



Shree Renuka Sugars Ltd

Audited Results for Quarter ended 30th Sep 2014

Earnings Presentation

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



- 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 lead 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 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."

Market Overview







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 24.3¹ million tons and estimated at 25.0-25.5¹ million tons for season 2014/15

Standalone Financial Performance



(Rs.	in	Million)	

pris. III miliiolij				
	3M ended 30-09-2014	3M ended 30-09-2013	% Y-o-Y Growth	Y-o-Y Key Perspectives
Net Sales ¹	16,301	15,404	<i>6</i> %	
Operating EBITDA ²	(236)	107	(321)%	Off-season quarter for the cane milling segmentLower margins in refining business
% Margin	(1.4)%	0.7%		
Foreign exchange gain/ (loss)	(464)	(759)	(39)%	• Lower MTM on account of recast of foreign denominated liabilities at closing rate
Net Profit ³	(1,291)	(1,203)	7%	
% Margin	(7.9)%	<i>(7.8)</i> %		
Basic EPS ⁴ (Rs.)	(1.42)	(1.79)		
Diluted EPS ⁴ (Rs.)	(1.42)	(1.79)		

Notes:

- Net Sales excludes excise duties, foreign exchange gains and includes other income
- EBITDA defined as earnings before depreciation, interest, exceptional items and taxes; includes other income and excludes foreign exchange gain/loss;
- Net Profit is after minority interest and prior period adjustments
- Non annualized

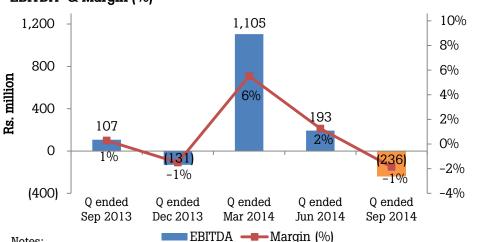
Standalone Quarterly Financial Performance





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 & offseason cost
- Lower cogeneration margin due to coal based power generation at the refineries

Notes:

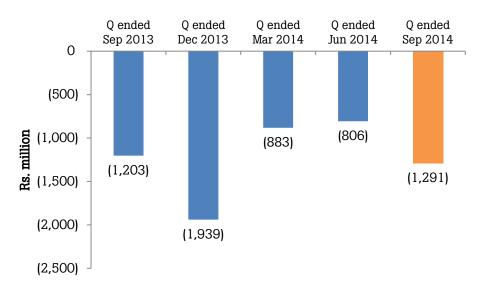
¹ Net Sales excludes excise duties, foreign exchange gains and includes other income

^{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 Profit1



Notes:

1 Net Profit is after minority interest and prior period adjustments

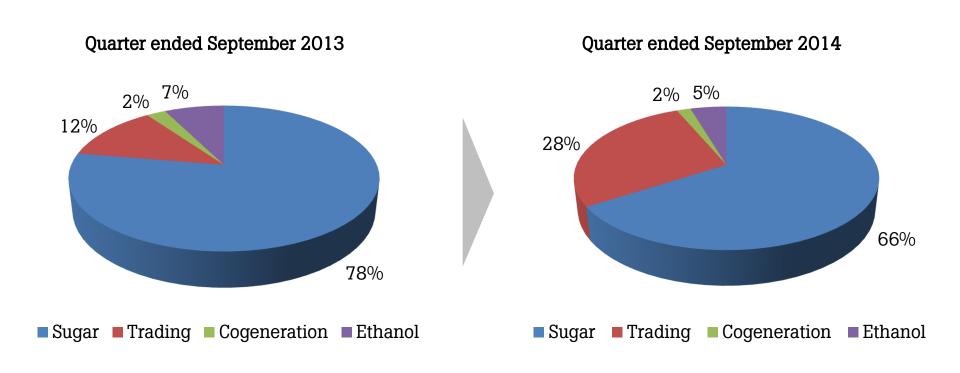
Trends

- 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 30th Sep, 2014



Net Sales Breakdown - India



Closing stock as on 30th 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

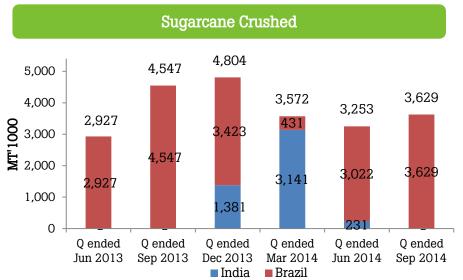
	3M ended 30-09-2014	3M ended 30-09-2013	% Y-o-Y Growth
Average Manufactured Sugar (in Rs./MT)	29,663	31,504	(5.8%)
Export (in Rs./MT)	29,051	32,375	(10.3%)
Domestic (in Rs./MT)	30,782	30,960	(0.6%)
Ethanol (in Rs./KL)	37,864	39,441	(4.0%)
Co-gen (in Rs. per unit)	2.79	2.89	(3.4%)

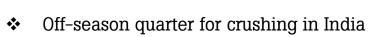
Notes:

^{1.} Export Sugar realizations are FOB prices net of taxes

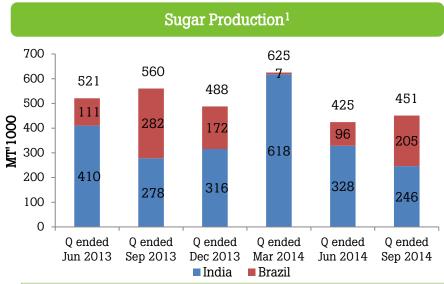
Sugar: Quarterly Operating Performance







- 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



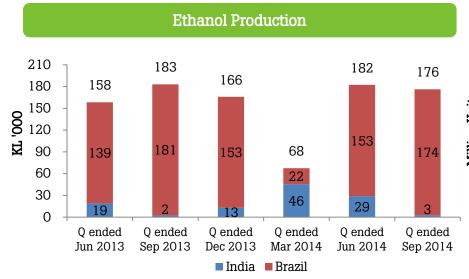
- Sugar production in Indian refineries decreased by 12% Y-o-Y
- Y-o-Y, 5% increase in recovery at Brazilian units
- ❖ Y-o-Y, 27% reduction in Brazil sugar production due to lower sugar mix of 43% as compared to 51% same quarter last year

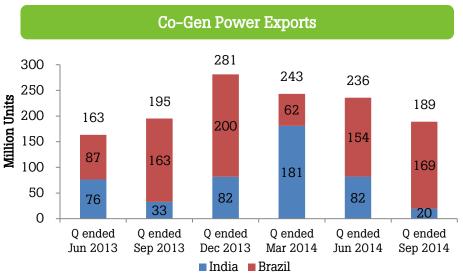
Note:

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







- 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

Fact Sheet



COMPANY BACKGROUND

Shree Renuka Sugars is a global agribusiness and bioenergy 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 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 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 $\sim 50\%$ 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.





Shree Renuka Sugars Ltd

Corporate Office

7th Floor, Devchand House
Shiv Sagar Estate, Dr. Annie Besant Road,
Worli, Mumbai-400 018.
www.renukasugars.com

Vishesh Kathuria Shree Renuka Sugars Ltd. +91 22 4001 1400 vishesh.kathuria@renukasugars.com