

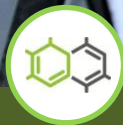
Sugar



power



ethanol



**Shree Renuka Sugars Ltd**  
**Audited Results for**  
**Quarter ended 31<sup>st</sup> Dec 2014**  
**Earnings Presentation**

## Forward Looking Statements

*This presentation contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Shree Renuka's future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*Shree Renuka undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.*

# Highlights



- ❖ Standalone revenues up by 7% Y-o-Y due to increased sugar sales from refinery
- ❖ Raw sugar refining increased by 67% in this quarter Y-o-Y
- ❖ Co-generation revenues increased by 18% Y-o-Y
- ❖ Interest cost down by 12% Y-o-Y

Commenting on the results and performance, Mr. Narendra Murkumbi, Vice Chairman and Managing Director of Shree Renuka Sugars said:

*"The company had a tight quarter as turnover of our Indian Operations got impacted by the delay in start of season leading to lower crushing in the quarter and subsequently, lower sales in sugar milling segment. Domestic sugar prices also declined significantly in the quarter. Sugar recovery was marginally higher at 11.18% as compared to 11.06% in same quarter last year. Our refineries contributed positively with increased refining volumes, up by 67% Y-o-Y. There was also a reduction in the interest cost compared to the previous year. Foreign exchange loss was on account of forward premiums for coverage of foreign denominated liabilities. In co-generation segment, revenues increased by 18% Y-o-Y with a 22% increase in sales realization. In ethanol segment, average price realisation increased by 6% Y-o-Y to Rs. 39,669/KL. Sales in the refining segment were up by 26% Y-o-Y due to higher capacity utilisation of Kandla refinery.*

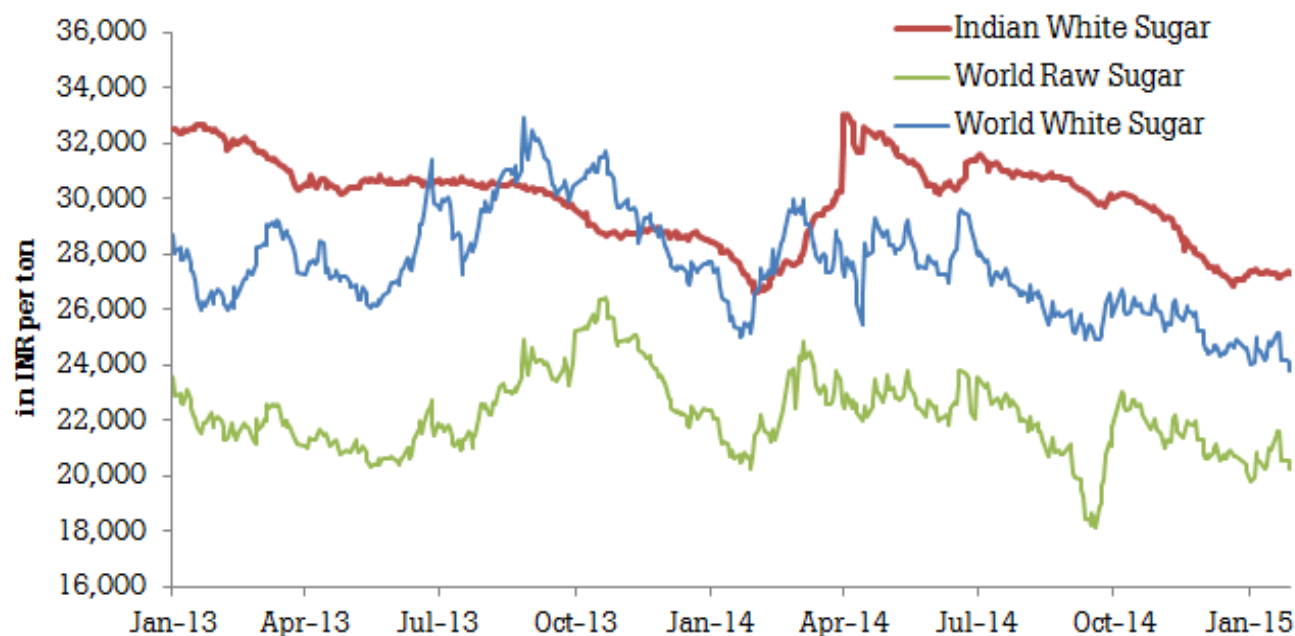
*As for our Brazilian units, we crushed 7.8 million tons in Renuka do Brasil S/A (RdB) and 2.1 million tons in Renuka Vale do Ivaí S/A (RVdI) for the season 2014-15. Thus, Y-o-Y the crushing was down by 12% and 13% respectively in both the companies. The sugar mix was particularly skewed towards ethanol with 38% sugar mix in RdB as against 43% last season and 33% sugar-mix in RVdI as against 44% in last season.*

*On the policy front, the Brazilian Government has increased taxes on gasoline thus, potentially making ethanol more profitable at the pump. The Government is also on the verge of increasing the anhydrous ethanol blend into gasoline from the current 25% to 27%. Both these measures would help to further strengthen the ethanol market in Brazil. Domestic ethanol prices are currently about 8% higher than a quarter ago. Providing an impetus to the Ethanol Blending Programme in India, the Cabinet Committee on Economic Affairs (CCEA) fixed the supply price of ethanol to Oil Marketing Companies (OMCs) in the range of Rs 48.50 to Rs 49.50 per litre, depending upon the distance of sugar mill from the depot/installation of the OMCs. This gives a net price at the distillery of between Rs. 40 to Rs. 42 per litre. "*

# Market Overview



## Global Sugar Price Trends (Rs / ton)



Source: ICE, Liffe, NCDEX

## Key Perspectives

- ❖ World raw sugar prices reduced during the quarter and traded at average of 15.73 c/lb
- ❖ Increasing world sugar surplus impacting the global raw sugar price
- ❖ Decrease in domestic sugar prices due to excess availability
- ❖ Sugar production in the 2014/15 season is estimated to be 26 million tons<sup>1</sup> in India

<sup>1</sup> Source: ISMA Estimate

# Standalone Financial Performance



(Rs. in Million)

|                                | 3M ended<br>30-09-2014 | 3M ended<br>30-09-2013 | % Y-o-Y<br>Growth | Y-o-Y Key Perspectives                                                                                                                                                          |
|--------------------------------|------------------------|------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Sales <sup>1</sup>         | 12,739                 | 11,959                 | 7%                | <ul style="list-style-type: none"> <li>• Higher sales volume in refinery segment</li> <li>• Better realisations in ethanol &amp; co-gen segment</li> </ul>                      |
| Operating EBITDA <sup>2</sup>  | 140                    | -131                   | (207)%            | <ul style="list-style-type: none"> <li>• Low domestic sugar realisation due to surplus sugar scenario</li> <li>• Better margins in co-generation and ethanol segment</li> </ul> |
| % Margin                       | 1.1%                   | -1.1%                  |                   |                                                                                                                                                                                 |
| Foreign exchange gain/ (loss)  | (269)                  | (1,225)                | (78)%             |                                                                                                                                                                                 |
| Net Profit <sup>3</sup>        | (897)                  | (1,939)                | (54)%             | <ul style="list-style-type: none"> <li>• Interest expense down by 12% Y-o-Y</li> </ul>                                                                                          |
| % Margin                       | (7.0)%                 | (16.2)%                |                   |                                                                                                                                                                                 |
| Basic EPS <sup>4</sup> (Rs.)   | (0.95)                 | (2.89)                 |                   |                                                                                                                                                                                 |
| Diluted EPS <sup>4</sup> (Rs.) | (0.95)                 | (2.89)                 |                   |                                                                                                                                                                                 |

Notes:

1 Net Sales excludes excise duties, foreign exchange gains and includes other income

2 EBITDA defined as earnings before depreciation, interest, exceptional items and taxes; includes other income and excludes foreign exchange gain/loss

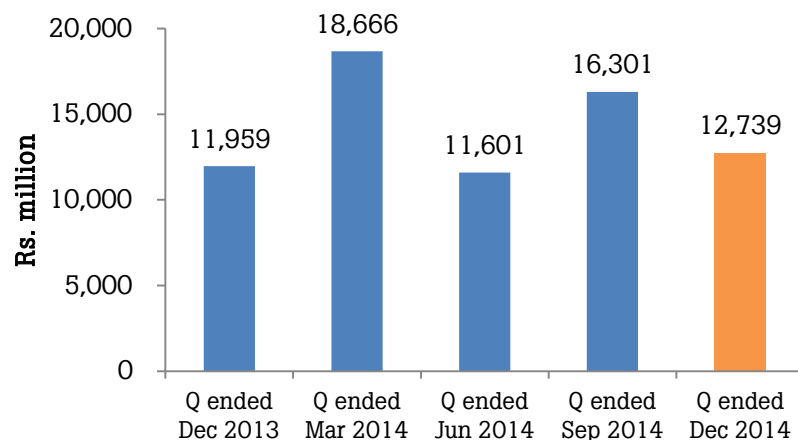
3 Net Profit is after minority interest and prior period adjustments

4 Non annualized

# Standalone Quarterly Financial Performance



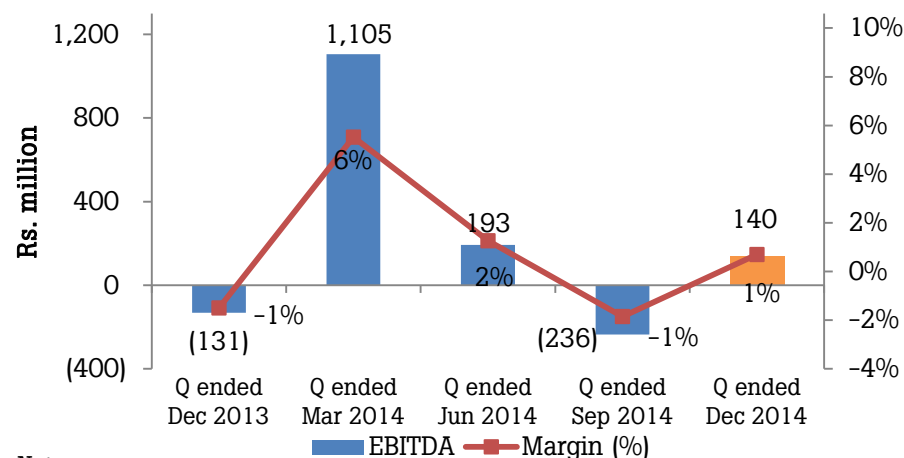
## Net Sales<sup>1</sup>



## Trends

- ❖ Higher sugar sales volume due to increased refinery utilization Y-o-Y
- ❖ Higher ethanol average realization Y-o-Y
- ❖ Higher co-gen sales volume & realization Y-o-Y

## EBITDA<sup>2</sup> & Margin (%)



## Trends

- ❖ Low margin in the sugar segment due to fall in domestic sugar prices
- ❖ Higher margin in the co-generation and ethanol segment Y-o-Y due to improved realization

### Notes:

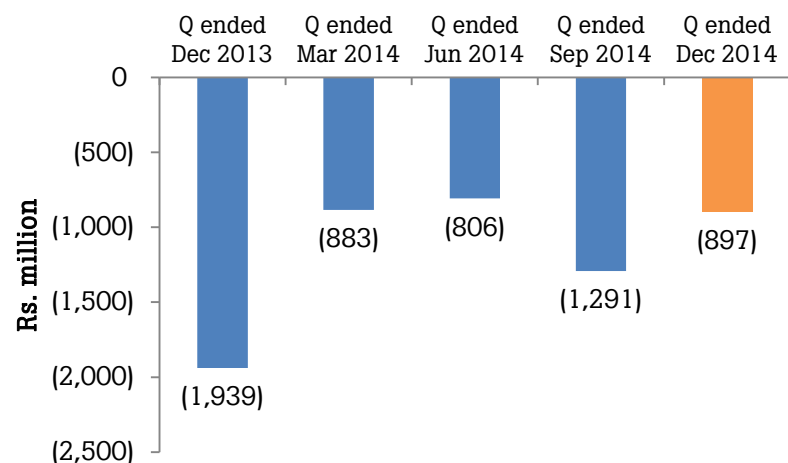
1 Net Sales excludes excise duties, foreign exchange gains and includes other income

2. EBITDA defined as earnings before depreciation, interest, exceptional items and taxes; includes other income; excludes foreign exchange gain / loss

# Standalone Quarterly Financial Performance



## Net Profit<sup>1</sup>



## Trends

- ❖ Interest cost down by 12% Y-o-Y
- ❖ Cost of forward premium to cover foreign denominated liabilities leading to foreign exchange loss of Rs. 269 million during the quarter

### Notes:

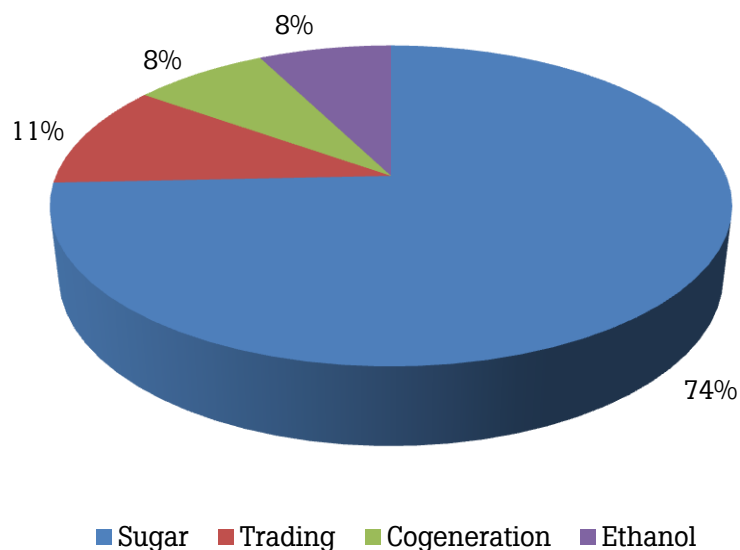
1 Net Profit is after minority interest and prior period adjustments

# Standalone Performance - Quarter Ended 31<sup>st</sup> Dec, 2014

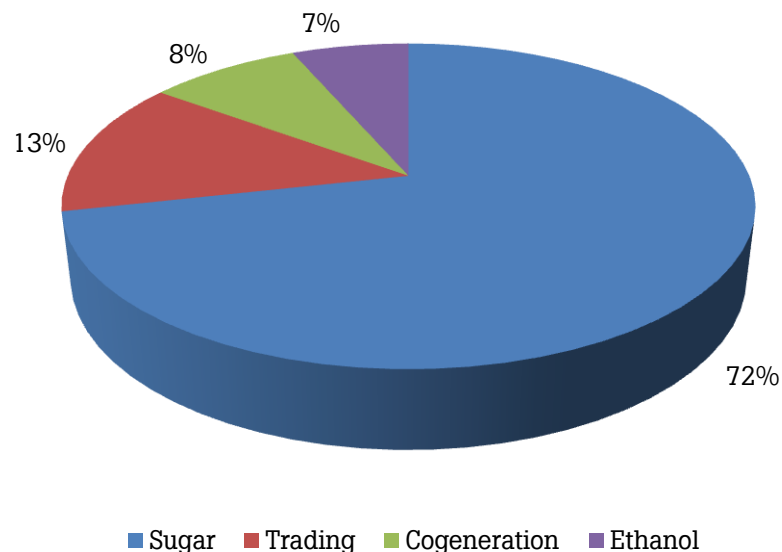


## Net Sales Breakdown - India

Quarter ended December 2013



Quarter ended December 2014



# Closing stock as on 31<sup>st</sup> Dec 2014 - India



## Standalone

|             | Unit of Measure | As on<br>31.12.2014 |
|-------------|-----------------|---------------------|
| Sugar       | MT              | 318,225             |
| White Sugar | MT              | 218,639             |
| Raw Sugar   | MT              | 99,587              |
| Ethanol     | KL              | 14,539              |
| Molasses    | MT              | 34,888              |

# Sales Quantity – India



## Standalone

|                           | 3M ended<br>31-12-2014 | 3M ended<br>31-12-2013 | % Y-o-Y<br>Growth |
|---------------------------|------------------------|------------------------|-------------------|
| Total Sugar Sold(MT)      | 329,905                | 299,061                | 10.3%             |
| Export (in MT)            | 244,136                | 172,536                | 41.5%             |
| Domestic (in MT)          | 85,768                 | 126,525                | (32.2%)           |
| Ethanol (in KL)           | 22,937                 | 26,294                 | (12.8%)           |
| Co-gen (in million units) | 100                    | 82                     | 22.2%             |

# Net Price Realization – India



## Standalone

|                                        | 3M ended<br>31-12-2014 | 3M ended<br>31-12-2013 | % Y-o-Y<br>Growth |
|----------------------------------------|------------------------|------------------------|-------------------|
| Average Manufactured Sugar (in Rs./MT) | 28,545                 | 30,682                 | (7.0%)            |
| Export (in Rs./MT)                     | 27,844                 | 31,731                 | (12.2%)           |
| Domestic (in Rs./MT)                   | 30,540                 | 29,252                 | 4.4%              |
| Ethanol (in Rs./KL)                    | 39,669                 | 37,515                 | 5.7%              |
| Co-gen (in Rs. per unit)               | 5.53                   | 4.52                   | 22.4%             |

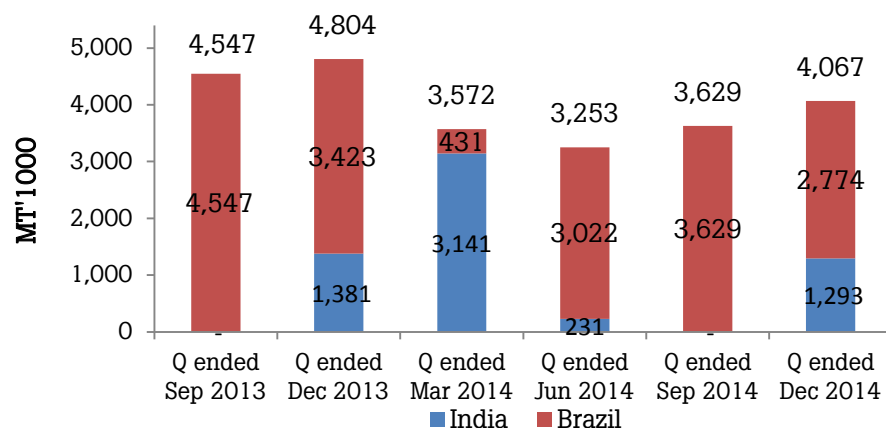
### Notes:

1. Export Sugar realizations are FOB prices net of taxes

# Sugar: Quarterly Operating Performance

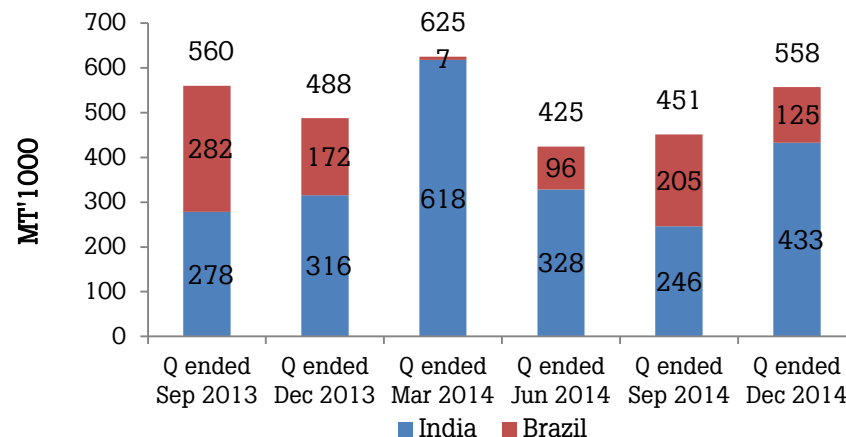


## Sugarcane Crushed



- ❖ Delay in the start of crushing operations in India
- ❖ In Dec quarter, Y-o-Y cane crushing in Brazil decreased by 19% due to lower cane availability
- ❖ In 2014/15 crushing season, Brazilian subsidiaries crushed a total of 9.9 million tons, decrease of 12% over previous season

## Sugar Production<sup>1</sup>



- ❖ Higher sugar production in India due to higher utilization from refineries
- ❖ Lower sugar production in Brazil by 27% Y-o-Y due to lower sugar mix and reduced crushing

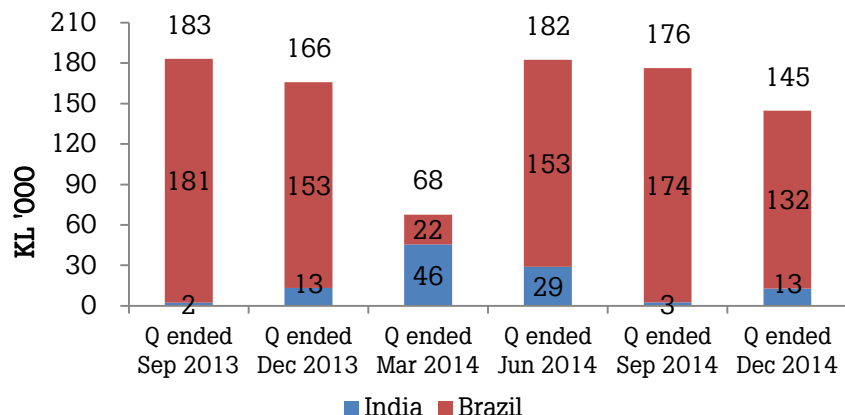
Note:

<sup>1</sup> Sugar produced includes raw sugar and white sugar produced from cane, as well as refined sugar produced from raw sugar

# Ethanol & Co-Gen: Quarterly Operating Performance

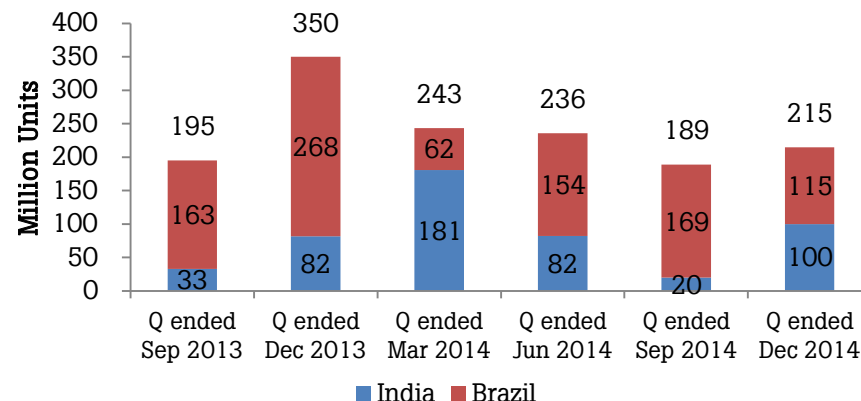


## Ethanol Production



- ❖ Ethanol production in India at the same level in the Dec quarter Y-o-Y
- ❖ Y-o-Y, 14% reduction in ethanol production in Brazil due to lower crushing
- ❖ Of the total ethanol produced in Brazil, 46% was anhydrous and 54% hydrous

## Co-Gen Power Exports



- ❖ Higher energy sales in India due to higher utilization of refineries
- ❖ Y-o-Y decrease in energy sales from Brazil units due to reduced crushing

# Fact Sheet

## COMPANY BACKGROUND

Shree Renuka Sugars is a global agribusiness and bio-energy corporation. The Company is one of the largest sugar producers in the world, the leading manufacturer of sugar in India, and one of the largest sugar refiners in the world. Shree Renuka operates in three segments:

**Sugar:** The Company operates eleven mills globally with a total crushing capacity of 22 million tonnes per annum (MTPA) or 101,520 tonnes crushed per day (TCD). The Company operates seven sugar mills in India with a total crushing capacity of 8.4 MTPA or 42,000 TCD and two port based sugar refineries with capacity of 2.3 MTPA.

The Company also has significant presence in South Brazil, through acquisitions of Renuka Vale do Ivaí on 19 March 2010 (100% owned) and Renuka do Brazil on 7 July 2010 (formerly Equipav Acucar e Alcool – 50.34% stake for USD 250 million). The company has exercised its option to increase its stake to 59.4% at the same valuation by a further investment of USD 115 million. The combined crushing capacity of the Brazilian subsidiary companies is 13.6 MTPA.

**Trading:** Operates a trading hub in Dubai to capitalize on trade opportunities in the Asian region.

**Power:** Shree Renuka produces power from bagasse (a sugar cane by product) for captive consumption and sale to the state grid in India and Brazil. Total Cogeneration capacity increased to 588 MW with exportable surplus of 371 MW. The Indian operations produce 271MW with exportable surplus of 150 MW and the Brazilian operations produce 295 MW with exportable surplus of 221 MW.

**Ethanol:** Shree Renuka manufactures fuel grade ethanol that can be blended with petrol. Global distillery capacity is 4,160 KL per day (KLPD) with Indian distillery capacity at 930 KLPD (630 KLPD from molasses to ethanol and 300 KLPD from rectified spirit to ethanol) and Brazil distillery capacity at 3,230 KLPD.

The acquisition of a stake in KBK Chem-Engineering facilitates turnkey distillery, ethanol and bio-fuel plant solutions.

## INDUSTRY

The top 5 sugar producing countries are Brazil, India, China, Thailand and USA. The total sugar production was approximately 175 mn tons, raw value in 2013-14 whereas in 2014-15 the production is expected at 172.5 mn tons, raw value

Weather conditions globally have affected sugar production across major producers. Estimated global surplus of sugar as per the latest estimate of USDA is close to 1.46 mn tons of sugar, raw value for 2014-15. Centre-South Brazil has produced close to 32 mn tonnes of sugar while India is expected to produce 26 mn tonnes of sugar in 2014-15. Other key producing countries are EU, Thailand, China etc.

India, the world's largest sugar consumer and second largest producer, is a key player in the global sugar supply/demand dynamics. The sugar industry in India is highly fragmented. There are 624 sugar factories, dispersed over UP, Maharashtra and other states, with average crushing capacity of approximately 3,500 TCD. While co-operative societies and government-

owned entities own ~50% of India's sugar capacity, the rest is owned by the private sector.

Brazil is the leading producer and exporter of sugarcane, sugar and ethanol. It is among the most efficient major sugar producers in the world. During the 2014/15 harvest, Center-South Brazil had crushed 569 million tonnes of cane, producing 32.0 million tonnes of sugar and 26.0 bn liters of ethanol.

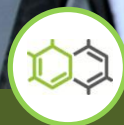
Sugar



power



ethanol



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