



**Working towards  
a sustainable  
future**

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## Forward-looking statement

This Report and other statements – written and oral – that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**FY19**

A Year of Transformation

Operating Revenue (₹ Crore)

**4,296.86**

EBITDA (₹ Crore)

**399.32**

against loss of ₹133.6 Crore p.y.

Earnings per Share (₹)

**(1.99)**

against (29.63) p.y.

Improved Credit Rating

**(ICRA) BBB+  
from (ICRA) D**

Cane crushed (MT)

**4,189,590**

32% increase y-o-y

Ethanol sold (₹ Crore)

**528.6**

115% increase y-o-y

**Sustainable development is the need of the hour. An increasing number of organisations are realigning their processes to minimise environmental damage and developing products such that the needs of the future generations are not compromised.**

At Shree Renuka Sugars Limited (SRSL), thinking and acting in a sustainable manner is a matter of course. For us, sustainability implies achieving continuous improvements and pursuing our social and ecological goals, while simultaneously attaining our economic objectives. We are striving every day to establish sustainability throughout our value chain. Made from superior quality sugarcane, our sugar is manufactured through a stringent quality controlled and a sulphur-free refining process. We have also taken a step to reduce our carbon footprint by manufacturing fuel-grade ethanol, a biofuel that has proven to reduce Greenhouse Gas (GHG) emissions compared to petroleum-based fuels.

Our sustainability initiatives also extend to the communities surrounding us. We believe that profitability must go hand in hand with social development. Therefore, we are taking great strides in bringing about the holistic development of the communities.

With an eye on social and ecological interests, we manufacture sugar through safe processes, maintaining transparency in everything we do. We are enhancing our produce with our specialised knowledge and assuming responsibility until our sugar reaches your homes, all the time working towards a sustainable future.



## Corporate Identity

# Our Business at a Glance

**Founded in the year 1995, Shree Renuka Sugars Limited (SRSL) is one of the largest sugar producers and refiners in India.**

We operate under three segments – sugar, ethanol and cogeneration. We were India's first sugar player to have ventured into sugar refining and have pioneered the concept of operating sugar manufacturing units on lease. Our manufacturing units include six integrated sugar mills in India and two port-based refineries. We are focusing on growing our presence in ethanol and cogeneration and undertaking power projects at third-party mills on a build-own-operate-transfer (BOOT) basis. Our corporate office is situated in Mumbai (Maharashtra, India) and our Head Office is in Belgaum (Karnataka, India).



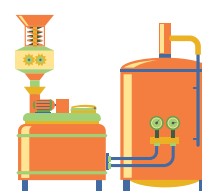
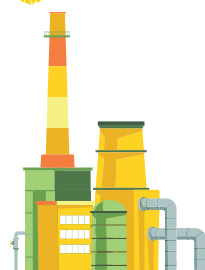
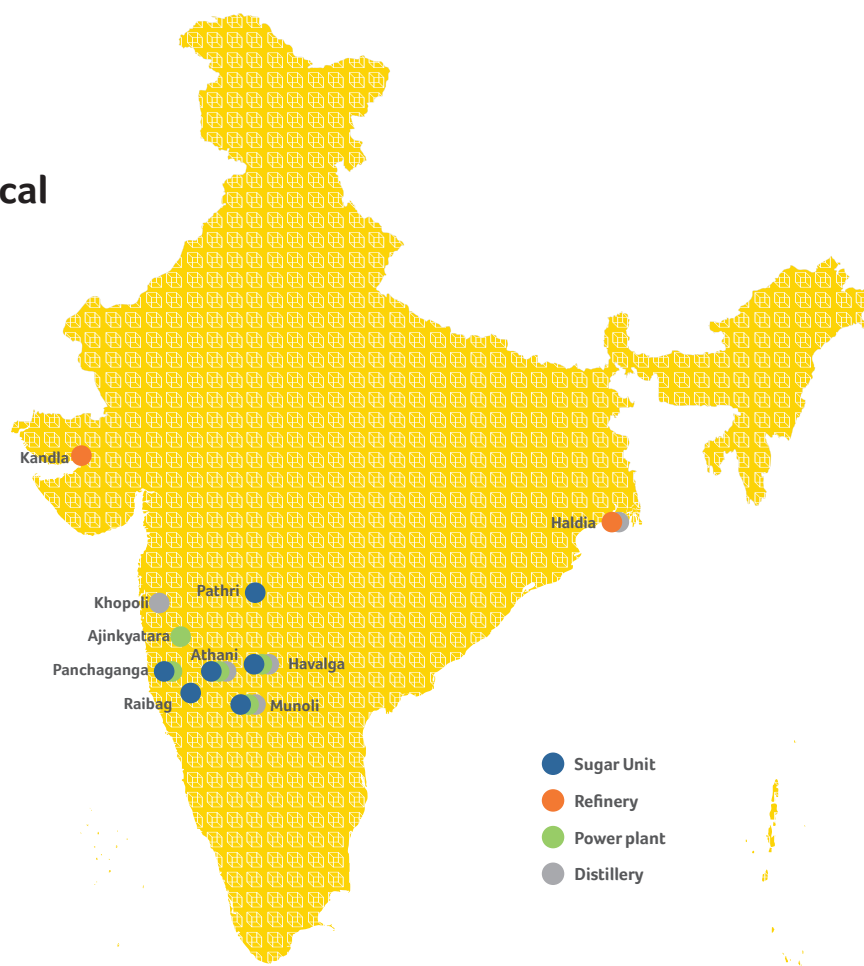
## Vision

To be among the top three integrated sugar and ethanol companies in the world by harnessing our strengths and realising synergies through our global presence.

## Core strengths

- We are present in one of the world's largest sugar-producing and consuming region, leveraging information flows for sustainable growth
- Our Indian operations are conducted across southern and western parts of the country (where there is higher recovery rate for sugarcane compared with those of other sugarcane-growing regions)
- Our strategically located port-based refineries in India help us cater to the markets in South Asia and the Middle East
- We are the largest supplier of ethanol to oil marketing companies in India
- Madhur is very well established in India, particularly in the western and southern regions

## Geographical presence



### SUGAR UNIT

Athani Sugar Unit	Panchaganga Sugar Unit
<b>10,000 TCD</b>	<b>6,000 TCD</b>
Munoli Sugar Unit	Raibag Sugar Unit
<b>9,500 TCD</b>	<b>3,000 TCD</b>
Havalga Sugar Unit	Pathri Sugar Unit
<b>7,500 TCD</b>	<b>1,500 TCD</b>

### REFINERY

Kandla Refinery
<b>3,000 TPD</b>
Haldia Refinery
<b>2,500 TPD</b>

### POWER PLANT

Munoli
Athani
Havalga
Panchaganga
Ajinkyatara
Total power produced
<b>567 Million Kwh</b>

### DISTILLERY

Havalga Distillery
<b>210 KLPD</b>
Athani Distillery
<b>300 KLPD</b>
Munoli Distillery
<b>120 KLPD</b>
Khopoli Distillery
<b>300 KLPD</b>

## Business Verticals

### SUGAR

Divisional revenue (₹ Crore)

**3,689.37**

**77.16% Contribution to total revenue**

#### Segment Overview

Our sugar mills are fully integrated to process sugarcane and manufacture sugar. Molasses, bagasse and press mud are produced as by-products of our operations, which are further used to manufacture allied products. We have six mills in India with a total capacity of 37,500 tonnes of cane crushed per day (TCD) and two port-based sugar refineries with a total capacity of 5,500 tonnes per day (TPD).

#### Product

##### White Sugar

This variety of sugar is refined and washed, giving it a white appearance. It doesn't have a distinct molasses flavour and contains 99.9% sucrose. Also called refined sugar, white sugar is the most commonly consumed sugar in most households and is relatively neutral in flavour. It is also consumed by the food industry in various edible processed foods and beverages.



### ETHANOL

Divisional revenue (₹ Crore)

**528.63**

**11.06% Contribution to total revenue**

#### Segment Overview

We manufacture potable and fuel-grade ethanol that can be blended with petrol. Our distillery capacity in India is 930 kilo litres per day (KLPD), of which 630 KLPD is from molasses and 300 KLPD from denatured spirit. KBK Chem Engineering, our subsidiary, provides turnkey distillery, ethanol and certain sugar process equipment and biofuel plant solutions.

#### Product

##### Ethyl Alcohol

Also called ethanol, ethyl alcohol is produced by two methods – direct fermentation of cane juice or from molasses, which is a by-product of sugar manufacturing process. In India, ethanol was mostly produced from molasses, but this approach has been undergoing transformation. To drive the Ethanol Blending Programme, the Indian Government has recently allowed the use of sugarcane juice or an intermediate product called B-molasses to produce ethanol. There are various industries in which ethanol can be used, which include the alcohol industry, oil marketing companies for blending with petrol and chemical industries, among others.

##### Organic Manure

We try and utilise all by-products of our sugar manufacturing process. The press mud/filter cake obtained as waste is mixed with effluents from our distillery operations to manufacture organic manure, which is eco-friendly as well as cost-effective than chemical fertilisers.

### COGENERATION

Divisional revenue (₹ Crore)

**404.49**

**8.46% Contribution to total revenue**



#### Segment Overview

We have power plants at Munoli, Athani, Havalga, Panchaganga, Ajinkyatara units. that uses bagasse, the by-product from our sugar manufacturing process to produce power while the power plants at Haldia and Kandla run on coal. We produce 567 Million Kwh of power, 49% of which is consumed for captive consumption which powers all our plants and the remaining power is sold to the state electricity grid. Most of our cogeneration process is based on renewable energy, which provides a significant reduction in GHG emissions.



## Listing and Market Capitalisation

Our shares are listed and actively traded on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and as on 31<sup>st</sup> March 2019, our market capitalisation was ₹1945.57 Crore.



## Milestones

### 1998-2003

#### 1998

Acquired assets of Nizam Sugars Ltd. in Andhra Pradesh and established SRSL

#### 2000

Commissioned a cogeneration plant at Munoli, Karnataka

#### 2001

Commissioned a 60 KLPD distillery at Munoli

#### 2003

Leased the first co-operative mill

### 2004-2009

#### 2005

Completed Initial Public Offering (IPO) and established a greenfield sugar mill at Athani, Karnataka

#### 2007

Acquired KBK Chem Engineering Pvt. Ltd. in Maharashtra

#### 2008

Commissioned a 2,000 TPD sugar refinery at Haldia, West Bengal

#### 2009

Commissioned a cogeneration facility in Maharashtra's Panchganga Co-operative Sugar Mill on BOOT basis

### 2010-2015

#### 2010

Acquired 100% stake in Renuka Vale do Ivaí S/A and 50.34% stake in Renuka do Brasil S/A (Equipav Group)

#### 2011

Commissioned a 3,000 TPD port-based refinery near Kandla, Gujarat

#### 2012

Increased stake in Renuka do Brasil S/A to 59.4%

#### 2014

Partnered with Wilmar Sugar Holdings Pte. Ltd., involving an equity infusion for equal stakes with the existing promoters

### 2016-2019

#### 2018

Wilmar Sugar Holdings Pte. Ltd. acquired majority stake in the Company

#### 2019

Wilmar Sugar Holding Pte. Ltd. has become the holding Company by acquiring 58.34% of stake

Letter to the Shareholders

# From the Executive Chairman's Desk

**The nation's sugar sector has turned a new leaf in the history by encouraging its ethanol programme. The huge leap in the amount of blending from 2.1% in FY2016-17 to 7.2% in FY2018-19 is commendable. The sector has also witnessed favourable policy support from the Government such as stabilising the Minimum Sale Price of sugar. The Government has also worked towards keeping cane arrears to a minimum despite the glut in FY2018-19. The sugar sector is looking forward to better times.**



## Dear Shareholders,

FY19 has been an extremely eventful year for India's economy as well as the sugar sector. Despite the global slowdown, India's GDP still grew at 6.8% in FY2018-19. The business environment was stable and shall continue such with the re-election of the existing Government with a huge majority. Policy deviations are expected to be consistent and the same agenda of growth is likely to continue. The disruptive decision of implementing 'one nation one tax initiative', the Goods and Services Tax, overcame its initial hiccups and has strengthened the nation's fundamentals. The monetary disruption due to demonetisation in the previous fiscal has also been contained.

## REVIEW OF FY2018-19

Renuka had a good financial year 2019. The performance of the Company was much superior to previous years' both in crushing, refining and ethanol production. We crushed 41.89 million metric tonnes of cane in the year under review as compared to 31.62 million metric tonnes in FY2017-18. Our refinery operations in Kandla grew by 20 bps y-o-y. The refinery refined 1.1 million metric tonnes of raw sugar in FY2018-19 as compared to 0.83 million metric tonnes in FY2017-18. This is the highest quantity of sugar refined since the inception of the plant. We produced 121,129 kilo litres of ethanol in the year under review as compared to 75,277 kilo litres in FY2017-18.



Our Company also showed a robust commercial performance. Our refinery gross margins improved from 9.81% to 18.2% year-on-year. Our distillery margins were at 40.5% with the robust government support and our ethanol production was also up by 61%. Renuka's Madhur brand, the flagship sugar brand in India, increased its market reach with wider distribution in Haryana, Madhya Pradesh, Andhra Pradesh, Telangana and Punjab. Plans are afoot to grow Madhur in newer geographies with a steep curve.

### PERSPECTIVE ON THE UPCOMING FISCAL

In the coming year, sugar production could reduce due to dry weather and lower water availability in parts of Maharashtra and Karnataka. It is estimated that sugar production may fall from 33.2 million metric tonnes to 28.2 million metric tonnes in 2020, a reduction of 19.6% year-on-year. However, with huge opening stock of 14.5 million metric tonnes in the FY 2019-20 season as against a normal stock requirement of 5 million tonnes, surplus shall continue to put pressure on the market. I expect the drive towards exports to continue and the ethanol blending programme to keep gaining momentum due to the push on maximising production of ethanol from B-molasses and sugarcane juice. We also believe that the Government shall continue with Minimum Sugar Prices policy to arrest any scope of downward spiral of sugar prices in this sectoral glut.

### HALTING THE UNENDING CYCLE

The sugar sector is highly cyclical. Currently, with the development of new cane-growing techniques and the availability of superior cane varieties and fertilisers, there has been continuous surplus cane production in the nation. To break this excess production, the Government is undertaking various steps to ensure all the industry stakeholders remain profitable. One such step is the updated National Policy on Biofuels-2018, which envisages a target of 20% blending of ethanol in petrol by 2030. The policy has widened the scope of diverting sugar stocks for ethanol procurement. The Government is taking numerous steps to bring about this change in the sector such as increasing ethanol prices, allowing the use of B-heavy molasses for ethanol manufacture and

encouraging mills to create additional distillery capacities by announcing soft loans at subsidised interest rates worth almost ₹10,500 Crore.

### OPTIMISTIC ABOUT A SUSTAINABLE GROWTH

Sugar being an agro-based industry receives good support from the Government policies. We have aligned our growth strategy in line with the nation's objective by growing further in the areas of ethanol manufacturing and distribution. We have leveraged the ethanol-friendly policies of the Government and are planning to grow our ethanol production capacities from 930 KLPD to 1020 KLPD.

We are also actively conducting numerous cane development activities such as enlightening our growers of the new methods of cane plantation and irrigation, and providing them with pesticides, organic manure and crops at subsidised rates. We also encourage farmers to develop model plots on their farms to propagate the idea of growing numerous seasonal crops in the fields along with cane for additional gains and the sustainability of their livelihoods.

Our cogeneration activities testifies our drive towards ensuring a sustainable future for our Company. We are producing green energy from bagasse and using it captively to power our operations. We sell leftover power to the state electricity grid.

I personally believe that India's sugar sector is set on a path of growth. With changes in sectoral strategy and favourable Government initiatives, we are looking at exciting times ahead. We will continue to leverage our core competencies and create value for our shareholders and continue our journey of growth towards a sustainable future.

Lastly, I want to thank all our stakeholders who have been supporting us during our good and bad times and have been part of this eventful journey with us.

Warm regards,

**Atul Chaturvedi**  
Executive Chairman



Business Model

# Creating Sustainable Value

Every element of our business model is unique to our Company and has a role to play in our long-term success. Our strategy is designed to achieve responsible and profitable growth for our business and create sustainable value for our stakeholders.



## Our business capitals

**FINANCIAL CAPITAL** Funds available or invested in own or third-party businesses obtained through borrowings, provision of services and the supply of products to our customers

**HUMAN CAPITAL** Composed of our employees, their expertise, experience and capacity for innovation. It includes their alignment with our good governance practices and ethical values

**INTELLECTUAL CAPITAL** Consists of intangible assets such as the value of our brand, the accumulated technical knowledge and our ability to innovate in the development of new products, services, and technologies, aimed at the perpetuity of our business

**SOCIAL AND RELATIONSHIP CAPITAL** The ethical relationship we maintain with our stakeholders – customers, shareholders/investors, suppliers, regulatory bodies, society and government. This capital shows our ability to share values and improve individuals' and collective well-being

**MANUFACTURED CAPITAL** Consists of our facilities and units, including buildings, mills, systems and applications

**NATURAL CAPITAL** Consists of all environmental, renewable and non-renewable resources used or impacted by our business and that support our prosperity. It mostly includes water, air, land, forests, biodiversity and ecosystem