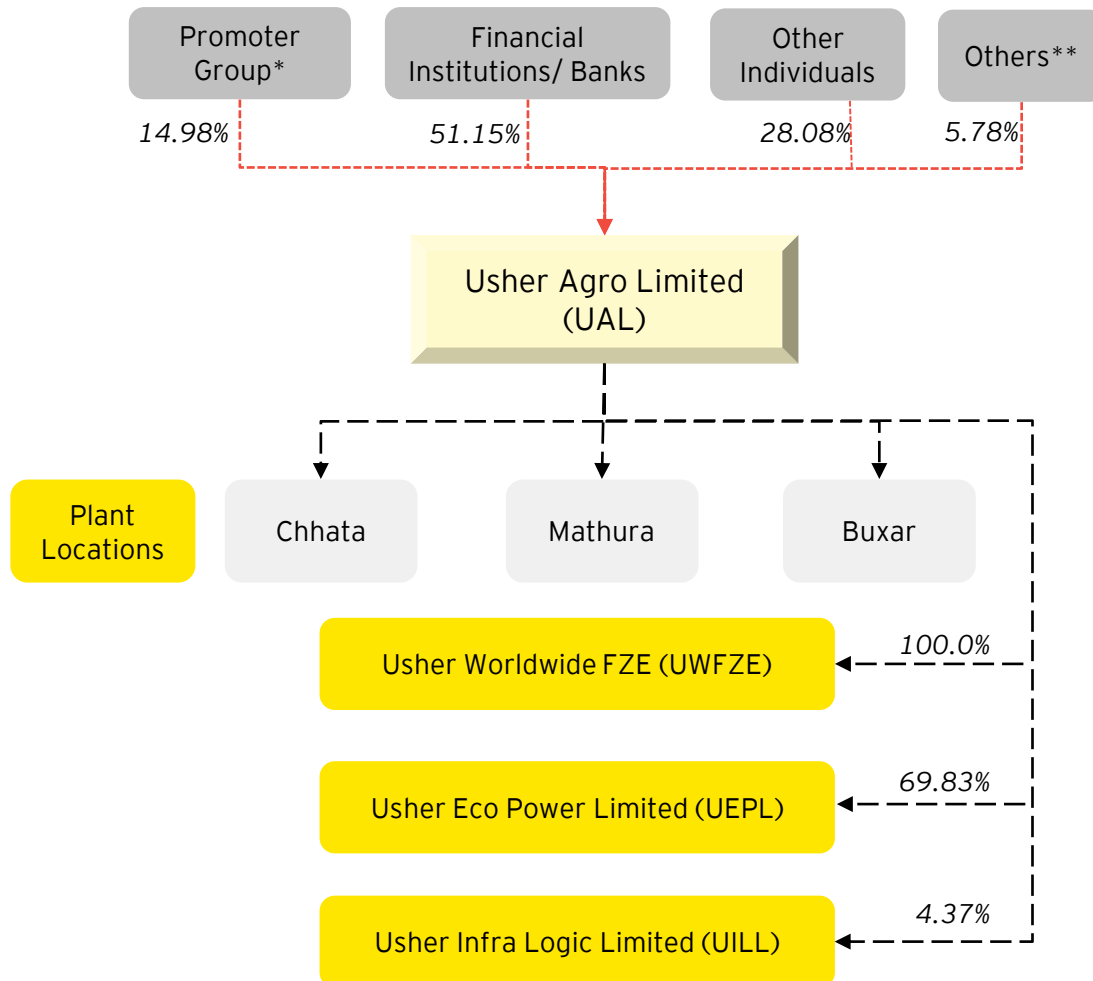
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# Usher Agro Limited

*An opportunity to acquire majority stake in the Company*

## Corporate Structure



\*\* Others include Body Corporates shareholding of 4.52%

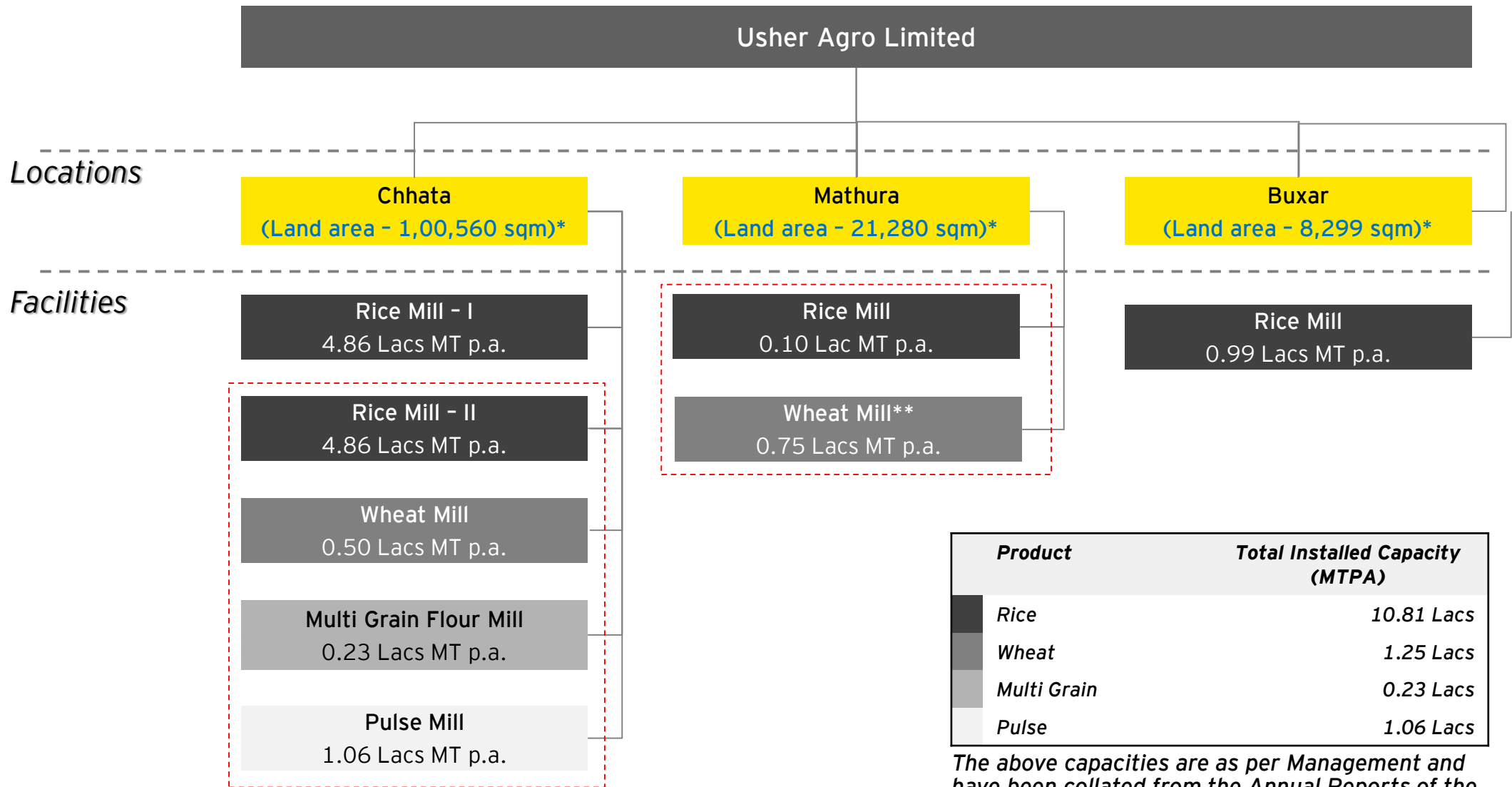
Source: BSE, Company.

## Company background

- Incorporated and set up rice milling unit of 10,800 MTPA at Mathura in Jun-96
- Completed IPO and got listed at BSE in 2006, at NSE in 2009
- Engaged in milling of rice, wheat and pulses
- Further ventured into power generation and manufacturing of green silica by investing in its subsidiary UEPL
- The company has eight milling units ( 4 rice, 2 wheat and 2 pulses) spread across three locations i.e. Mathura, Chhata (U.P) and Buxar (Bihar), with overall milling capacity of more than 13 lac MTPA.
- The company was classified as SMA-2 in March'16, with overall debt obligations of INR 1700 cr. approx.
- The lenders invoked provisions under SDR scheme laid down by RBI on May 13, 2016 due to unsustainable debt level and were subsequently issued 51.15% equity shares
- Corporate Insolvency Resolution Process initiated under the provisions of Insolvency and Bankruptcy Code, 2016 with effect from 21 March 2018

# Facility overview

## Asset location, facilities and installed capacity



The Company has 5MT per day Silica Plant at Chhata and 1MW biomass plant at Mathura

Product	Total Installed Capacity (MTPA)
Rice	10.81 Lacs
Wheat	1.25 Lacs
Multi Grain	0.23 Lacs
Pulse	1.06 Lacs

The above capacities are as per Management and have been collated from the Annual Reports of the Company

- Red boxed signify the plants within the same complex
- Rice Mill - I and Rice Mill - II are within 50 feet of each other

\*Land at all the locations is owned by the company, of which only 52,000 sqm is under use

\*\*Operational unit

# Business overview

## Products, sourcing and selling arrangements, current status

Particulars	Rice Division	Wheat Division	Pulse Division
1. Product*	Raw, Parboiled, Steamed and Fortified rice	Whole wheat flour, Maida, Daliya, Suji, Bran, Multi grain flour	Pigeon Pees, Chick Peas, Red Lentils, Yellow Peas, Moong peas and Urad, Pulse Flour
2. Raw material sourcing	Mathura and Kosi Kalan Mandis (U.P.) and Bihar	Mathura and Kosi Kalan Mandis (U.P.), Open Market Sale Scheme (OMSS) of Food Corporation of India during off season	Mathura and Kosi Kalan Mandis (U.P.), Import from African countries such as Mozambique, Sudan, Malawi etc.
3. Selling arrangements	Exports to Middle East (Basmati) Exports to Africa, sale under levy arrangement, local wholesalers (Non- Basmati)	Long term sale agreements with General Mills India and Mondelez India Foods, Wholesalers and traders	Supplied to local markets in U.P. (Locally sourced pulses) Supplied to metros and other places through distribution network (Imported pulses)
4. Machine make	<ul style="list-style-type: none"> <li>Chhata units - 3 machines of Satake Corp and 1 of Zaccaria</li> <li>Mathura and Buxar Units - Miltech</li> </ul>	Indigenous make	Indigenous make
5. Installation date	<ul style="list-style-type: none"> <li>Buxar Unit - 2003;</li> <li>Mathura - 2006;</li> <li>Chhata Units - 2008 (Unit I) and 2014 (Unit II)</li> </ul>	<ul style="list-style-type: none"> <li>Mathura Unit - 2006;</li> <li>Chhata Wheat Unit - 2010</li> <li>Chhata Multi grain Unit - 2014</li> </ul>	2014
5. Current status	All 4 rice milling units currently non-operational from past 2 years	<ul style="list-style-type: none"> <li>Mathura unit - currently operating at 40-50% capacity</li> <li>Chhata wheat unit - was operational till Dec 2017</li> <li>Chhata Multi grain Unit - Non-operational</li> </ul>	Non Operational

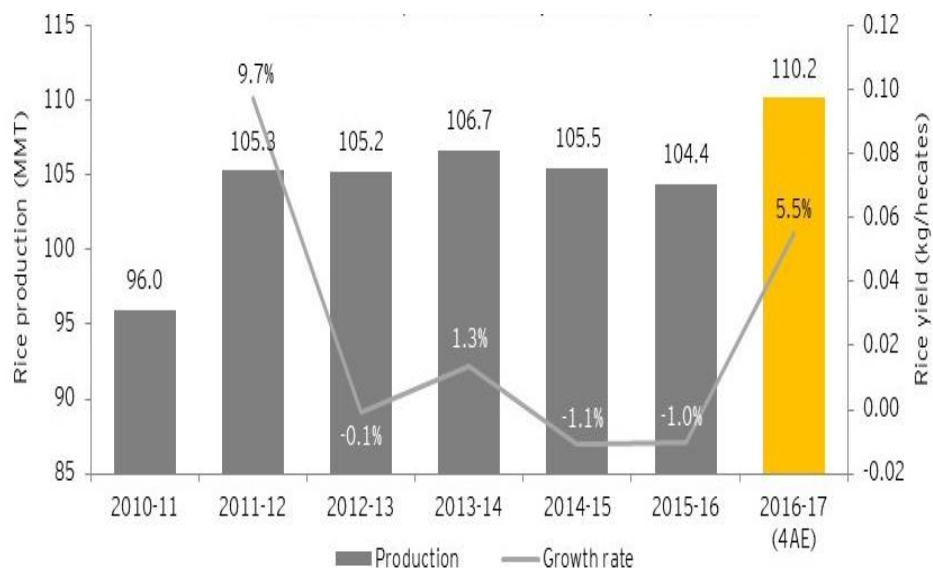
\*The company sells its products under the brand "Rasoi Raja"

UAL also has (i) 12 modernised silos at Chhata plant with a capacity of 36,000 MT and tie up with 24 third party warehouses to store raw material



# Industry Overview

Rice Production yield in India, 2010-2017



Key growth driver's of India's agriculture industry

Various Gov initiatives for use of newer higher yielding paddy, allowing 100% FDI, giving agricultural credit and varied policy reforms

Large population base which will in turn generate more demands for food grains



Entry of large number of organised players in the industry

Increase in international demand for rice. Exports from India are expected to reach 11.5 MMT by 2026-27

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- Global rice production for 2016-17 stood at 486.4 million metric tons (MMT), increasing by 3.1% over 2015-16. Asia accounts for approximately 90% of the total harvested area of rice. In 2016-17, India accounted for 22.6% of the world's total milled rice production, followed by Indonesia (7.6%), Bangladesh (7.1%) and Vietnam (5.8%).
- Consumption of branded rice is growing in both southern and northern India and its share in the domestic market is expected to reach US\$3.5 billion by the end of 2018
- CAGR of rice companies in India has ranged between 20-30% (in last 4 years) due to exports, growth of branded and modern retail segment
- Currently, around 17% of the rice is sold using brands registered with the Government as a trademark in India
- In 2016-17, Saudi Arabia was the leading importing country for basmati rice from India followed by Iran and United Arab Emirates (UAE)
- Benin, Senegal and Nepal were amongst India's top three importing countries for non-basmati rice in 2016-17
- Wheat production in India is estimated to be 88.3 million tons in 2017. Uttar Pradesh was the leading producer state in India in 2015-16 (fourth advance estimates) with a production of 26.9 million tons, followed by Madhya Pradesh (17.7 million tons) and Punjab (16.1 million tons). Currently, India is the second largest wheat producer in the world with a share of 12.2% in 2016

# Investment rationale

1

Diverse product portfolio

- ✓ UAL is into production of variety of rice, wheat, multi grain flour, pulses etc. The asset base and the installed plant and machinery for each of the products would provide the potential investor an opportunity to enter into diverse product portfolio in food grain industry

2

Locational advantage

- ✓ UP is the largest wheat producing state and second largest rice producing state in India
- ✓ The rice plants are located in close proximity to Mathura and Koshi Mandi, providing an advantage in sourcing of raw material at a cheaper price.

3

Production of fortified rice

- ✓ UAL has 1500 MT pa fortification plant, a technology provided by Programme for Appropriate Technology in Health. UAL has exported fortified rice under the UN World Food Programme in the past. Investor can consider focusing on premium segment with fortified rice

4

Economies of scale

- ✓ The company has two rice milling units of installed capacity of 4.86 lac MT pa. each at Chhata (UP); both the plants are in close proximity. Such huge capacity at a single location provides an advantage of economies of scale to prospective investor

5

Ready to start operations

- ✓ The plant and machinery (Satake and Zaccaria make) for the planned capacity are installed. Production line is mostly automated and if required labour availability is also very easy. Investors willing to infuse working capital in the business can start operations after required repairs of the production line

6

Favorable industry outlook

- ✓ Exports from India are expected to reach 11.5 MMT by 2026-27. Saudi Arab and UAE are among leading importing country for basmati rice from India. As per industry reports, CAGR of leading rice companies in India has ranged between 20-30% (in last 4 years) due to exports, growth of branded and modern retail segment.

# Thank You

