



Speech

by

Mr. M.M.Venkatachalam, Chairman

at the 47th Annual General Meeting

on

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E.I.D.- Parry (India) Limited

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Ladies and Gentlemen,

Good Morning

I welcome you all to the 47th annual general meeting of your Company. Like the last year, we once again meet virtually as the continued impact of the Covid-19 pandemic necessitates the adoption of safety precautions. I hope that all of you and your families are safe.

I am proud of the initiatives taken by the Govt of India in spearheading the vaccination programme, and the determination of the business community to adapt and face the challenges and continue to be inspired to grow. Your Company has committed to a sustainable future focusing on environmental sustainability, good governance, and people and societal initiatives. I am delighted to say that your Company is emerging stronger and healthier. I do have full faith in our teamwork and dedication, and we are moving towards a bright and prosperous future.

The Directors' Report and the audited accounts for the financial year ended March 31, 2022, have been with you for some time now and with your consent, I shall take them as read. Before I speak to you about the performance of your company, let me briefly touch upon the current economic scenario and the Industry in which your Company is operating.

Economy

After recording the strongest GDP rebound among the G20 in 2021, the Indian economy lost momentum as inflationary expectations remain elevated due to rising global energy and food prices, tightening monetary policies and weakening global conditions. With dedicated efforts from the Government, while inflation will gradually recede, the current account deficit will widen due to the surge in energy import costs.

As per the World Economic Outlook update of International Monetary Fund (IMF), Indian economy is estimated to grow by

7.4% in current fiscal 2022-23. This is sharply slower than the IMF's earlier forecast of 8.2% due to the impact of war in Ukraine, surging inflationary pressures and interest rate hikes. The IMF also lowered the growth projections for the global economy. It has pointed out that the stalling of growth in the US, China and the euro area has major consequences for global outlook. The latest projections by the IMF enable India to retain its fastest growing major economy tag for the current fiscal year and the next. The growth estimates for India are in line with that of RBI's, which projected growth of 7.2% in the current fiscal year.

India is set to see the largest increase in energy demand of any country over next 20 years. The combination of a growing and industrialising economy and an expanding and increasingly urban population will drive energy use higher, raising the question of how best to meet the swelling demand without worsening issues like expensive energy imports, air pollution and greenhouse gas emissions.

Your Company being one of the pioneers to promote green energy and is on an expansion drive to support the ethanol blending initiative of the GOI and is well poised to encash the emerging opportunities.

Sugar Industry

During the year under review, there was a rerating of the country's sugar sector from that of a sluggish commodity sector at the mercy of cyclical forces to a vibrant energy sector with the potential to address India's clean fuel requirements and sustaining its role as the backbone of rural economy. The Government outlined an ambitious 20 per cent target of ethanol blending by March 2025 with the vision to boost agricultural economy, reduce dependence on imported fossil fuel, save foreign exchange on account of crude oil import & reduce air pollution. The government continued to script the sector's turnaround and its policies are customized to empower the sugar industry to

moderate sugar production to enhance the long-term viability of the industry.

From the perspective of sugar industry, it is imperative that the Government revisits the procurement price of ethanol, which is directly produced from sugarcane juice. The industry has made representations to the Government regarding the cost dynamics of this process, and it is expected that the Government will respond positively. Though the Government outlined an ambitious 20 per cent target of ethanol blending by March 2025, the challenges comprise of the commissioning of ethanol distilleries across India with huge capital expenditure and upgradation of the infrastructure of the Oil Marketing Companies. These OMCs need to enhance blending capabilities and make changes in their fuel dispensing stations.

Sugar Production

ISMA has revised its all-India sugar production estimate for 2021-22 SS at 36 MMT after considering diversion of 3.4 MMT of sugar equivalent into ethanol. It is notable that last year the country produced 31.19 MMT of sugar after diversion of about 2 MMT of sugar for ethanol production. Considering an opening stock of about 8.2 MMT as on 1st October 2021, domestic consumption of 27.5 MMT, sugar exports of 10 MMT and the estimated sugar production of 36 MMT, the closing stock as on 30th September 2022 is expected to be at 6.7 MMT.

The total area under sugarcane cultivation is estimated to increase by 3-4%. There is a continuous upswing in sugarcane planting for the SY 2022-23. The higher cane prices, better availability of high-yielding varieties and fertilisers, pesticides, and other essential inputs available on easy terms, incentivised the farmers to grow the crop. The 2022-23 season is expected to

be another bumper production season even after considering a probable sugar sacrifice of 5 MMT in favour of ethanol.

The excess sugar production now seems to be an established phenomenon. The Govt has taken various short-term interventions from time to time in past 8 years viz. provided assistance to sugar mills to offset the cost of cane, extended financial assistance for maintenance of buffer stocks, facilitate export of sugar etc. However, the most admirable action of the Government to find a permanent solution to address the problem of excess sugar, is to encourage sugar mills to divert excess sugar to ethanol. To achieve blending targets, Government is encouraging sugar mills and distilleries to enhance their distillation capacities by providing various assistance and incentives. As a result of these measures, it is likely that ethanol distillation capacities in the country would be doubled by 2025, which would ensure the achievement of the 20 % blending target. It will address the problem of surplus sugar & ensure timely

payment of cane dues of farmers. Due to various steps taken by the Government in past few years, fundamentals of sugar mills have improved & sugar industry has in a way become self-sustainable.

Though the direction of the Govt towards encouraging production of ethanol is commendable, the Govt also needs to address the issue of excess production through other two measures (1) Rationalise sugarcane pricing policy and (2) Promoting Sugar Export

Sugarcane Pricing

The Govt has recently approved a Fair and Remunerative Price (FRP) of sugarcane for sugar season 2022- 23 at Rs 305/qtl for a basic recovery rate of 10.25%, providing a premium of Rs. 3.05/qtl for each 0.1% increase in recovery over and above 10.25%, and a reduction in FRP by Rs 3.05/qtl for every 0.1% decrease in recovery. The FRP for sugar season 2022-23 is Rs 15 per quintal higher than the current sugar season 2021-22 This

will be a huge burden for the sugar Industry. This is the highest ever FRP declared by the Central Government. The Centre has hiked FRPs by 45% since the ₹210 a quintal rate of 2013-14 without considering the legitimate interest of the industry for an increase in the minimum support price of sugar. The MSP of sugar has remained static for over 42 months, even though the FRP was increased successively.

Sugarcane pricing remains the greatest challenge for the industry, making Indian sugar globally uncompetitive. This enduring problem, by now too well known but caught in a political quagmire, continues to defy a credible solution. The current pricing formula fails to address the paying capacity of sugar mills. It is time the Government acted on the recommendations of both CACP and NITI Aayog Task Force on the Sugarcane and Sugar industry. Both have recommended the revenue sharing formula, backed by the setting up of a Sugar Price Stabilization Fund to protect farmer's interest during times of low sugar price

Promotion of sugar export

The Govt has taken a number of initiatives including releasing of substantial amounts towards subsidy in the past 5 years to facilitate sugar export. For the sugar Season 2021-22, the Industry was initially permitted to export 10 MMT. The government has positively considered the representation made by the industry to allow an additional 1.2 MMT of sugar for export. This is an encouraging development.

The sugar industry wants the Union government to allow the exports of 8 MMT of sugar under open general licence (OGL) during the next season (2022-23). The immediate announcement of next year's sugar export policy would help the sugar mills enter into future contracts at better prices. This is the right time to review the current sugar export policy for the next year since as the current global prices are firm and mills can plan their production for the next season in advance and that this system

would give a fair chance and equal opportunity to all the mills to participate in exports.

The Indian sugar industry and Indian domestic sugar prices are seen as influencers of world sugar prices. Across the world, there is now an acceptance of the quality and delivery of Indian raw sugar and white sugar. The Indian sugar industry is on the threshold of a paradigm shift. With the ethanol blending program gaining traction, sugar production is expected to moderate. Besides, the Indian sugar industry is now expected to play a decisive role in the international sugar market through consistent exports.

With this background, I shall now proceed to briefly cover the highlights of FY 21-22 and the steps being taken by your Company to stay stronger.

Performance & Financials

During the FY 2021-22, your company crushed a record quantity of 50.21 LMT of cane as against 39.69 LMT in the previous year at an average recovery of 10.63 % vis-à-vis a recovery of 10.28% last year.

At a standalone level, your company reported a 23% increase in revenue from operations at Rs. 2496 crores. Aided by higher sugar export realisations, robust sourcing sugar cane, process efficiencies and the discipline on managing costs. The profit after tax (before exceptional items) for the year surged by nearly 90% to Rs. 284 crores. At the consolidated level, the group achieved growth in revenue from operations by 27% at Rs. 23,528 crores and Net Profit after Tax and non-controlling interest for the group increased by 47 % at Rs. 907 crores. This is highest profit we have logged in the history of our company.

Considering the financial performance delivered for the year, the Board of Directors have declared the first Interim Dividend of

Rs.5.50 per equity share and second Interim Dividend of Rs.5.50 per share on a face value of Rs.1/- for the year ended March 31, 2022. The total Dividend for the financial year ended March 31, 2022, amounts to Rs.11/- per share of face value of Rs.1/- each, the highest ever dividend declared by the Company.

Good governance and transparent relationships have been at the heart of your Company for conducting its business, in an environment, which is challenging and straddled by regulatory mechanisms and restrictions.

Moving forward, it is expected that the consumption story of India will be strengthened as aspirations are rapidly converging between urban and rural India leading to an uptick in the consumption of branded goods with high quality and safety. Your Company has resolved to build a resilient business model with a strong foray in value added segments and retail space. We displayed agility when we introduced new healthier sweeteners

so that as a leader we could enhance the value proposition of our products and deepen our engagement with consumers. The Company launched a new product 'Parrys Jaggery Powder', manufactured using the highest standards in hygiene and rich in four vital minerals. Extracted from high quality sugarcane, the ready-to-use powdered jaggery ensures taste and nourishing sweetness and has immense market potential. The Company's new product, Parry's Superfine sugar is made using sugar that is certified by the Indian Pharmacopeia Commission of the Ministry of Health and Family Welfare and is trusted by leading pharmaceutical companies for their infant food and other critical formulations. Parry's Superfine Sugar is the hallmark of purity in white sugar and has 3 times finer crystal size & dissolves 4 times faster than your regular sugar. The new low GI Sugar, Parry's Sweet Care, aimed at catering to the need of the health-conscious consumer segment. The Company has also signed a commercial partnership agreement with food technology company, Nutrition Innovation, to create innovative sugar solutions, Nucane™ Low GI

Sugar. This Low GI raw sugar utilises natural occurring polyphenols in cane sugar, that have been scientifically proven, and independently tested, to consistently lower the glycaemic response of sucrose. The partnership with Nutrition Innovation gives the Company unique access to Nucane Low GI Sugar technology to produce a new specification of naturally low glycaemic raw sugar which both complement and extend our existing range of products and supports the growing global trend for healthier sugar. The Company's premium brand Parry instils confidence and trust among consumers and continues to drive volumes. During the last 3 years the retail segment has grown exponentially at a CAGR of 27%. The Company's focus in strengthening its presence in the retail market in branded sugar will pay dividends in terms of benefits from higher and more stable pricing.

Apart from sweeteners, your Company is actively pushing its strategy of value maximisation through adjacencies. The relevance and demand for alternates for soil substrates in horticulture is gaining a lot of traction. The Company is exploring new opportunities on the commercial viability of bagasse being used as an alternate medium for soil. The Company has been successful in developing its own proprietary technology and process to manufacture the product which has been accepted in international markets. With worldwide focus on sustainability gaining ground, this phenomenon of soil less agriculture is bound to grow, proving an excellent opportunity for your Company on its waste to wealth mission.

The structural initiative that the company began a few years back involving the closure of the unviable units in Tamil Nadu and Puducherry, and the shifting of these assets to the sugar cane growing belt of Karnataka, was completed last year. The assets from Pudukottai were moved to the facility at Haliyal where the

capacity has been enhanced to 11500 TCD. The full potential and the benefits of this expansion will be realised in the current financial year. It also gives me pleasure to inform you that a 120 KLPD distillery that can use Syrup, B Heavy Molasses and grain will be commissioned by the end of this year at our plant in Sankili. While partial benefits of this project will be visible in FY 2022-23, the full benefits will accrue in succeeding years. The distillery will utilize sugarcane juice / syrup as principal feedstock during the cane crushing season and turn to B Heavy molasses and grain route during the off season for the perennial manufacture of ethanol. The state-of-the-art plant is based on the latest technologies and will utilize distillery waste together with bagasse as fuel to be incinerated in the boilers. It will recycle wastewater in its condensate polishing unit for reuse, resulting in zero liquid discharge.

The company is on a transformation from a Sugar company to Bio energy, Food and Nutrition company. EID Parry will look at a

more comprehensive play in the sweetener space, and value maximising of by-products. Our endeavour is to ensure that EID Parry is “Future Ready” and remains geared to creating significant value for our shareholders, employees, and the society we serve.

Nutraceuticals

The Nutraceuticals Division achieved a standalone revenue of Rs.67 Crore in 2021-22 and the Company’s wholly owned subsidiary, US Nutraceuticals Inc registered a revenue of 34 million USD.

The business had a consolidated sale of Rs. 270 crores - a growth rate of 10 % over the previous year. Our position in the key global markets was substantially enhanced during the year. The pandemic has underlined the importance of nutrition in human wellbeing and hence the demand for supplements from natural sources has found significant traction among the consumers. In this context, the Nutraceutical division with its longstanding

commitment in providing quality supplements through algae and botanical extracts is poised for an accelerated growth in the future.

As market leader in the premium organic Spirulina segment, we are strengthening our position through investments in sustainable manufacturing practices and in science, for validating the health benefit claims. The US Nutraceuticals Business consolidated its position in the saw palmetto prostate health segment by continuing to cater to leading US brands and efforts are being made to enlarge our access outside US through Global Key account structures. Our own brand Flomentum for Prostate Health, has found significant acceptance with health care professionals through active science amplification efforts. Appropriate resources are being put in to build Flomentum as a premium brand with a superior value proposition in the prostate health category. The joint health products with its unique

formulations continue to be an important category for the US product portfolio with substantial scope for growth in the future.

While we continued to take all steps to deliver a strong financial performance, our commitment to the well-being of our stakeholders and the community at large, remains steadfast as ever. As the leading sugar company, your company puts a strong emphasis on its role as a responsible corporate citizen in the area of environmental stewardship and constantly strives to manage our resources and minimize our environmental footprint. In moments of crisis, your Company's strong values and purpose ensured that we needed to a societal call of duty.

Subsidiary Company

Let me now brief you about the performance of our subsidiary, Parry Sugars Refinery India Private Ltd (PSRIPL)

During the year 2021-22, with the pandemic receding, global sugar consumption picked up, resulting in tightening of global demand-supply for white sugar. Demand for refined sugar was affected in the first half of the year due to record volumes of exports of Indian crystal sugar but recovered in second half with most refineries globally running to capacity. PSRIPL continues to be globally renowned as an efficient refiner, offering a range of quality products for international trade and institutions. However, limited container availability and lower refined sugar demand in H1, led to a decline in overall sales volume from 8.21 LMT to 6.23 L MT. Consequently, the turnover decreased to Rs. 2005 Crore in FY 2021-22 from Rs. 2251 Crore in FY 2020-21. Refining cost was severely impacted due to steep increase in energy prices and freight rates. PSRIPL was able to mitigate most of this impact by sourcing Indian Raw / Low Quality Whites and improving operating efficiencies. Parry International DMCC, our overseas subsidiary traded 8100 MT of white sugar during the year.

Inflation in material, energy and freight costs in FY 22-23 will put further pressure on refining costs, with increase in white premiums and continued availability of Indian sugar for processing we should be able to counter the same.

Progress on sustainability In 2022,

Your Company has been prolific with achieving all round sustainability in its operations. We have been steadfastly working to further optimize our processes and system to reduce energy consumption and carbon footprint. As a pioneering effort towards conservation of water, the Company has launched the Project “NANNEER in association with the Group’s AMM Foundation, under which desilting of several lakes and ponds were undertaken in the Thirumayam area of Tamil Nadu, covering 250 Acres, this will benefit around 700 families.

From building a diverse workforce with strong leaders, embracing positive climate action, and earning the trust of all stakeholders through ethical corporate governance, we will do our best to be responsive to the needs of society in new and innovative ways and to be a sustainable business in every sense of the word. This drives us to nurture ambitious ESG aspirations. As one of the early adopters, we have voluntarily adopted the detailed document for non-financial information disclosure through Business Responsibility and Sustainability Report (BRSR) as part of the Annual Report 2022. I would recommend that all of you take time to read the summary and the report to be aware of the initiatives your Company has been undertaken in this area. The report provides a cohesive approach to corporate reporting that, inter alia, communicates the full range of factors that materially affect the ability of the Company to create value over time.

The Board of Directors has recommended the reappointment of S. Suresh as Managing Director of the Company, for a second term of two years, from August 1, 2022. Suresh has delivered industry-leading performance for the Company, and it is in the interest of EID Parry and its stakeholders to secure the continuity and stability of the current leadership. The Board of Directors has recommended the appointment of Muthiah Murugappan as Whole Time Director and CEO of the Company. He brings with him more than 15 years of experience in a wide spectrum of areas such as brand management, financial planning & analysis, sales and marketing and has a vision and strategy for company's next phase of growth. Mr. V.Manickam, retired as member of the Board and chairman of the audit committee, on July 29, 2022. On behalf of the Board of Directors and on your behalf, I place on record our deep sense of appreciation for Mr. Manickam's 13 years of Directorship with EID Parry and acknowledge his immense efforts and contributions to the Company. I also welcome Mr. Sridharan Rangarajan, Mr. S. Durgashankar and Ms. Meghna

Apparao, who have joined the Board since the last AGM and I firmly believe that the Board with experts in diverse fields will steer the Company forward.

Acknowledgements

I am very grateful to all our shareholders, farmers, customers, suppliers, banks, the Government, and other stakeholders for their continued support, partnership, and invaluable contribution in facilitating the Company's operations.

As we look forward to a new financial year, the situation around Covid-19 and any new global health emergency continues to remain unpredictable. However, with the strong impetus on vaccination program and the resilience the Pandemic made us acquire, I am confident of a strong business delivery and confident that with our singular focus on placing the customer at the centre of all our actions, we will not only navigate any short-

term turbulences successfully but also strengthen our leadership position further. As one of the pioneers in the industry, we will continue to evolve along with our farmers and customers and will keep reinforcing our company's bond with them.

We, as a board, have full confidence in the excellent leadership team of your Company to lead the way for next phase growth of the businesses in a competent, compliant, socially responsible, and transparent manner. I look forward to witnessing the continued growth journey of EID Parry with the support of all our shareholders. With a strong recovery underway and market fundamentals in the right place in the country, EID Parry is well positioned for the future.

With Best Wishes

Thanking You

M.M.Venkatachalam.

This does not purport to be a record of the proceedings of the Annual General Meeting.