



For Immediate Release

November 14<sup>th</sup>, 2014

**Shree Renuka Sugars Limited  
Announces**

**Standalone Results for Quarter Ended 30<sup>th</sup> September 2014  
Quarter ended September 2013 Performance vs. Quarter ended September 2014**

**Standalone EBITDA loss at INR 236 million vs. profit of INR 107 million Y-o-Y  
Net loss at INR 1,291 million higher by 7% Y-o-Y  
Sugar realisation for quarter lower by 5.8% Y-o-Y**

**Mumbai, India, November 14<sup>th</sup>, 2014** – Shree Renuka Sugars Limited (referred to as “Shree Renuka” or the “Company”, NSE: RENUKA, BSE: 532670), one of the largest integrated sugar and bio-energy producers globally, announces its Standalone Quarter results for period ended September 2014, in accordance with Indian GAAP.

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

*“Profitability for the sugar sector remained challenging on account of continuing surplus across India and World. During the quarter, our standalone business reported loss of INR 1,209 million on account of higher interest costs, lower refining margins and off-season costs for the cane milling division. Net revenues for India standalone business increased by 6% Y-o-Y. However, standalone business reported negative EBITDA of Rs. 236 million for the quarter on account of lower price realisations & lower margins in the sugar segment. The depreciation of INR by 2.6% against the dollar during the quarter has led to foreign exchange loss of Rs. 464 million at the end of quarter.*

*Operationally, we were able to increase capacity utilisation Y-o-Y of our Kandla refinery with refining volume of 200,382 tons during the quarter. Refining volume at our Haldia unit was lower due to unviable refining margins.*

*In Brazil, availability of cane at our mills got affected by the drought in Centre-South Brazil, due to which productivity was on an average lower by 17% in our region. Our mills in Brazil crushed 3.6 million MT cane during quarter, lower by 20% compared to the same quarter last year. However, sucrose recovery during quarter was higher by 5% compared to same quarter last year. As on November 12<sup>th</sup>, we had crushed a total of 8.2 million MT of cane at Brazil mills combined compared to 9.3 million MT on the same date last year.*

*In India, the states in which our mills operate, Maharashtra & Karnataka, are estimated to produce higher sugar during season 2014-15 compared to last season, owing to improvement in acreage, cane yield & sugar recovery. This will also help in availability of higher raw material for our renewable segment i.e. Power and Ethanol. Overall, India seems to have higher crop this season with total estimated production as per ISMA of 25.0 to 25.5 million MT of sugar for the sugar year 2014-15. Thanks to substantial exports in the previous season, opening stocks for the current season are at 7.5 million MT which is 1.8 million MT lower than the opening stock last year.”*



**Standalone Financial Highlights**

(Rs. Millions)	Standalone Financial Performance				
	Quarter Ended 30-09-2014	Quarter Ended 30-09-2013	y-o-y Growth (%)	Quarter Ended 30-06-2014	q-o-q Growth (%)
Net Sales	16,301	15,404	5.8%	11,601	40.5%
Operating EBITDA	(236)	107	(320.6)%	193	(222.3)%
EBITDA Margin (%)	(1.4)%	0.7%		1.7%	
Foreign Exchange gain/(loss)	(464)	(759)	(38.9)%	(186)	149.5%
Net Profit	(1,291)	(1,203)	7.3%	(806)	60.2%
Net Profit Margin (%)	(7.9)%	(7.8)%		(6.9)%	
Basic EPS (Rs)	(1.42)	(1.79)		(1.05)	
Diluted EPS (Rs)	(1.42)	(1.79)		(1.05)	

**Economic Environment**

World raw sugar prices declined during the quarter ended Sep '14 on account of higher sugar availability due to uninterrupted crushing in CS Brazil, anticipation of higher sugar production during next season in India, higher raw sugar availability in Thailand and good weather across the world. The raw sugar prices traded at an average of USD 15.93 cents/lb during the quarter ended 30th Sep'14. The gross refining spreads have been below USD 100/ton for most part of the quarter.

Last quarter witnessed revival of monsoon in the cane producing regions in India. As per ISMA, estimated total cane acreage this year will be 5.3 million hectares, i.e. 1% lower compared to last year. ISMA's first advance estimate for 2014-15 sugar season pegs sugar production in the range of 25.0 to 25.5 million tons which is higher than the sugar production of approximately 24.3 million tons in 2013-14 sugar season. As per ISMA, Maharashtra & Karnataka are estimated to produce 20% & 7% higher sugar respectively compared to last season. This is on account of increased cane acreage, better sugarcane yield & higher sugar recovery.

Quarter ended 30th September, 2014 was the second quarter for the cane crushing season in Centre-South Brazil for the 2014-15 season. During the quarter, mills managed to increase the crushing rate and crushed 238 million tons of sugarcane. The dry weather helped to improve the ATR content in the cane to 145 kg/ton in the September ended quarter from 124 kg/ton in the June ended quarter. As on 1st November, Centre-South Brazil had crushed 515 million tons of cane which is 0.5% higher as compared to the last season. Sugar production was down by 0.7% whereas ethanol production was higher by 6.4% as compared to the previous season. 43.8% of the ATR was diverted towards the production of sugar in the current season as compared to 45.5% in the previous season.



		As on 01st November			Season
		2014/15	2013/14	% Change	2013/14
<b>Cane Crushed</b>	mn tons	515	513	0.5%	597
<b>Sugar Produced</b>	mn tons	29.5	29.7	(0.7%)	34.3
<b>Ethanol Produced</b>	mn m <sup>3</sup>	23.3	21.9	6.4%	25.6
<b>ATR (Recovery)</b>	Kg/ton	137.1	133.7	2.6%	133.3
<b>% Sugar</b>		43.8%	45.5%	(1.7%)	45.2%

Source: UNICA

### Financial Performance

The India standalone business recorded total revenues of Rs. 16,301 million for the quarter ended 30<sup>th</sup> September 2014, higher by 6% compared to same quarter last year.

The total sugar sales volume for the quarter ended 30<sup>th</sup> September 2014 was 366,507 tons, which is a decrease of 5% compared to the same quarter last year. The combined realization (export & domestic) was Rs. 29,663/ton for the quarter which is 5.8% lower due to sluggish market and higher supply as compared to same period last year. The realization for sugar sold domestically stood at Rs. 30,782/ton for the quarter, a decrease of 1% Y-o-Y. The realization for export sugar stood at Rs. 29,051/ton for the quarter, a decrease of 10% Y-o-Y.

Ethanol sales volume for the quarter stood at 19,997 KL, 32% lower Y-o-Y basis. The realization for ethanol during this quarter decreased by 4% Y-o-Y due to higher sales to OMCs as per the last contracted volume compared to ENA. Margin in ethanol business was lower due to higher transfer price of molasses in this quarter. Power export from Indian mills and refineries for the quarter stood at 20 million units, a decrease of 40% compared to last year on account of lower utilisation of Haldia refinery during the quarter. The power sales realization was at Rs. 2.79/unit compared to Rs. 2.89/unit last year, a decrease of 3%.

The standalone EBITDA loss for the quarter ended 30<sup>th</sup> September 2014 was Rs. 236 million. The lower EBITDA Y-o-Y was due to lower volumes, prices and high cost inventory in the sugar milling & refining business.

The company has reported a net loss of Rs. 1,291 million for the quarter for the standalone business. Also, Company has reported extraordinary exchange loss of INR 464 million due to mark-to-market of foreign denominated liabilities on account of depreciation of INR against USD. INR depreciated 2.6% against USD during the last quarter.



## Operating Performance

### Sugar and Ethanol

(Tons, unless indicated)

	Brazil		India				
	3M ended 30-09-2014	3M ended 30-09-2013	3M ended 30-09-2014	3M ended 30-09-2013	y-o-y Growth (%)	3M ended 30-06-2014	q-o-q Growth (%)
Sugarcane Crushed	3,628,879	4,547,364	-	-	-	231,136	(100.0%)
Raw Sugar Processed	-	-	253,352	281,992	(10.2%)	305,334	(17.0%)
Recovery <sup>1</sup>	139.3	133.0	-	-	-	11.98%	(100.0%)
<b>Sugar Production</b>							
<b>From Cane</b>	<b>205,195</b>	<b>282,160</b>	-	-	-	<b>31,024</b>	<b>(100.0%)</b>
Raw Sugar	205,195	282,160	-	-	-	-	-
White Sugar	-	-	-	-	-	31,024	(100.0%)
Refined Sugar <sup>2</sup>	-	-	245,957	278,138	(11.6%)	297,400	(17.3%)
<b>Total Sugar Production</b>	<b>205,195</b>	<b>282,160</b>	<b>245,957</b>	<b>278,138</b>	<b>(11.6%)</b>	<b>328,424</b>	<b>(25.1%)</b>

Notes:

1 Recovery calculated as % in India and as ATR in Brazil

2 Refined sugar can be obtained from raw sugar and is produced from refineries

	Brazil		India				
	3M ended 30-09-2014	3M ended 30-09-2013	3M ended 30-09-2014	3M ended 30-09-2013	y-o-y Growth (%)	3M ended 30-06-2014	q-o-q Growth (%)
<b>Ethanol Production (KL)</b>	173,677	180,685	2,655	2,436	9.0%	29,398	(91.0%)

### Performance of Brazilian Subsidiaries

Our mills in Renuka do Brasil S/A and Renuka Vale do Ivai S/A crushed a total of 3.6 million tons in this quarter compared to 4.5 million tons of cane crushed in same quarter last year. Decline was on account of lower availability of cane due to drop in cane yield post drought. However, the sucrose recovery or ATR for the quarter increased to 139 kg/ton compared to ATR of 133 kg/ton for the same quarter last year, an increase of 5%.

43% of the total sucrose was diverted to production of sugar during the quarter as compared to 51% in same quarter previous year. We produced 205,195 tons of sugar in this quarter as compared to 282,160 tons in the same quarter last year.

Our mills in Brazil produced a total of 174 million liters of ethanol during the quarter which is a decrease of 4% compared to the same quarter last year. 75% of the ethanol produced was anhydrous ethanol.

As on November 12th, we crushed a total of 8.2 million MT of cane at our Brazil mills combined compared to 9.3 million MT on the same date last year.

### Group Performance in India

Quarter ending 30th September, 2014 was the off-season quarter for the Indian milling operations. However, both our refineries were operational during the quarter and processed 253,352 tons of raw sugar to produce 245,957 tons of refined sugar, which is 12% lower compared to the same quarter last year. Raw sugar processed at Kandla refinery during the quarter increased by 35% Y-o-Y. Utilization of Haldia refinery was lower on account of



limited quantity and higher cost of domestic raw sugar.

Our Indian distilleries produced 2.7 million liters of ethanol from purchased molasses & denatured spirit during the quarter. The ethanol production was higher by 9% compared to the same quarter last year.

We have dispatched 68.3 million liters of ethanol to the OMCs (Oil Marketing Companies) till date under three domestic tenders.

### Co-generation

	Brazil		India				
	3M ended 30-09-2014	3M ended 30-09-2013	3M ended 30-09-2014	3M ended 30-09-2013	y-o-y Growth (%)	3M ended 30-06-2014	q-o-q Growth (%)
Power Exports (mn units)	169	163	20	33	(39.9%)	82	(76.0%)

Our Brazilian units exported 169 million units of power during the quarter which is 4% higher than the same quarter last year mainly due to purchase of additional bagasse. The power exported from our Indian mills and refineries for the quarter stood at 20 million units compared to 33 million units in same quarter last year. Decline in the power export was on account of lower utilisation of Haldia refinery.

### Outlook

The global raw sugar prices traded at an average of USD 15.93 cents/lb during the quarter ended 30<sup>th</sup> September, 2014. ISMA has estimated sugar production for India for the coming season in the range of 25-25.5 million tons. This is on account of higher estimates of cane acreage, cane yield & sugar recovery in major cane producing states- Maharashtra & Karnataka. Crushing is expected to be delayed due to delayed rainfall and delay in cane price fixation in the quarter. With regards to sugarcane pricing, the Government has declared a Fair and Remunerative Price (FRP) of Rs. 220/quintal basis 9.5% recovery of sugar for season 2014-15.

With regards to Ethanol blending programme in India, OMCs have floated 4<sup>th</sup> tender for the quantity of 1,560 million litres. Your company has received Letter of Intent (LOI) for 20.8 million litres & is expected to receive LOI for another 21.2 million litres in the 4<sup>th</sup> tender. OMCs had also come up with 'Expression of Interest' in addition to 4<sup>th</sup> tender for a quantity of 1,200 million liters which has now been cancelled.

Due to persistent dry weather in Centre-South Brazil, crushing estimates have been revised down. UNICA has estimated a cane crush of 546 million tons in 2014/15 season as against crushing of 597 million tons in 2013/14 season. With 44.5% cane diverted towards sugar, UNICA estimates sugar production of 31.4 million tons and ethanol production of 24.0 billion liters in this season representing 8.6% and 6.1% drop respectively, as compared to previous season.

Recently, Petrobras increased gasoline price in Brazil by 3%. Government in Brazil is also working on implementing an increase of ethanol blend in gasoline from 25% to 27.5%. Both these measures will significantly increase domestic price of ethanol; thus reducing sugar production in next season.



**Notes:**

1. Net Sales: Includes other operating income and is after excise duties
2. EBITDA: Earnings before interest, taxes and depreciation; includes other income and excludes foreign exchange gain/loss
3. Net Profit: Includes extraordinary items and after minority interest
4. All financial margins are calculated based on Net Sales
5. Net Worth: Share Capital and Reserves and Surplus
6. Basic EPS: Each share face value of Rs. 1.00; Based on 929 million shares outstanding on a weighted average basis

**Analyst / Investor / Media Enquiries:**

Vishesh Kathuria, Shree Renuka Sugars Limited +91 22 4001 1400

For further information on Shree Renuka visit [www.renukasugars.com](http://www.renukasugars.com)

***Safe Harbour***

*This release 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.*



## Shree Renuka Business Snapshot

### Global Market Position

- One of the largest sugar producers in the world with eleven cane mills globally and total crushing capacity of 22 million tons of cane per annum
- One of the largest sugar refiners globally with capacity of 2.3 MTPA
- Leading manufacturer of sugar in India, the world's largest consumer market
- Highly integrated with ethanol capacity of 4,160 KL per day and Co-Generation capacity of 271 MW in India and 317 MW in Brazil

### Best-in-Class Operations

- Higher flexibility to optimize product mix between Ethanol and Sugar in Brazil
- Approximately 100,000 hectares of company owned sugarcane plantations in Brazil with high level of mechanization
- Significant ethanol and power co-generation capacity provide greater resilience to down cycles
- Renuka VDI stake in four logistics companies in Brazil enables competitive export costs
- KBK Chem-Engineering subsidiary provides optimal solutions for fermentation and distillation industries

### Location Advantage

- Only sugar/ethanol producer globally with cane crushing operations year round due to complementary seasons in India and Brazil
- Presence in largest sugar producing and consuming regions globally provides better access to commodity price and production information
- Large operations in Brazil, where sugar/ethanol manufacture has low operating cost, high scalability and highly conducive climatic conditions
- Flexible cane pricing and sugarcane with higher recovery through presence in South and West India
- Strategically located port-based sugar refineries in India able to cover Indian, South Asian and Middle-Eastern markets competitively.

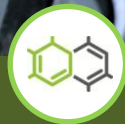
Sugar



power



ethanol



**Shree Renuka Sugars Ltd**  
**Audited Results for**  
**Quarter ended 30<sup>th</sup> Sep 2014**

**Earnings Presentation**

14<sup>th</sup> Nov 2014



## Forward Looking Statements

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# Highlights



- Standalone EBITDA loss at INR 236 million vs. profit of INR 107 million Y-o-Y
- Net loss at INR 1,291 million higher by 7% Y-o-Y
- Sugar realisation for quarter lower by 5.8% Y-o-Y

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

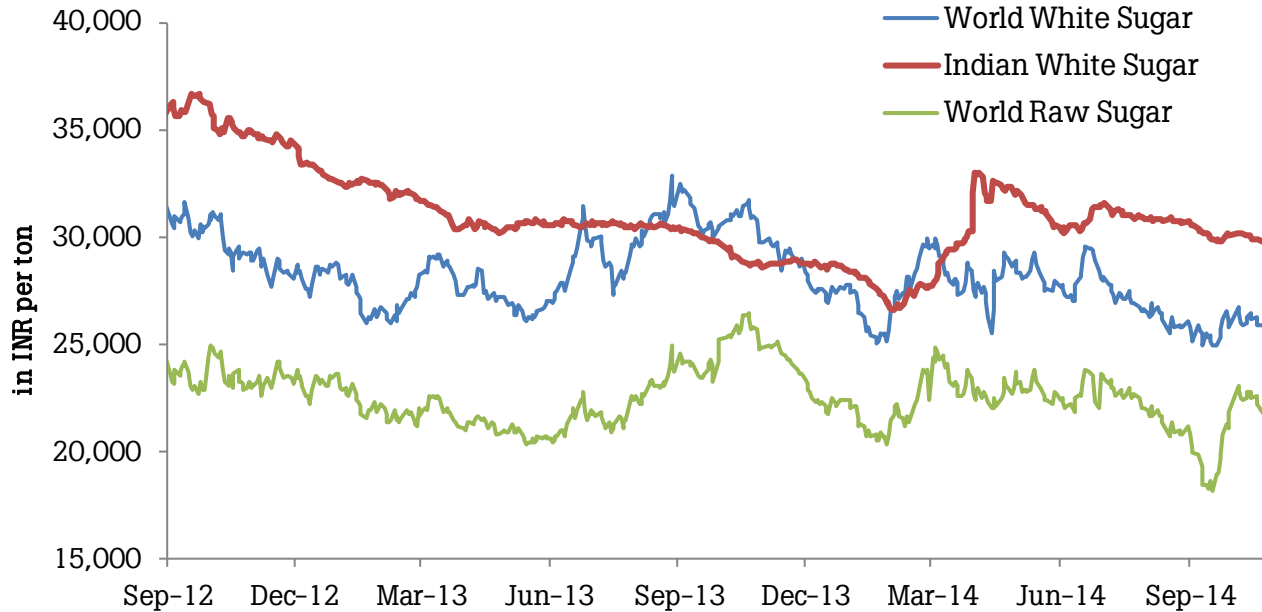
*"Profitability for the sugar sector remained challenging on account of continuing surplus across India and World. During the quarter, our standalone business reported loss of INR 1,209 million on account of higher interest costs, lower refining margins and off-season costs for the cane milling division. Net revenues for India standalone business increased by 6% Y-o-Y. However, standalone business reported negative EBITDA of Rs. 236 million for the quarter on account of lower price realisations & lower margins in the sugar segment. The depreciation of INR by 2.6% against the dollar during the quarter has led to foreign exchange loss of Rs. 464 million at the end of quarter.*

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*In Brazil, availability of cane at our mills got affected by the drought in Centre-South Brazil, due to which productivity was on an average lower by 17% in our region. Our mills in Brazil crushed 3.6 million MT cane during quarter, lower by 20% compared to the same quarter last year. However, sucrose recovery during quarter was higher by 5% compared to same quarter last year. As on November 12th, we had crushed a total of 8.2 million MT of cane at Brazil mills combined compared to 9.3 million MT on the same date last year.*

*In India, the states in which our mills operate, Maharashtra & Karnataka, are estimated to produce higher sugar during season 2014-15 compared to last season, owing to improvement in acreage, cane yield & sugar recovery. This will also help in availability of higher raw material for our renewable segment i.e. Power and Ethanol. Overall, India seems to have higher crop this season with total estimated production as per ISMA of 25.0 to 25.5 million MT of sugar for the sugar year 2014-15. Thanks to substantial exports in the previous season, opening stocks for the current season are at 7.5 million MT which is 1.8 million MT lower than the opening stock last year."*

## Global Sugar Price Trends (Rs / ton)



Source: ICE, Liffe, NCDEX

## Key Perspectives

- ❖ World raw sugar prices declined during the quarter ended Sep '14 and traded at an average of USD 15.93 c/lb
- ❖ Continuing world sugar surplus due to higher sugar output led to decrease in prices
- ❖ Domestic sugar prices declined during the quarter on account of anticipation of higher sugar production during next season
- ❖ Sugar production in the 2013/14 season at 24.3<sup>1</sup> million tons and estimated at 25.0-25.5<sup>1</sup> million tons for season 2014/15

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

# Standalone Financial Performance



(Rs. in Million)

	3M ended 30-09-2014	3M ended 30-09-2013	% Y-o-Y Growth	Y-o-Y Key Perspectives
Net Sales <sup>1</sup>	16,301	15,404	6%	
Operating EBITDA <sup>2</sup>	(236)	107	(321)%	<ul style="list-style-type: none"> <li>• Off-season quarter for the cane milling segment</li> <li>• Lower margins in refining business</li> </ul>
<i>% Margin</i>	<i>(1.4)%</i>	<i>0.7%</i>		
Foreign exchange gain/ (loss)	(464)	(759)	(39)%	• Lower MTM on account of recast of foreign denominated liabilities at closing rate
Net Profit <sup>3</sup>	(1,291)	(1,203)	7%	
<i>% Margin</i>	<i>(7.9)%</i>	<i>(7.8)%</i>		
Basic EPS <sup>4</sup> (Rs.)	(1.42)	(1.79)		
Diluted EPS <sup>4</sup> (Rs.)	(1.42)	(1.79)		

Notes:

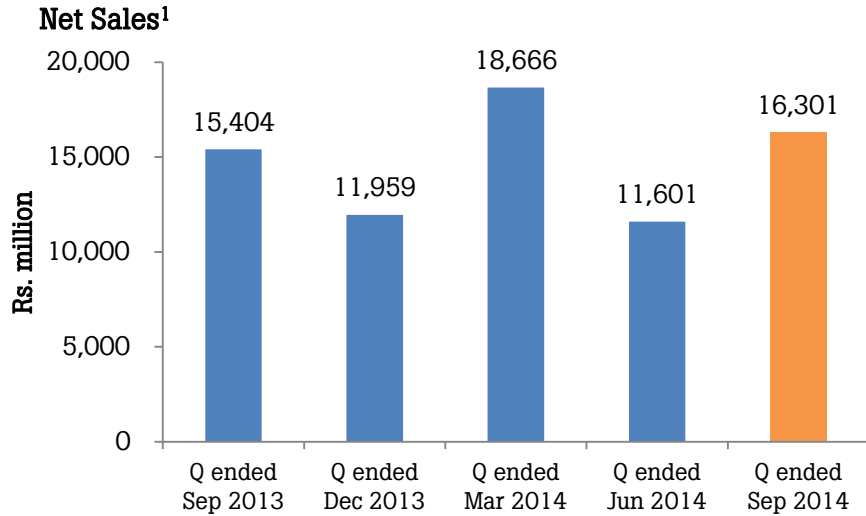
1 Net Sales excludes excise duties, foreign exchange gains and includes other income

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

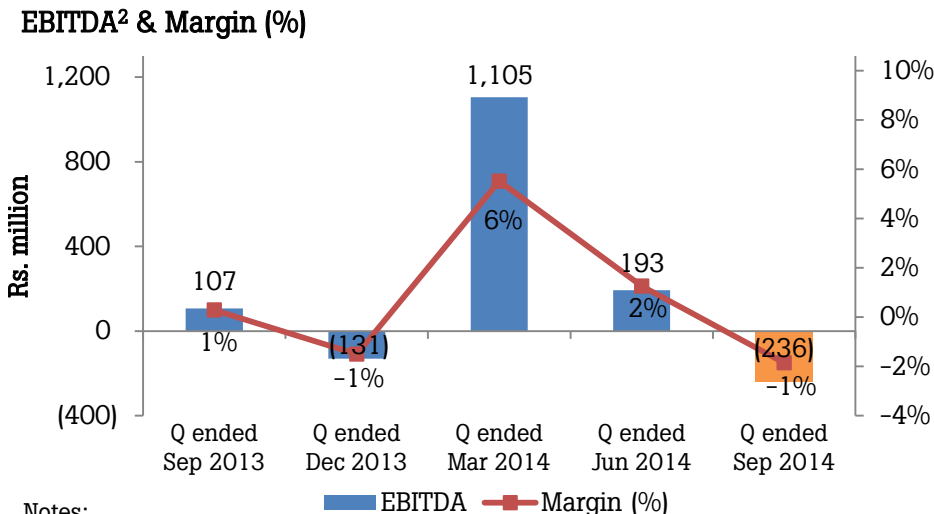
4 Non annualized

# Standalone Quarterly Financial Performance



### Trends

- ❖ Lower Sugar sales contribution from milling and refinery segments
- ❖ Lower ethanol sales volume and realization



### Trends

- ❖ Impacted due to lower realization in the refinery segment
- ❖ Lower margins in the milling segment & off-season cost
- ❖ Lower cogeneration margin due to coal based power generation at the refineries

#### Notes:

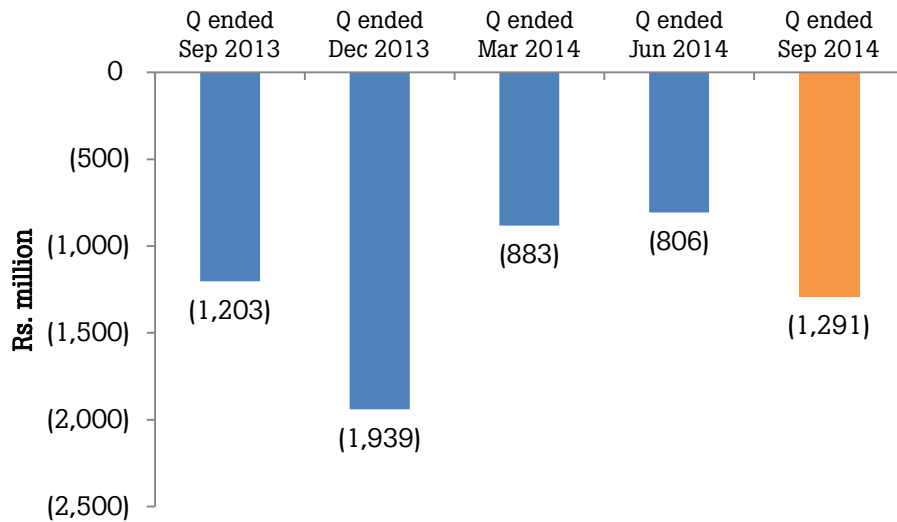
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# Standalone Quarterly Financial Performance



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



### Notes:

1 Net Profit is after minority interest and prior period adjustments

## Trends

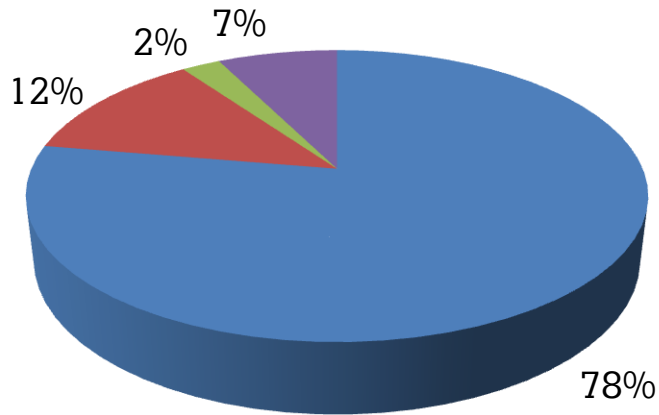
- ❖ Impacted due to higher interest expense
- ❖ Foreign exchange loss of Rs. 464 million on account of depreciation of INR against USD

# Standalone Performance - Quarter Ended 30<sup>th</sup> Sep, 2014



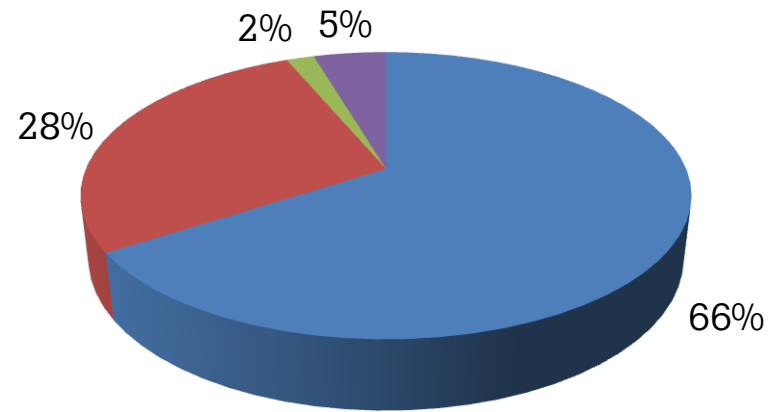
## Net Sales Breakdown - India

Quarter ended September 2013



■ Sugar ■ Trading ■ Cogeneration ■ Ethanol

Quarter ended September 2014



■ Sugar ■ Trading ■ Cogeneration ■ Ethanol

# Closing stock as on 30<sup>th</sup> Sep, 2014 - India



## Standalone

	Unit of Measure	As on 30.09.2014
Sugar	MT	159,025
White Sugar	MT	132,243
Raw Sugar	MT	26,782
Ethanol	KL	24,971
Molasses	MT	35,173



# Sales Quantity – India



## Standalone

	3M ended 30-09-2014	3M ended 30-09-2013	% Y-o-Y Growth
Total Sugar Sold(MT)	366,507	385,051	(4.8%)
Export (in MT)	237,053	148,162	60.0%
Domestic (in MT)	129,454	236,889	(45.4%)
Ethanol (in KL)	19,997	29,546	(32.3%)
Co-gen (in million units)	20	33	(39.9%)

# Net Price Realization - India



## Standalone

	3M ended 30-09-2014	3M ended 30-09-2013	% Y-o-Y Growth
Average Manufactured Sugar (in Rs./MT)	29,663	31,504	(5.8%)
Export (in Rs./MT)	29,051	32,375	(10.3%)
Domestic (in Rs./MT)	30,782	30,960	(0.6%)
Ethanol (in Rs./KL)	37,864	39,441	(4.0%)
Co-gen (in Rs. per unit)	2.79	2.89	(3.4%)

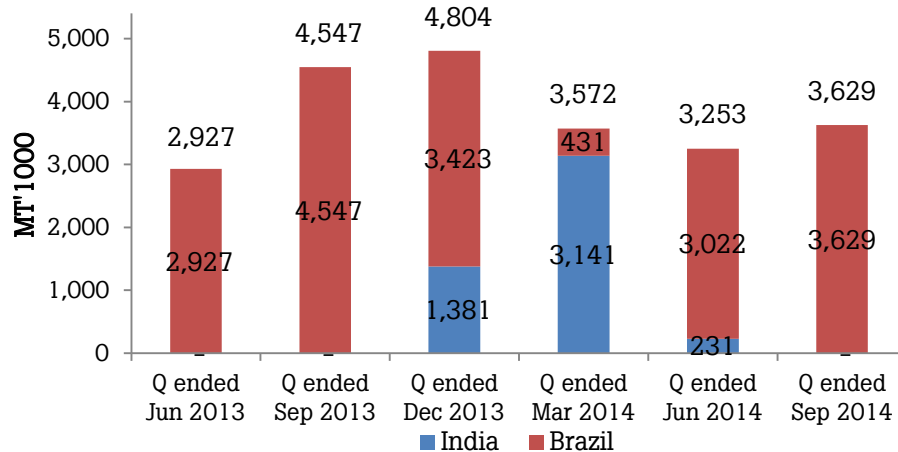
Notes:

1. Export Sugar realizations are FOB prices net of taxes

# Sugar: Quarterly Operating Performance

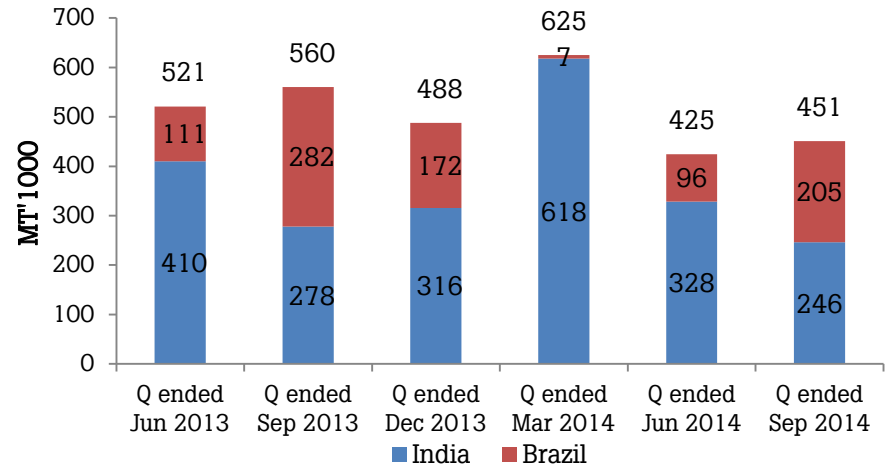


## Sugarcane Crushed



- ❖ Off-season quarter for crushing in India
- ❖ Y-o-Y lower crushing in Brazil mills on account of lower availability of cane due to drop in cane yield post drought
- ❖ 43% of cane juice diverted towards sugar production in Brazilian units

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



- ❖ Sugar production in Indian refineries decreased by 12% Y-o-Y
- ❖ Y-o-Y, 5% increase in recovery at Brazilian units
- ❖ Y-o-Y, 27% reduction in Brazil sugar production due to lower sugar mix of 43% as compared to 51% same quarter last year

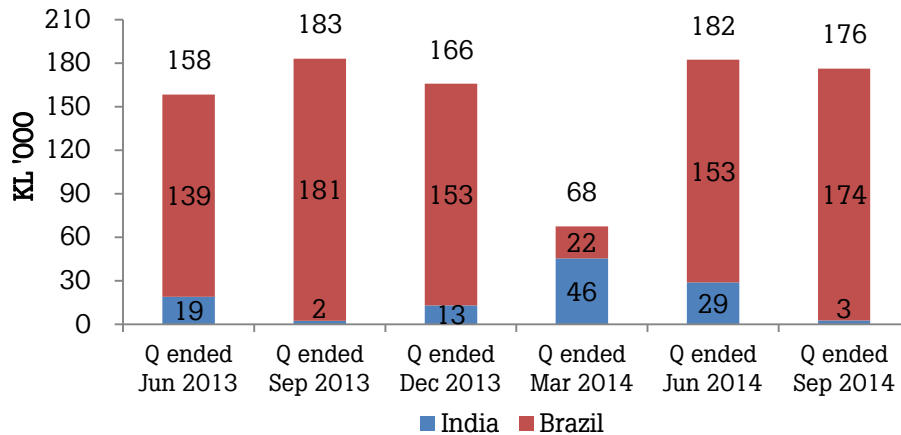
Note:

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

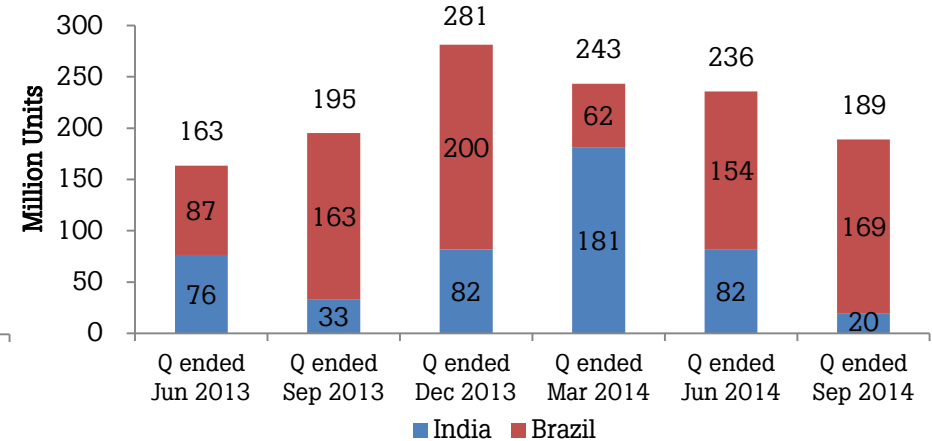
# Ethanol & CoGen: Quarterly Operating Performance



## Ethanol Production



## Co-Gen Power Exports



- ❖ Y-o-Y, 9% increase in ethanol production in India
- ❖ Of the total ethanol produced in Brazil, 75% was anhydrous and 25% hydrous

- ❖ Y-o-Y, energy sales in India decreased by 40% on account of lower utilization of Haldia refinery
- ❖ Y-o-Y, 4% increase in energy sales from Brazil units due to additional bagasse purchase

## 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 584 MW with exportable surplus of 371 MW. The Indian operations produce 271MW with exportable surplus of 150 MW and the Brazilian operations produce 313MW 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 174mn tonnes in 2012-13 whereas in 2013-14 the production is expected at 181.5mn tonnes.

Improved weather conditions globally especially in Brazil have resulted in a good 2013-14 season across major producers. Estimated global surplus of sugar as per the latest estimate of ISO is close to 4.4 mn tonnes of sugar for 2013-14. Centre-South Brazil produced close to 34 mn tonnes of sugar while India produced 24 mn tonnes of sugar in 2013-14. Other key producing countries are Thailand, Australia 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 2013/14 harvest, Center-South Brazil had crushed 596 million tonnes of cane, producing 34.3 million tonnes of sugar and 25.5 bn liters of ethanol.

The Government has partially decontrolled the Indian Sugar sector with removing levy obligations and release quota mechanism as per the suggestions of Dr. C. Rangarajan to consider decontrol of the sugar industry.

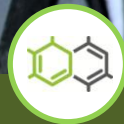
sugar



power



ethanol



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