Shree Renuka Sugars Ltd

Results for Quarter ended 30th Sep 2012 Earnings Presentation

Earnings Conference Call
Tuesday, November 06th 2012 at 17:00 hrs IST

Primary Number	*+91-22-6629 0019*
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Important Notice

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

- Operating EBITDA for the quarter at Rs. 1,128 million; higher by 85% over previous year
- Higher sales volume and realization in the Sugar Segment
- Y-o-Y crushing during the Quarter higher by 27% in Brazil Subsidiaries

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

"The current quarter has been good for our sugar segment especially the refineries where we saw higher utilization from our Kandla refinery year-on-year translating into increased sugar sales volume accompanied by improved sugar price realization. The domestic sugar price also rose as the production prospects for the 2012-13 season reduced due to poor monsoon in key states.

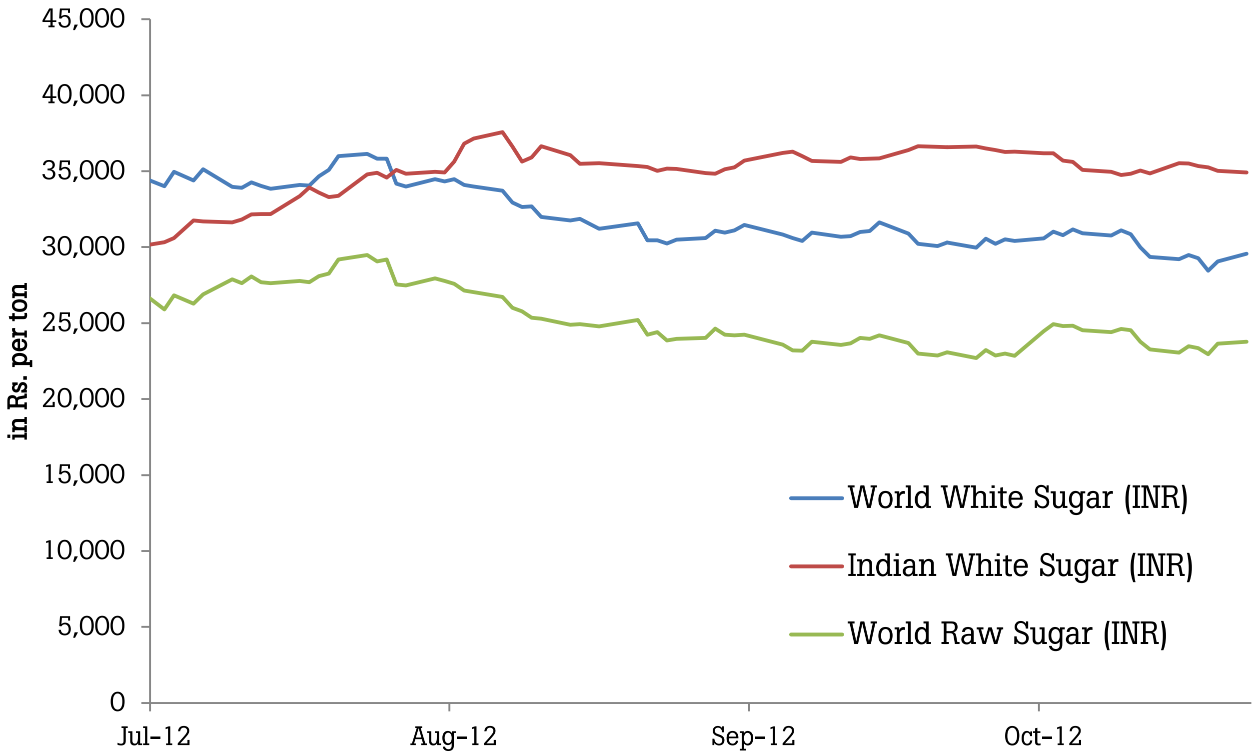
Our Brazilian units saw a much better performance during the quarter in terms of capacity utilization due to high number of dry days and cane availability.

Indian business has continued its improvement in financial results and recorded EBITDA of Rs. 1,128 million which is 85% higher than the same period last year. We are seeing rise in domestic sugar price due to reduced production estimates for 2012/13 season owing to deficient rainfall in major sugar producing states of Maharashtra and Karnataka.
We have restarted our Haldia refinery. Both the refineries are expected to run close to full capacity utilization over next few quarters as a result of strong demand in domestic and export markets respectively.

The Brazilian units had a good operating quarter with the improved crushing and higher agricultural yields as compared to last year. So far, Renuka do Brasil S/A has achieved yield of 67 tonnes per hectare as compared to 60 tonnes per hectare last year. "

Market Overview

Global Sugar Price Trends (Rs /ton)



Source: ICE, Liffe, NCDEX

Key Perspectives

- ❖ Cumulative rainfall deficit in Maharashtra and Karnataka has caused significant stress on the standing crop. Latest production estimate from Industry of 24 million tons for 2012-13. Government estimate is 23 million tons
- ❖ Domestic sugar price has strengthened on expectations of lower production
- ❖ World sugar prices are range bound and trading close to USD 20 cents/lbs during the quarter

Standalone Financial Performance

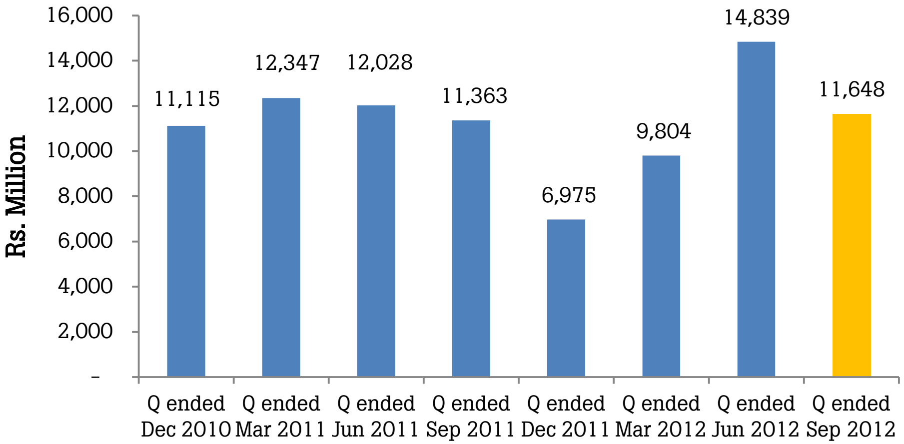
(Rs. in Million)

	3M ended 30th Sep '12	3M ended 30th Jun '12	3M ended 30th Sep '11	*% Y-o-Y Growth*	Y-o-Y Key Perspectives
Net Sales[1]	11,648	14,839	11,363	*2.5%*	• Higher sugar sales volume and higher sales realization • Lower sales in cogeneration segment due to lower availability of raw material in off-season • Drop in trading segment revenue by 75%
Operating EBITDA[2]	1,128	1,798	609	*85.2%*	• Improved margins in domestic sugar segment due to higher selling price
% Margin	*9.7%*	*12.1%*	*5.4%*		
Foreign exchange gain/ (loss)	337	(81)	(728)	*146.3%*	• Foreign exchange gain on account of appreciation of INR against USD
Net Profit[3]	77	133	(573)	*113.4%*	• Impacted due to high interest cost • Increase in depreciation expense
% Margin	*0.7%*	*0.9%*	*(5.0)%*		
Basic EPS[4] (Rs.)	0.11	0.20	(0.85)		
Diluted EPS[4] (Rs.)	0.11	0.20	(0.85)		

Notes:
1 Net Sales excludes excise duties, foreign exchange gains and includes other income
2 Operating 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

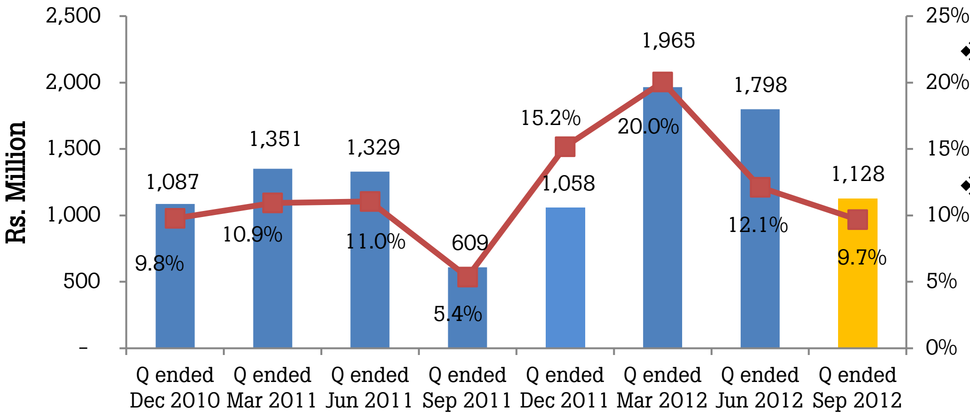
Net Sales[1]



Trends

- Higher sugar sales in Q2 FY2013 with the higher utilization of refinery operations
- Higher price realization in the domestic sugar segment
- Lower sales in ethanol and Cogeneration segment due to off-season period for crushing operations in India

Operating EBITDA[2] & Margin (%)

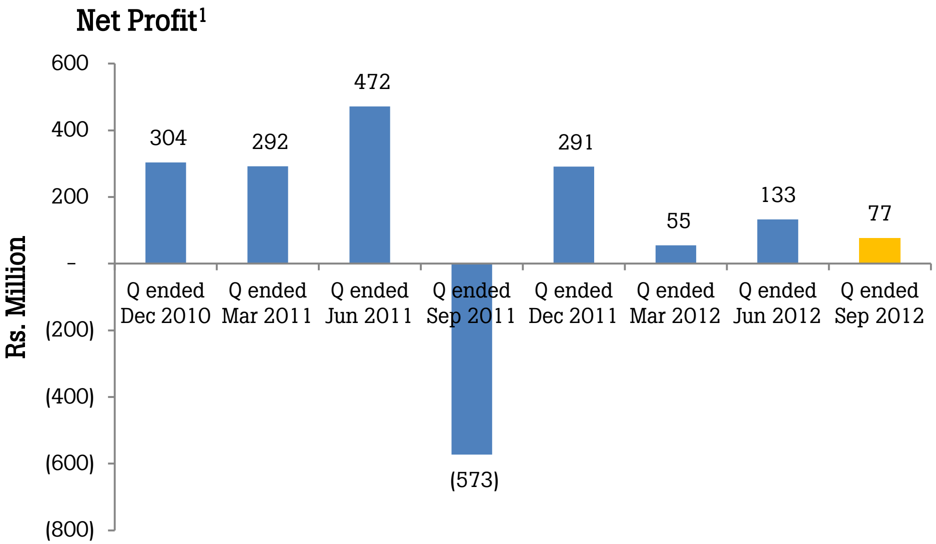


Trends

- Sugar segment profitability has been better in the current quarter
- Increased sales and lower operating costs resulting in high EBITDA margins compared to same quarter last year

Notes:
1 Net Sales excludes excise duties, foreign exchange gains and includes other income
2. Operating EBITDA defined as earnings before depreciation, interest, exceptional items and taxes; includes other income; excludes foreign exchange gain / loss

Standalone Quarterly Financial Performance



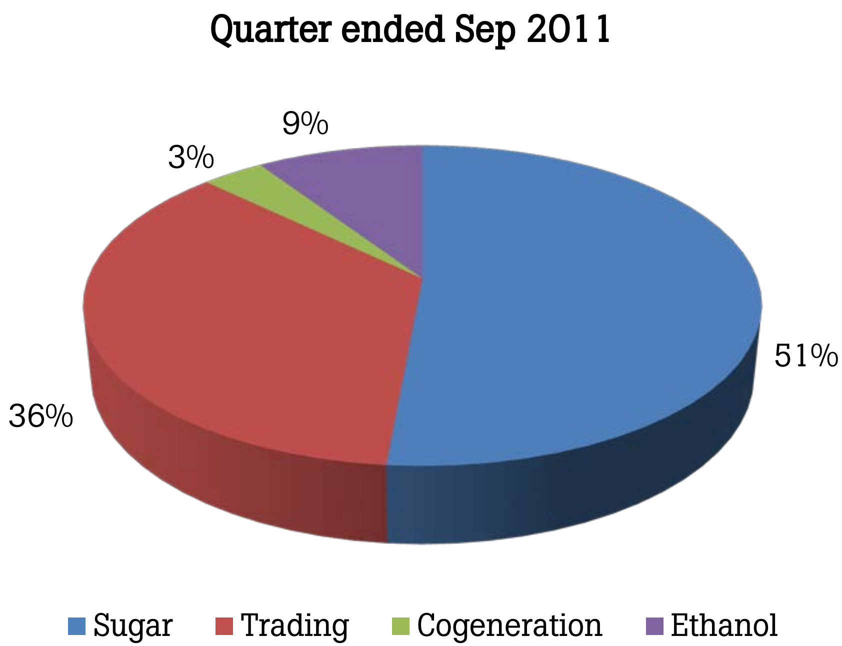
Notes:
1 Net Profit is after minority interest and prior period adjustments

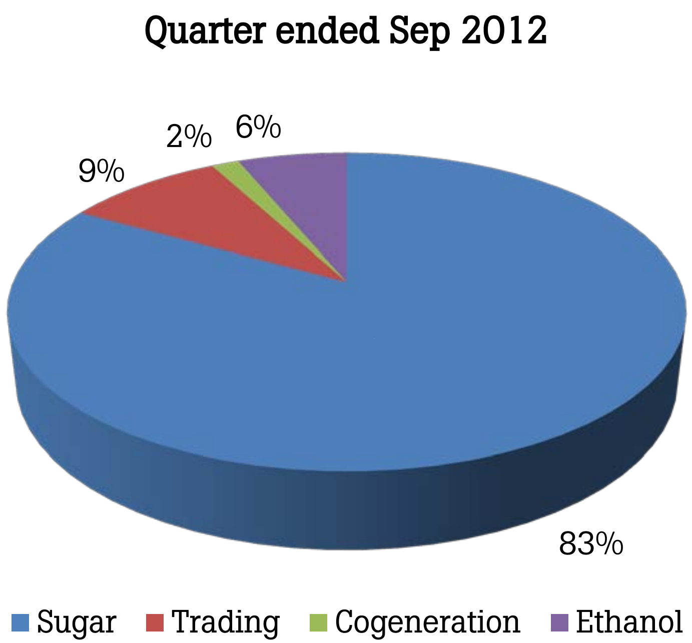
Trends

- Higher depreciation and interest expense affecting Net Profit in the current quarter
- Unrealized Foreign exchange loss of Rs. 728 million during the quarter ended 30 Sep 2011 affecting the profitability. This quarter, Forex gain was Rs. 337 million due to appreciation of Rupee v/s US Dollar

Standalone Performance – Quarter Ended 30 Sep, 2012

Net Sales[1] Breakdown – India





Notes: Net Sales excludes excise duties, foreign exghange gain/loss and includes other income

Closing stock as on 30th September 2012 – India

Standalone

	Unit of Measure	As on 30th Sep 2012
Sugar	MT	296,084
White Sugar	MT	107,442
Raw Sugar	MT	188,642
Ethanol	KL	10,297
Molasses	MT	80,252

Sales Quantity – India

Standalone

	3M ended Sep 2012	3M ended Sep 2011	*% Y-o-Y Growth*
Total Sugar Sold(MT)	299,344	198,130	51%
Export (in MT)	216,353	84,436	156%
Domestic (in MT)	82,991	113,694	(27%)
Ethanol (in KL)	25,101	37,319	(33%)
Co-gen (in million units)	7	19	(61%)

Net Price Realization – India

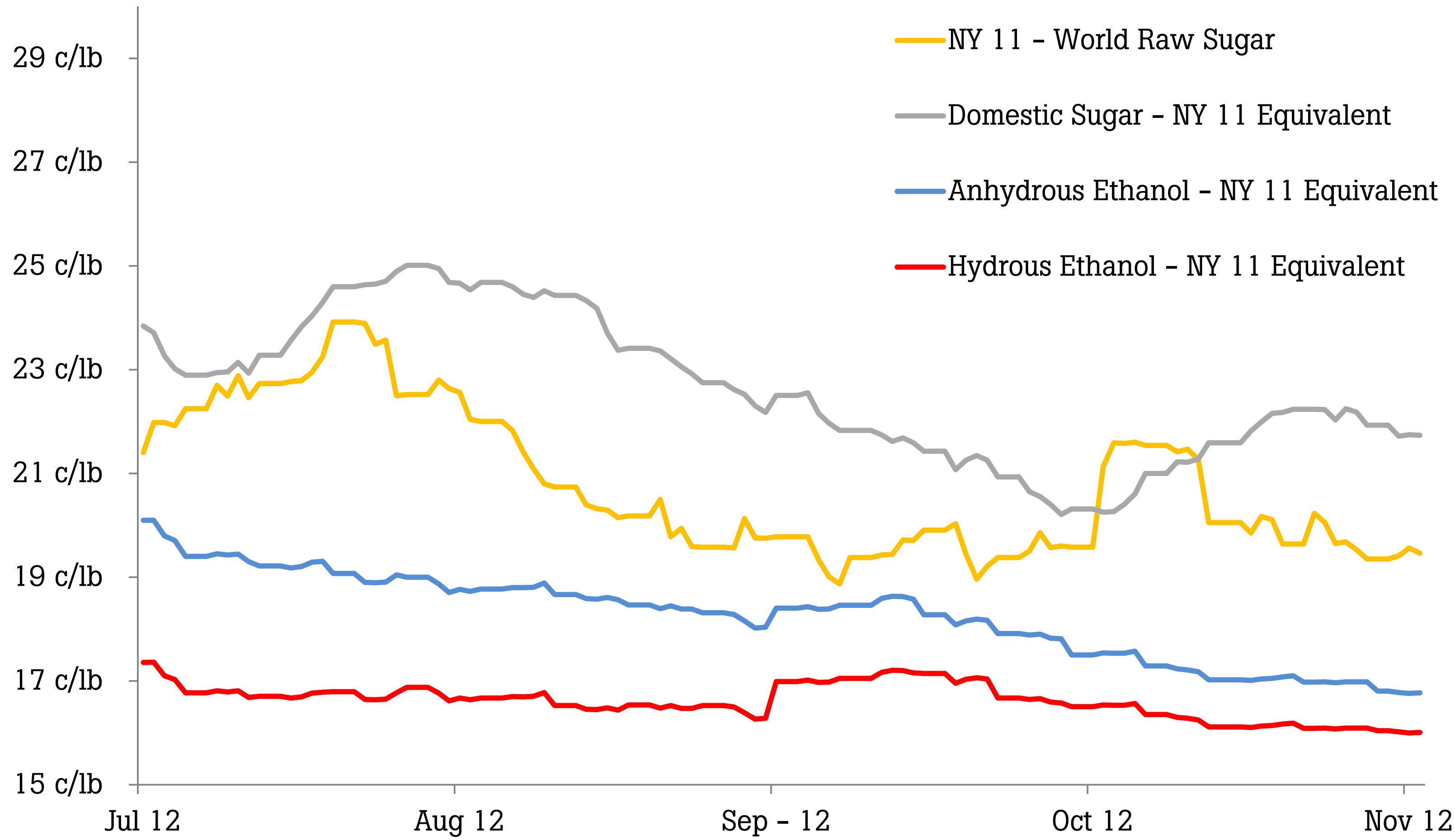
Standalone

	3M ended Sep 2012	3M ended Sep 2011	*% Y-o-Y Growth*
Average Manufactured Sugar (in Rs./MT)	32,502	30,002	8%
Export[1] (in Rs./MT)	33,817	35,703	(5%)
Domestic (in Rs./MT)	29,072	25,768	13%
Ethanol (in Rs./KL)	29,049	29,141	(0.3%)
Co-gen (in Rs. per unit)	2.70	3.52	(23%)

Notes:
1. Export Sugar realizations are FOB prices net of taxes

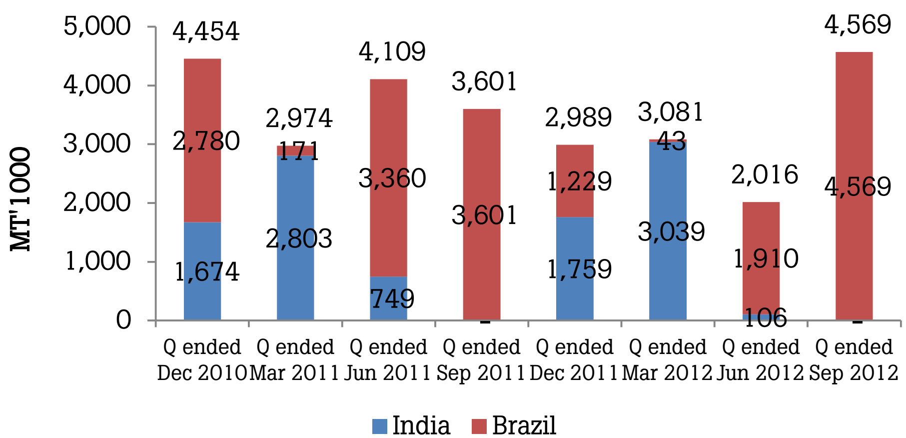
Brazil Market Overview

Brazil Product Price Trends



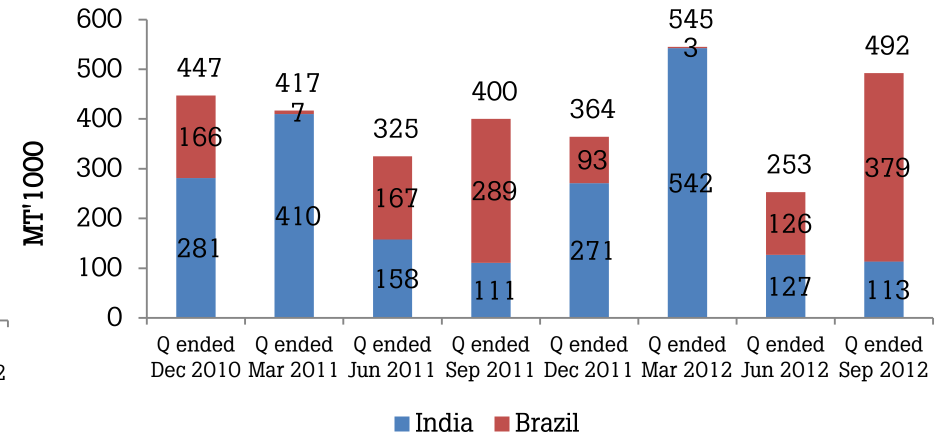
Sugar: Quarterly Operating Performance

Sugarcane Crushed



- Off-season quarter for crushing in India
- Accelerated cane crushing in Brazil this quarter saw 27% increase in cane crushed compared to same quarter last year

Sugar Production[1]

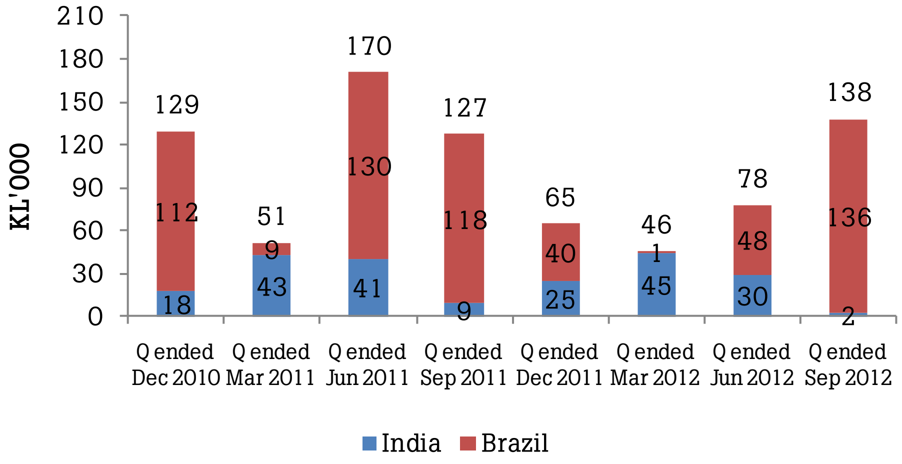


- Sugar production in India for from Kandla Refinery
- Sugar Production in Brazilian subsidiaries increased by 31% compared to last year due to higher cane availability & product mix
- Higher recovery (ATR) in Brazil of 136 kg/ton in Q2 FY13 compared to 116 kg in Q1 FY13

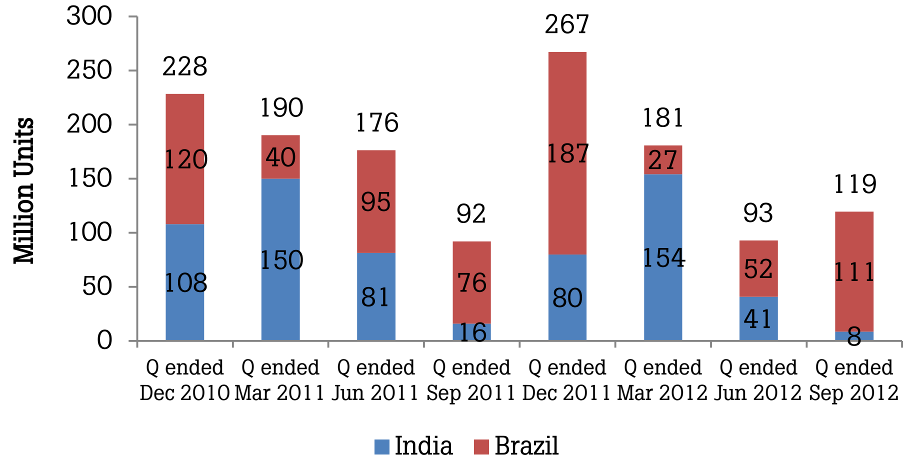
Note:
1 Sugar produced includes raw sugar and white sugar produced from cane, as well as refined sugar produced from raw sugar

Ethanol & CoGen: Quarterly Operating Performance

Ethanol Production



Co-Gen Power Exports



- During the quarter, 37% of juice diverted for ethanol production at Brazilian mills
- Higher production of Anhydrous ethanol at Brazilian mills (92% Anhydrous: 8% Hydrous)

- Sales of energy from our Brazilian cogen units increased 46% compared to last quarter
- Lower energy sales from India due to the off-season period for the milling operations

Standalone Balance Sheet

(Rs. in Million)

	30.09.2012 (Unaudited)	31.03.2012 (Audited)
SOURCES OF FUNDS		
Net Worth	18,093	17,883
Loan Funds	35,961	43,281
Deferred Tax Liability	1,697	1,648
Other Non-Current Liabilities	312	356
TOTAL	**56,063**	**63,168**
APPLICATION OF FUNDS		
Fixed Assets	28,068	28,035
Investments	20,129	20,135
Other Long Term Assets	2,767	2,918
Net Current Assets	5,099	12,080
TOTAL	**56,063**	**63,168**

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 20.7 million tonnes per annum (MTPA) or 94,520 tonnes crushed per day (TCD). The Company operates seven sugar mills in India with a total crushing capacity of 7.1 MTPA or 35,000 TCD and two port based sugar refineries with capacity of 1.7 MTPA.

The Company also has significant presence in South Brazil, through acquisitions of Renuka Vale do Ivai 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 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 537MW with exportable surplus of 356MW Indian operations produce 242MW with exportable surplus of 135MW and Brazilian operations produce 295MW with crushed a record 556.5 million tonnes of sugarcane. However, due to the effect of drought, bad weather and unpredicted frost, this year, it has crushed approximately 493 million tonnes and produced 31.3 million tons of sugar and 20.7 million m3 of ethanol.

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 221MW exportable surplus.

Ethanol: Shree Renuka manufactures fuel grade ethanol that can be blended with petrol. Global distillery capacity is 6,240 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 5,310 KLPD.

The acquisition of a majority stake in KBK Chem-Engineering (80.28% owned) facilitates turnkey distillery, ethanol and bio-fuel plant solutions.

INDUSTRY

The top 5 sugar producing countries are Brazil, India, China, Thailand and USA.

Reduction in estimates in Brazil have been off-set by higher production estimates from Asian countries mainly India and Thailand. India had a stronger crushing 2011-12 season with estimated production of 26.0 million tonnes of sugar. This has off-set the adverse affects on yields in Brazil (largest produced/exporter) by the effect of drought in 2010-11, lower rains in 2011-12 and other factors like frost and flowering of the cane.

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 2010/11 harvest, Brazil 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

After two years of being a major net importer, India has been a net exporter since the last two seasons backed by robust sugarcane cultivation and favorable weather. With Indian sugar season 2010-11 producing 24.2 million tonnes, India became a sugar surplus country in the 2010-11 sugarcane season. India is expected to produce 26.0 million tonnes in 2011-12 season. Having approved exports of up to 3.2 million tonnes of sugar in 2010-11, the government further announced 2.0 million tonnes of sugar exports in 2011-12 through the Open General License ("OGL") before recently lifting the restriction on sugar exports and allotment of licenses in proportion of the sugar production. The Government has also replaced the monthly Free Sugar Sales quota with Quarterly Free Sales Quota system and have set up a committee under Dr. C. Rangarajan to consider decontrol of the sugar industry.

Source: UNICA, Kingsman, ISO, Company Research

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