Twitter Thread by Varinder Bansal ■■

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Late aaye durust aaye #OmkaraEdge

Omkara covered this co with clients long back with proper DATA/ NUMBERS

Shree Renuka Sugars

Not Rated

B&K SECURITIES
WE UNDERSTAND MONEY

Share Data	
Price (Rs)	18
BSE Sensex	52,329
Reuters code	SRES.BO
Bloomberg code	SHRS IN
Market cap. (US$ mn)	525
6M avg. daily turnover (US$ mn)	1.6
Issued shares (mn)	2,128

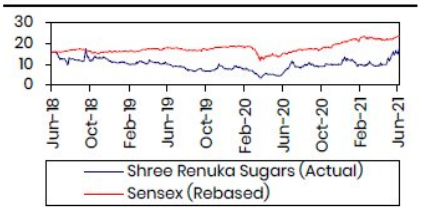
Performance (%)	1M	3M	12M
Absolute	47.1	67.8	184.9
Relative	38.5	59.1	83.5

Valuation Ratios

Year to 31 Mar	Mar 18	Mar 19	Mar 20
EPS (Rs)	(1.2)	(1.5)	(4.0)
+/- (%)	8.9	(28.1)	(169.6)
PER (x)	NA	NA	NA
PBV (x)	NA	NA	NA
EV/Sales (x)	0.7	1.0	0.9
EV/EBITDA (x)	NA	18.2	31.6

Shareholding Pattern (%)	
Promoters	62
FIIs	1
BFSI's	18
Public & Others	18
Pledge	42

Relative Performance



We recently interacted with the management of Shree Renuka Sugars Ltd. Some of the key takeaways are as follows:

- The company is expanding its distillery capacity by 250 klpd to 970 klpd. It is expected to be commissioned in October 2022. After which Shree Renuka will have the highest distillery capacity in the industry.
- The new distillery shall be utilised for production of Ethanol direct from cane juice. Total capex required is Rs 2 bn. The company is looking to borrow the said amount which is eligible under Soft Loan scheme by the Government.
- The increase in distillery capacity and with more diversion of cane towards Ethanol from B-Heavy and Cane juice, the earnings could jump massively.
- Earlier, the distillery margins were low as the company also used to trade in Ethanol when the international prices of ethanol were low. Now that the company has hived off all its Brazilian units it will only focus on the domestic sale of Ethanol at a fixed procurement prices which has higher margin.
- The proceeds from equity share issue to Wilmar group has been utilised to bring down the debt. Out of the Rs 1.85 bn proceeds, Rs 1.6 bn has been utilised to repay the debt. Rest has been utilised for general corporate purpose and working capital requirement. This shall also reduce the interest cost significantly going forward.
- Wilmar Sugar currently holds 62.48% in the company making it the only MNC sugar company in India.

We believe the company is poised to a significant growth in earnings by riding the Ethanol drive in India. We expect the company to start being profitable from FY22, after seven years of successive losses, due to sharp EBITDA jump from ethanol and fall in interest costs, with significant profits in FY23. Also, the company now being an MNC should trade at a 40-50% premium to its domestic peers.