Speech by

Mr. M.M. Venkatachalam, Chairman

at the 51st Annual General Meeting

On
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Good afternoon, ladies and gentlemen!

I extend a warm welcome to all of you to the 51st Annual General Meeting of your Company.

It is a privilege to host you today and connect with you all through this Video Conference. The Directors' Report and the Audited Accounts for the Financial Year ended March 31, 2026, have been with you for some time now and with your consent, I shall take them as read.

As we gather today, I am reminded that every chapter in the life of a company is defined not merely by the numbers, but by the resolve with which it faces adversity and the clarity of purpose with which it charts its path forward. FY 2025-26 was such a chapter for EID Parry – a year of turning tides and of growing stronger.

The year began on the heels of one of our most challenging operational periods. Yet, what unfolded across the twelve months that followed was a meaningful uptick in recovery rates, a robust distillery performance, and most critically, the resolution of a structural overhang that had weighed on your Company for several years. We took a difficult but necessary decision: the closure of Parry Sugars Refinery India Private Limited. It was the right call for the long-term health of the business, and I am confident that it will serve us well in the years to come.

Before I take you through the Company's operations and developments, let me briefly touch upon current trends in the economy and the industry in which your Company operates.

Turning Tides. Growing Stronger.

The sugar sector, long characterised by volatility, regulatory complexity, and cyclical pressures is undergoing a fundamental repositioning. Driven by the success of the Ethanol Blended Petrol (EBP) Programme, the expansion into biofuels has reduced the sector's dependence on commodity sugar prices and opened new, more stable revenue pathways.

The theme 'Turning Tides. Growing Stronger.' captures precisely where we stand today. The tide has turned in recovery rates, in the national energy mix, and in the broader recognition of sugar mills as engines of the bioeconomy. And through each challenge, your Company has grown stronger: in its operations, in its portfolio, and in its strategic conviction.

Economy

FY 2025-26 underscored both the strength and sensitivities of India's growth trajectory in an uncertain global environment. While India continued to remain among the fastest-growing major economies, external risks, particularly elevated crude oil prices and fertiliser import bills, driven by prolonged geopolitical tensions emerged as a key concern. Global institutions such as the IMF, in its World Economic Outlook Update for July 2026, projected India's growth at around 6.4%; reflecting the effects of the war in the Middle East being partly offset by accelerated demand-driven momentum in the global technology cycle.

Despite these headwinds, the underlying economy displayed resilience, supported by strong domestic demand, public investment, and services sector momentum. The RBI, in its Annual Report, has emphasised that growth prospects are supported by India's strong macroeconomic fundamentals, including robust domestic demand, relatively lower dependence on exports as a growth driver, and a stable policy environment.

For agriculture-linked sectors, the year marked a transition to the next phase of growth. Following the early achievement of 20% ethanol blending, policy momentum is now focused on higher blends, with progressing discussions around E27 and beyond. This signals a deepening of India's clean energy agenda, strengthening long-term demand visibility for ethanol while reinforcing the critical link between agriculture, energy security, and industrial growth.

Sugar and Biofuel:

Sugar

The Indian sugar industry in FY 2025-26 operated within a closely regulated environment, with policy focus firmly anchored on farmer welfare and domestic price stability. The Government continued to support cane growers through the Fair and Remunerative Price (FRP), fixing it at ₹355 per quintal for the 2025-26 season and further increasing it to ₹365 per quintal for the 2026-27 season. While these measures reinforced income visibility for farmers and supported rural demand, they also elevated cost structures for mills, underscoring the need for continued efficiency and financial discipline due to absence in increase in the Minimum Selling Price.

On the supply side, the season witnessed variability in production estimates due to regional yield fluctuations, moderated cane availability, and reduced carryover stocks. In this context, the Government maintained a cautious stance on exports through much of the year, culminating in

the decision in May 2026 to prohibit sugar exports until September 2026. This intervention was aimed at ensuring adequate domestic availability and mitigating price volatility, particularly in a year when production remained closely aligned with consumption.

Biofuel

June 2025 will be remembered as a landmark month for India's clean energy journey. The country achieved 20% ethanol blending in petrol ahead of schedule, a milestone that seemed ambitious as recently as 2022-23 when blending rates stood at 12%. This progress has been driven by a combination of policy clarity, distillery capacity expansion across the industry, and the removal of quantitative restrictions on ethanol production from all feedstocks: cane juice, syrup, B-Heavy and C-Heavy molasses for ESY 2025-26.

Following the achievement of E20 blending, industry stakeholders have advocated a roadmap for flex-fuel, higher ethanol blends such as E27 and E30. However, as of July 2026, the Government has not announced any decision to increase blending beyond 20% and has indicated that any future move will be based on detailed scientific studies and stakeholder consultations. With India's installed ethanol production capacity being in the north of 2,000 crore litres, the sector is well-positioned to support higher blending targets.

Your Company expanded its distillery capacities over the last two years – from 417 KLPD in FY24 to 582 KLPD and this enhanced capacity was fully operational in FY 2025-26, contributing meaningfully to revenue and operating cash flows. The multi-feed, multi-product distillery model capable of producing ethanol & ENA has proven its worth by providing operational flexibility in response to policy changes on feedstock diversion.

Consumer Products Group:

The Consumer Products Group (CPG) segment underwent a year of transition and consolidation during FY 2025-26, with revenues declining by 31% to ₹607.15 crore, primarily due to reduced government release quotas in the sweeteners business and a deliberate channel rationalisation. The Company consciously exited low-margin channels and tightened credit norms, leading to short-term volume decline and provisioning pressures.

Despite this, the year saw important structural improvements. The Company strengthened its focus on premium and value-added sweeteners such as brown sugar, traditional jaggery and low-GI variants. The commissioning of the dal processing facility enhanced backward integration and quality control, alongside efforts to streamline distribution across key channels. The

Company has further begun to expand its jaggery operations at Bagalkot, with a facility being set up in the current financial year. This initiative is expected to strengthen our presence in the premium sweeteners segment and contribute meaningfully to revenue growth.

While these corrective measures impacted near-term performance, they have strengthened the business model, positioning the CPG segment for more disciplined, capital-efficient, and profitable growth from FY 2026-27 onwards.

Performance and Financials

The year under review was marked by a complex operating environment for the sugar and allied sectors, characterised by global surplus conditions, regulatory constraints, and continued cost pressures. Despite these challenges, your Company demonstrated resilience in its core operations and maintained a strong focus on operational efficiency and cost discipline.

Your Company, during FY 2025-26, recorded a crushing of around 38.40 LMT as compared to the corresponding period of the previous year at 37.42 LMT and the average net annual recovery at 9.21% as against 8.45% of last year. Sugar production clocked around 3.54 LMT as against 3.16 LMT of previous year. The Standalone revenue from operations for the year ended March 31, 2026, was Rs. 3,120 Crore against previous year of Rs. 3,168 Crore, while EBITDA improved significantly to ₹399 Crore from ₹252 Crore, driven by better operational efficiencies and higher distillery contributions. The Standalone Loss after tax was Rs. (708) Crore, compared to Rs. (428) Crore in the previous year, largely on account of substantial impairment charges and provisions recognised during the year.

During the year, the Company undertook several focused initiatives to improve efficiency, including optimisation of cane logistics, better capacity utilisation across sugar and distillery units, adoption of process improvements to enhance recovery rates, and disciplined cost management across procurement and operations. The Company also leveraged its multi-feed distillery capabilities to optimise feedstock utilisation in response to evolving policy dynamics, thereby strengthening margins at the operating level.

As we move forward, your Company remains committed to driving sustainable growth through operational excellence, portfolio realignment, and disciplined capital allocation. We believe that the actions taken during the year have strengthened our foundation, positioning us to deliver improved performance and create enduring value for all stakeholders in the years ahead.

Nutraceuticals

The Nutraceuticals Division achieved a standalone revenue of Rs. 33 Crore in 2025-26 and the Company's wholly owned subsidiary, US Nutraceuticals Inc. registered a revenue of 20.5 million USD.

Our Nutraceuticals business continued to strengthen its position in global markets, supported by rising demand for plant-based, science-backed wellness solutions and increasing consumer focus on preventive health. During the year, the business navigated pricing pressures from low-cost imports and certain operational challenges, while maintaining a strong emphasis on quality, certification compliance, and customer engagement. The business also advanced its differentiation through scientific validation, including clinical studies and thought leadership initiatives, reinforcing its premium positioning, particularly in the organic segment.

Subsidiary Company, Parry Sugars Refinery India Pvt Ltd (PSRIPL)

PSRIPL's performance in FY 2025-26 was influenced by significant volatility in global sugar markets, with the first half benefiting from favourable white premiums and the second half witnessing pressure due to increased supplies from Brazil, Thailand, and export announcements from India. Despite these challenges, PSRIPL achieved its highest-ever sales volume of 8.44 LMT, supported by opportunistic hedging strategies and strong execution in international markets, while continuing to be recognised as an efficient re-export refiner serving global customers. However, declining global prices led to a reduction in revenue to ₹3,814 Crore from ₹4,285 Crore in the previous year, although improved operating efficiencies and lower finance costs provided some support.

Given the sustained structural challenges impacting the refinery business model including compressed white premiums, higher operating costs, and accumulated losses, the Board approved the closure of PSRIPL's operations effective March 31, 2026. The decision reflects a prudent step towards mitigating long-term risks and addressing structural unviability in a changing global environment. Accordingly, the Company recognised impairment and provisions relating to its investment and financial commitments, which weighed on the overall financial performance for the year. While this marks the conclusion of a longstanding business, it represents a decisive step in strengthening the Company's balance sheet and sharpening its strategic focus on core, future-ready businesses.

Towards Intelligent, Connected Operations

During the year, we significantly advanced our digital and agri-tech capabilities, embedding data-driven intelligence across our cane development, manufacturing and supply chain ecosystem. The deployment of a centralised “Cane Insights” control tower, along with end-to-end digital tracking solutions has enabled real-time visibility, enhanced operational efficiencies, and strengthened execution across the farm-to-factory value chain.

We are steadily progressing towards creating a truly integrated and intelligent operating framework, one that seamlessly connects farmers, field operations, and manufacturing units through digital platforms. By integrating soil health data, developing comprehensive farmer-centric dashboards, and advancing unified digital interfaces, we are empowering our farming communities while enabling more precise, analytics-led decision-making. These initiatives are not only improving productivity and transparency but are also redefining how agricultural value chains operate. As we look ahead, we remain committed to leveraging technology as a key enabler of sustainable growth, operational excellence, and long-term value creation.

Embracing Sustainability in Our Journey

During the year, we continued to embed ESG principles deeply across our operations, making measurable progress in advancing environmental stewardship, empowering communities, and strengthening governance. With 76% of our energy footprint now sourced from renewables and a 12% reduction in energy consumption, we are steadily transitioning towards a more sustainable and efficient operating model, supported by our 140 MW cogeneration capacity.

Our sustainability journey is anchored in our people and communities equally. We continued to extend financial and agronomic support to our farmers and conducted numerous engagement programmes. We continued to invest in rural development through education, healthcare, and livelihood programs through our CSR initiatives. Our focus on inclusion and diversity saw a meaningful increase in the participation of women in our workforce, while our investments in R&D reinforce our commitment to innovation-led, sustainable growth.

At this juncture, it is worthwhile to mention that through our landmark Project NANNEER supported by the AMM Foundation, the CSR arm of the Murugappa Group. We have initiated the rejuvenation of multiple water bodies in the districts of Tamil Nadu and Karnataka in 2025-26. With Phase IV of Project NANNEER, there are nearly five billion litres of water under management, positively touching over 25,000 farmers.

Our efforts have not gone unrecognised. Your company was recognised with multiple sustainability awards including the ‘Best Environmental Initiative’ for its 360-degree circular water stewardship model from Bonsucro.

Outlook

The road ahead for the industry will be defined by its ability to adapt swiftly to a changing mix of climatic, economic, and policy realities, while leveraging new avenues for value creation. Even as weather variability and cost pressures persist, the increasing convergence of food, fuel, and sustainability objectives is reshaping the sector’s contours.

Your Company is aligning its strategy to this shift, strengthening its integrated operating model, sharpening portfolio choices, and investing in scalable platforms that balance growth with resilience. The continued expansion of the ethanol ecosystem, rising consumer orientation towards branded and differentiated products, and the growing relevance of bio-based solutions provide a strong structural tailwind. As the sector gradually repositions itself within a broader bioeconomy framework, we remain focused on driving disciplined growth, enhancing competitiveness, and unlocking long-term value through innovation, sustainability, and strategic clarity.

Acknowledgements

I am very grateful to all our employees, shareholders, farmers, customers, suppliers, distributors, banks, the Government, oil marketing companies and other stakeholders for their continued support, partnership, and invaluable contribution in facilitating the Company’s operations. Your trust and support have been instrumental in our journey. Together, we will continue to drive growth, create value, and make a positive impact.

We, as a Board, have full confidence in the excellent leadership team of your Company to lead the way for next growth phase of the business in a competent, compliant, socially responsible, and transparent manner. I look forward to witnessing the continued growth journey of EID Parry with all your support. EID Parry is well positioned to take on future challenges with passion.

With Best Wishes

Thanking You

M M Venkatachalam