



Responsible Resurgence

Annual Report
2022-23



Shree Renuka Sugars Limited
A Wilmar Subsidiary

Corporate Overview

02	About Us
04	Sugar Business Overview
06	Ethanol – Paving the way for a sustainable future
08	Ethanol Business Overview
10	Cogeneration Business
12	Chairman's Message
14	Financial Highlights
16	Nurturing an inclusive and value-accretive organisation
18	Responsibly meeting stakeholder expectations
20	Madhur brand
22	Prioritising ESG objectives
25	Corporate Information

Statutory Reports

26	Management Discussion and Analysis
32	Board's Report
98	Corporate Governance Report

Financial Statements

122	Standalone Statements
210	Consolidated Statements

Contents

Scan the
QR code
to know more
about us



Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Our growth over the years has been powered by a relentless drive to combine responsible practices with sustainable choices. The growth will now be driven by our strength in sugar production and our increased ethanol production capacities.

At every step, a deep sense of responsibility has been reflected by our financial performance, manufacturing excellence, quality control measures and innovative approach to fuel the demand for green energy.

With the adoption of new-age technology, focus on resource efficiency and optimum value creation, we have resolutely tackled uncertainties. By capitalising on emerging opportunities in the operating landscape, we have remained

at the forefront of change – powering a responsible resurgence and strengthening our commitment to generate value for our stakeholders and enhance contributions towards a sustainable future.

About Us

A photograph of a sugarcane field at sunset. The sun is low on the horizon, creating a warm, golden glow that silhouettes the tall sugarcane stalks. The leaves are long and slender, some catching the light. The overall mood is peaceful and natural.

Responsibly building our future

Among the largest sugar and ethanol producers in the country, Shree Renuka Sugars has established itself as a reputed agribusiness and bio-energy corporation with a strong presence across the value chain of sugar production.

From raw sugar refining to ethanol production and power generation from bagasse, we cater to diverse

segments of the industry. Leveraging our strategic location in India's sugarcane belt as well as refineries located in eastern and western ports. We optimise operations and ensure exceptional quality of our products. We also maintain a strong commitment towards sustainability through our focus on bioenergy and green power.

Year under review

15%

Increase in Madhur sales

46%

Increase in raw sugar melting

19%

Increase in ethanol production

12%

Increase in power generation

196*
Million litres

Highest ever ethanol production

11%

Increase in power exports

*Ethanol includes all Distillery products.

Sugar Business Overview

As a prominent player in the Indian sugar industry, we have established a comprehensive and interconnected business model. Our strategically positioned facilities in the flourishing sugarcane belts, coupled with our sugar refineries situated along the Eastern and Western coasts of India, empower us to deliver quality products to the market.

We have adopted a unique approach of operating sugar manufacturing assets on lease. Our fully integrated sugar mills have state-of-the-art infrastructure, enabling us to efficiently process sugarcane and produce sulphur-free sugar. This commitment to excellence allows us to consistently offer our customers exceptional quality products.

Refinery production

Production has been remarkable during the year under review, cementing our position as a leading player in the industry. Our refineries efficiently operate with a blend of domestic and imported raw sugar. We have achieved a phenomenal growth in the refinery segment, showcasing the strong demand for our refined sugar products. Raw sugar melting has increased by 46%. Dispatches have also witnessed a substantial growth of 19%, demonstrating our ability to reach a wider customer base. This year's performance exemplifies our commitment to operational excellence and strategic decision-making, thereby positioning us for continued success in the refinery segment.

Refineries (TPD)

3,000

Kandla refinery

2,500

Haldia refinery

Cane crushing

Sugarcane crushing in FY2023 was impacted due to adverse weather conditions, resulting in a 7% reduction in cane crushing in comparison to the previous year. Despite these challenges, we managed to achieve total cane crushing volume of 5.25 million MT.

52,52,243

Cane crushed (MT)



Sugar production

Although sugar production experienced a marginal decrease of 7%, in line with the cane supply ratio, we successfully leveraged market dynamics to strategically export sugar and take advantage of higher prices. Despite the early closure of mills, our sugar recovery rate saw only a marginal decline of 0.10%.

431,167 MT

Sugar Production (excluding sugar sacrificed for ethanol)

Madhur brand

Our flagship brand, Madhur, has established itself as a market leader in various parts of the country. This year, we witnessed 15% increase in Madhur's sales, reiterating our focus on stronger marketing and sales support. From local stores to leading supermarket chains across the country, Madhur has become a household name.

To cater to a larger number of customers in Northern and Eastern India, we have partnered with two large sugar mills in Uttar Pradesh for packaging of Madhur Sugar. The exceptional growth trajectory of Madhur Sugar is evident from the impressive sales growth of 21% compound annual growth rate (CAGR) over the past five years. In fact, our sales have more than doubled in the last five years, demonstrating a growing preference for the Madhur brand.

With sales exhibiting a remarkable CAGR since 2018-19, we remain focused on delivering superior quality products, expanding our reach, and consolidating our position as an industry leader.



Sugar Units (TCDs)

10,000

Athani

10,000

Munoli

7,500

Havalga

6,000

Panchaganga

2,500

Raibag

1,500

Pathri



Certified by Euromonitor International Madhur sugar is the largest selling sugar brand in India.

Ethanol – Paving the way for a sustainable future

The Indian Government's commitment of promoting ethanol as a renewable fuel source has resulted in the development of an extensive ethanol blending programme. It aims to achieve 20% ethanol blending in fuel by 2025.

Growth drivers for ethanol production



Availability of raw material

Ethanol is produced from sugarcane juice/syrup, B-heavy molasses, C-heavy molasses, damaged food grains/maize, surplus rice from FCI, and grains. Sugarcane still forms the primary choice of raw material for producing ethanol in India.





Improving ethanol infrastructure

To facilitate the widespread adoption of ethanol-blended fuels, the government has taken steps to establish E20 fuel dispensing pumps across the country. Currently, around 1900 E20 fuel dispensing pumps have been inaugurated across the country. It not only promotes the usage of ethanol-blended fuels but also establishes a solid foundation for achieving the blending targets in the years ahead.



Efforts to increase supply

Meeting the growing demand for ethanol requires a significant increase in supply. To address this requirement, substantial efforts have been made to augment ethanol production. For the Ethanol Supply Year (ESY) 2021-22, the total supplied quantity increased by 35% compared to the previous year. In ESY 2022-23, Oil Marketing Companies (OMCs) have contracted 5015 million litres of ethanol. As of March 2023, 1749 million litres have been supplied, resulting in a blending percentage of 11.58%.

Certain states have emerged as leaders in ethanol blending, with Maharashtra, Madhya Pradesh, Karnataka, and Andhra Pradesh showcasing remarkable progress and achieving high blending percentages. These states now act as models for gathering valuable insights into best practices for achieving higher blending ratios.



Progress and targets

India has made significant strides in ethanol blending, achieving a blending percentage of 10% in ESY 2021-22. For the current ESY, the government has set a target of 12% blending and the current blending percentage stands at 11.58% till March, 2023. Notably, ethanol derived from sugarcane based sources accounts for 84% of the total ethanol supply. With an ambitious goal of reaching a blending percentage of 20% by 2025, the government remains steadfast in promoting ethanol as a viable alternative fuel.



Promoting innovation and collaboration

The Indian government, in collaboration with various stakeholders, actively promotes innovation and research in the ethanol sector. An excellent example is the collaboration between Hindustan Petroleum Corporation (HPCL) and the Indian Institute of Technology (IIT) Guwahati, resulting in the development of an ethanol-fuelled cooking stove. This initiative explores alternative uses for ethanol, further establishing its value as a sustainable fuel. Additionally, Indian Oil Corporation (IOCL) has formed a joint venture with Lanza Jet and local airlines to produce sustainable aviation fuel (SAF) at its Panipat refinery. These collaborative efforts

highlight the commitment of both the public and private sectors to drive ethanol-based innovations.



Future prospects and vision

Looking ahead, India's ethanol blending programme holds promising prospects for the future. With the government's fixed target of achieving a blending percentage of 20% by 2025, efforts will be intensified to enhance ethanol production, infrastructure, and supply. The continued expansion of distilleries and the establishment of additional E20 fuel dispensing pumps will provide the necessary support to achieve the desired blending targets. With the use of ethanol as an alternative fuel, India's dependence on fossil fuel will be limited and it will pave the path for renewable energy adoption.



Capacity expansion projects by Shree Renuka Sugars

With growing demand for ethanol, the Company undertook capacity expansion projects for Munoli Distillery, from 120 KLPD to 500 KLPD and Athani Distillery from 300 KLPD to 450 KLPD. Commercial production has already commenced in both the plants and it is anticipated to increase ethanol supply and supporting the targets set by the ethanol blending programme.

Ethanol Business Overview

Whether produced directly from cane juice or derived from molasses, our distilleries play a vital role in generating ethanol. This versatile product serves both as potable alcohol and as an additive that can be blended with petroleum.

Our commitment to quality is reflected in the three grades of ethanol we produce at our distilleries:

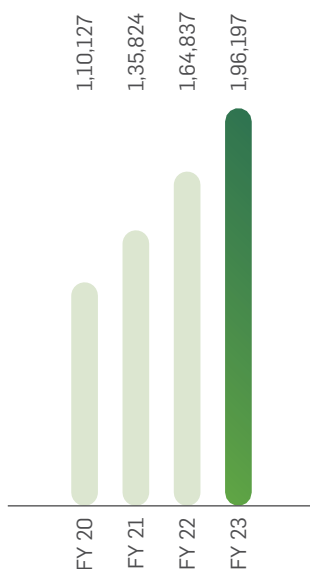
- 1 Absolute Alcohol (AA) or Ethanol for fuel blending
- 2 Extra Neutral Alcohol (ENA)
- 3 Rectified Spirit (RS)

This year, we witnessed remarkable progress in ethanol production, with notable achievements across various fronts.

183,809 MT

Sugar diverted for Ethanol

Ethanol produced*
Quantity (KL)



*Ethanol includes all Distillery products.

Ethanol production

Our alcohol production grew by 19% and sales have also surged by an impressive 20%, indicating strong market preference for our product.

Expansion of distilleries

Our investments to expand ethanol capacity has allowed us to achieve an impressive capacity utilisation rate exceeding 100%. We have successfully completed our Ethanol Expansion Projects, increasing our ethanol production capacity from 720 Kilo liters per day (KLPD) to 1250 (KLPD). Commercial operations have also commenced at the newly established plants, marking a significant milestone for the organisation.

Driven by these efforts, we have achieved highest-ever ethanol production of 196 million liters. The initiatives undertaken by the government, such as the interest subvention scheme and the commitment of car manufacturers to make vehicles E20 compliant by 2023, have created the opportunity to increase the demand for ethanol.

As we move forward, we are keen to use our expertise, state-of-the-art facilities, and robust investment strategies to focus on our growth trajectory in the ethanol sector. Our relentless pursuit of excellence and our efforts to align production targets with government goals position us as a key player in this segment.