



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

CIN: L24211TN1975PLC006989

Registered Office: 'Dare House', Parrys Corner, Chennai - 600 001

Tel: 044 – 2530 6789, Fax: 044 – 2534 1609

Website: [www.eidparry.com](http://www.eidparry.com)

E-mail Id: - investorservices@parry.murugappa.com

**TRANSCRIPT OF THE PROCEEDINGS OF THE 46TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, SEPTEMBER 16, 2021 AT 3:30 P.M. THROUGH VIDEO CONFERENCING**

Mr. V.Ravichandran, Chairman

Ladies and Gentlemen,

Good evening. It is 3.30 pm and the time to start the meeting.

I have great pleasure in welcoming you all to the Forty sixth Annual General Meeting (AGM) of the Company convened through Video Conference.

I hope all of you are safe and in good health. Due to the Corona virus concern lock down and social distancing norms and to avoid physical presence of members at a common venue we are holding this AGM through Video Conference. This is in compliance and in accordance with the directions of the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).

Further, as per the relevant circulars issued by MCA and SEBI, the company has dispensed with the requirement of sending the physical copies of annual report to the shareholders. The Annual Reports have been sent by electronic means to all those shareholders whose email id's were registered with the Company and with the Depositories.

The facility for joining this meeting through Video Conferencing /Other Audio Video Mode is made available to the members of the Company on first come first serve basis.

All the members who have joined this meeting are by default placed on mute by the host to avoid any disturbance arising from background noise and to ensure smooth and seamless conduct of the meeting.

Based on registrations received from members for e-meeting, requisite quorum for the meeting is present and I call the meeting to order.

As this AGM is being held through VC, through OAVM, the facility for appointment of proxies by the Members is not available and hence inspection of the Register of Proxy is not applicable.

The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts in which Directors are interested and other documents required for inspection of the members under the Act are electronically available for inspection. Members who intend to inspect may write to [investorsservices@parry.murugappa.com](mailto:investorsservices@parry.murugappa.com).



As required under the relevant SEBI Regulations on ESOP Schemes, a Certificate obtained from the Auditors of the Company confirming that the Company's ESOP Schemes have been implemented in accordance with the said SEBI Regulations and in accordance with the resolutions passed by the Shareholders, is also electronically available for inspection.

I am now please to introduce my colleagues with me.

Starting from my Left	-	Mr. M. M. Venkatachalam, Director Mr. A.Sridhar, Chief Financial Officer
To my Right	-	Mr. Biswa Mohan Rath, Company Secretary
To my extreme Right	-	Mr. S. Suresh, Managing Director

I also take privilege in introducing distinguished Board Members who are joining this meeting through Video Conference–

1. Mr. V.Manickam, Independent Director, Chairman of Audit Committee and Risk Management Committee is joining from Chennai
2. Mr. T. Krishnakumar, Independent Director, joining from Bengaluru
3. Mr. Ramesh K B Menon, Director joining from Chennai
4. Dr. Rca Godbole, Independent Director joining from Mumbai
5. Mr. Ajay B Baliga, Independent Director and Chairman of Nomination & Remuneration Committee is joining from Mangalore

I wish to inform that apart from the Directors our key executives and Business Heads are also joining this meeting through Video Conference.

- a) Mr. Balaji Prakash- Sr. Vice President - Marketing & Sales
- b) Mr. T Kannan, Vice President – Commercial
- c) Mr. Madhusudhan Sarma - Vice President & Head of Manufacturing
- d) Mr. Muthiah Murugappan – Business Head – Strategy & Nutraceuticals
- e) Mr. S. Rameshkumar, Sr. Vice President
- f) Mr. S. K. Sathyavrdhan, Head of HR

Apart from the above, Mr. Baskar Pannerselvam, Partner, M/s.Price Waterhouse Chartered Accountants LLP, Statutory Auditors and Mr. R. Sridharan, Partner, M/s R. Sridharan & Associates, our Company Secretarial Auditors are attending the Meeting through Video Conference from Chennai.

Ladies and Gentlemen,

Notice dated June 29, 2021 convening this Annual General Meeting along with copy of the Annual Report for the financial year ended March 31, 2021 has already been circulated electronically to the members of the Company. With your permission, I shall take the same as read.



The Auditors' Report on the financial statements of the Company for the year ended March 31, 2021 does not contain any qualifications, reservations or adverse remarks. Accordingly, the Auditors' Report is not required to be read out before the meeting, as provided under the Companies Act, 2013.

Now, I would like to give a brief overview of the Company's operations and the industry.

Ladies and Gentlemen,

Good evening. I have great pleasure in extending a warm welcome to each and every one of you to the Forty sixth Annual General Meeting of E.I.D.- Parry (India) Limited.

I hope you, your families and your families and loved ones are safe during this health crisis. The past 18 months have been dramatic in a way we have not experienced before. On one hand we have together faced tremendous challenges and adversities. At the same time, we have experienced advancement that we could not have imagined – from scientific breakthroughs to new ways of learning, living, working and adopting to the environment. In the face of this adversity, the safety of our people and extended community have been our top priority. We have ensured that our facilities are in compliance with all the regulations and safety measures including sanitisation, use of safety equipment and social distancing norms.

The annual report for the Financial Year 2020-21 was sent to you some time back and I trust it would have given you an overview of your Company's performance.

### **Economy**

Coming to the economy, the scale of economic and social disruption due to COVID-19 has been one of the most unprecedented one in the recent human history. The Indian economy, which was already reeling under pressure of a cyclical slowdown much before the pandemic, witnessed a sharp drop in GDP due to the impact of Covid 19 induced lockdown. The economy showed signs of improvement during the second half of FY 2020 - 21. However, the second wave that started in late March 21 came in the way of further recovery, which necessitated large scale deployment of resources by the Government to protect the lives, safety, and basic needs of a sizeable vulnerable sections of the society. There have been lock downs by all the States across the country since April 2021, causing shutdown of manufacturing facilities as well as off-line trade in most geographies. Following the drop in cases and mass scale vaccination initiatives, the lockdown was relaxed in stages in many geographies since mid 2021 June.

Your Company being engaged in manufacturing of sugar and generation of power which fall under the purview of essential commodities, its operations continued normally both during the first wave and second wave, in accordance with guidelines of the Govt of India.

As per the recent data released; post the Covid slump the Indian economy has recorded growth in its quarterly GDP nearing to 20.1 percent. The economy has not been as badly affected by the second wave due to less stringent lockdowns by the State Governments as compared to the first. The RBI has also forecasted the annual growth projections to be 9.5 percent for the current fiscal year. Another silver lining is that following a bountiful monsoon in FY 21, the monsoon during FY 22 is also expected to



be normal. As per the NITI Aayog, it is believed that India's growth rebound in the first quarter of this fiscal will set the tone for economic revival in successive quarters.

Notwithstanding the positives, there does exist a fair probability of conditions remaining uncertain over a longer duration as the pandemic is yet to completely abate. It is believed that the economic recovery will continue to need both fiscal and monetary policy support in the near term to ensure that recovery does not falter on the way to full recovery. It is expected that the Economic activity would start normalising from the quarter ending September 2021 supported by pent-up demand, ramp-up of the vaccination drive, favourable policy mix and robust global growth. However, the threat of the potential third wave of Covid-19 infections still looms large.

The Govt of India has steadfastly taken series of steps to combat this onslaught caused by pandemic. Apart from nurturing, incentivizing the development of indigenous vaccines, launching the world's largest vaccination programme, spending on covid relief packages, the Government kept on investing in various infrastructure projects and schemes envisaged in the Union Budget for 21 and it is expected that the planned investments outlined in FY 22 will also continue. This can create employment as well as income generation that can boost consumption especially in the rural economy.

## **GLOBAL SUGAR INDUSTRY**

Coming to the Global Sugar Industry, as against a marginal surplus in Sugar Season 2019-20, Sugar Season 2020-21 is expected to be a deficit season for the global sugar industry. The production estimates for SS 2021-22 have also been dragged down by the unprecedented dry weather conditions in Brazil. Because of this, in August 2021 raw sugar prices in the international market touched their highest level in over four years due to the expected fall in supply. The next sugar season in Brazil would commence in April 2022. Sources say that the sugar production in Thailand is likely to remain high but the sugar will come only in January 2022 thus, indicating a good opportunity for Indian sugar mills to export their surplus sugar.

## **Sugar Exports**

With global prices ruling near 4 year high, the Indian sugar industry can turn out to be a direct beneficiary. Sugar mills have already entered into contracts for about 7 Million Metric Tons in the current sugar season of which over 6 Million Metric Tons of sugar have already been exported. The firm global prices and a wider export market to cater, auger well for the industry. The government subsidy has made exports viable for India which aided the industry to maintain the domestic sugar demand-supply balance and stabilizing domestic ex-mill prices. The recent rally in prices have, however, made exports feasible even without subsidy. With exports under open general license already getting contracted, export prospects look promising for upcoming sugar season even if the quantum of subsidy moderates from current levels.

## **Indian sugar**

For the information of shareholders, India has already contributed 1.2 Million Metric Ton for the coming year.



India's sugar season 2020-21 commenced with an opening stock of 10.7 Million Metric Tons. As per the latest estimates of ISMA, sugar mills across the country are likely to produce around 30.9 Million Metric Tons after allotting 2 Million Metric Tons towards ethanol diversion. The total availability thus would be about 39.06 Million Metric Tons and considering a consumption of 26 Million Metric Tons and export of 7 Million Metric Tons, India could well end up with a closing stock of 8.6 Million Metric Tons, a significant reduction when compared to the opening stock of the Season.

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 with more mills sacrificing sugar production to produce more ethanol. The expeditious lifting of ethanol and the timely payment by oil marketing companies could result in a moderation of working capital requirement of sugar mills resulting in efficient cash-flow management. Also, there is a need to continue with the monthly release mechanism to moderate the availability of sugar in the open market. Based on a strong visibility over ethanol blending and current international crude prices and remunerative ethanol prices and current sugar situation in Brazil, it is expected that the sugar prices in India will hold up and the sugar industry will be benefitted on both sugar and ethanol.

### **Sugarcane and Sugar- Pricing**

Coming to sugarcane pricing, the sugarcane pricing remains the biggest challenge for the industry, making Indian sugar globally uncompetitive. This enduring problem, caught in a political predicament by successive Governments requires a credible resolution. As per CACP report, sugarcane guarantees and bestows the best of return for the farmer compared to any other competing crops. The existing pricing formula fails to address the paying capacity of sugar mills and it is time the Government acts on the recommendations of both CACP and NITI Aayog who have resoundingly 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. In fact, NITI Aayog in its March 2020 report had recommended payment of FRP in three instalments which would be necessary to help mills to remain financially healthy and viable. Further, CACP has also suggested similar mechanism and in its latest report, has asked the Centre to suitably amend the Sugarcane (Control) Order 1966 to bring about this change.

The Central government recently hiked the sugarcane price by ₹5 a quintal, setting the fair and remunerative price (FRP) at ₹290 a quintal for the Season 2021-22. The Centre had also hiked FRPs by 38% compared to 2013-14 without considering the legitimate interest of the industry for a fair hike in MSP. The MSP was last hiked 30 months before, even though the FRP was increased by ₹10/quintal in 2020-21 and ₹5/quintal in 2021-22. It seems the Central Govt is of the view that there is no need of increasing the MSP at this time. The stance of the Government is based upon the premise that the mills have received governmental support for exports as well as diversion of surplus sugar to ethanol and it has to maintain a delicate balance between the interest of farmers and consumers and the industry.

The sugar industry has come a long way from being a cyclical sector where its fortunes would be marked by swings. The Central Government as well as the State Government have played a decisive role in the turnaround of India's sugar sector. The sector is poised to play a significant role in addressing the energy needs of the country. The



Govt's right move on the sugarcane pricing to address the long-standing issue and MSP can build the foundation of a sector that had faithfully served as the life-line for the rural India for several years.

### **Cogeneration**

The cogeneration power, which was the first major diversification for the sugar industry and came with much fanfare some years ago now faces multifarious challenges. The lowering of power tariffs coupled with the issues involved in the renewal of long term PPAs and most menacingly, the inordinate delay in payment by Discoms has posed a serious challenge to the industry. If this situation is allowed to continue, the entire industry will be faced with a formidable task of finding out alternative ways for economic usage of bagasse.

It is necessary that the government should not consider cogeneration of power by the sugar industry, which is a renewable source of energy, at par with the power generated through fossil fuels and should provide specific protected tariffs for sustenance of the industry.

### **Ethanol**

Coming to ethanol, the Government has strategically stepped-up the promotion of ethanol as a long term and lasting solution for absorbing the surplus sugarcane in the system. In this preventative pursuit, it is meticulously continuing with interest subvention support, monitoring project implementation in coordination with State Governments, facilitating environment clearance for expansion of capacities and panning out premium pricing for ethanol. This pragmatic and futuristic policy of the Government is poised to replicate the Brazilian model in Indian sugar Industry. The advancement of the ethanol blending target up to 20% by 31st March 2023 is directionally a clear signal from the Government. The season 2020-21 witnessed more sugar units producing ethanol from B Heavy molasses and some sugar units directly from sugarcane juice. The real transformation is expected to come in the year 2022-23 onwards when more sugar mills produce ethanol directly from sugarcane juice. Ethanol as a fuel is indigenous, non-polluting and will improve the environment and eco-system. The proposed action plan of the Government aiming to establish a network of ethanol pumps in India and the proposal to the Auto industry to come up with flex-fuel engines, which can run both on petrol and ethanol will further augment the demand for ethanol. The industry is truly indebted to the Government for its persistent focus and forceful thrust for implementation of the Ethanol Blending Programme, to obviate the foreseeable sugar glut and avert the sugar price downfall.

With the above background I shall now proceed to briefly cover the highlights of year 2020-21 and the steps being taken by your Company to stay stronger.

### **Performance & Financials**

During the FY 2020-21, your company crushed 39.69 Lakh Metric Tons of sugar cane at an average recovery of 10.28% compared to a recovery of 9.99% last year. The average recovery at our Karnataka Plants was at 11.72%. Your company continues to earn the trust and confidence among the farming company for practicing its long legacy





of making cane payment in time and assisting them in adopting sustainable cultivation practices.

The structural reform initiated by your company a few years back involving closure of a few unviable units in TN and Puducherry and moving some of the said capacities to the high sugar cane growing belt of Karnataka will bear fruit in near future. The company undertook the arduous task of dismantling the assets at Pudukkottai and shifting them to Haliyal and the said expansion at Haliyal is under the final stage of completion. The Haliyal plant situated amid high recovery cane rich belt of North Karnataka, which was 3500 TCD plant a decade ago, will be a 11500 TCD plant, in the near future. Your company's continued focus on enhancing efficiencies and the unrelenting pursuit towards cost optimisation and exploring new avenues of growth through adjacencies will enhance the long-term value for the shareholders.

Your Company has resolved to build a resilient business model with a strong foray into value added segments and retail space. As the economy opened post the nationwide lockdown, your company took some innovative approaches, to use digital platforms to connect with the customers. We pushed ourselves strongly into upgrading the packaging of our Products. We displayed agility when we introduced a new healthier sugar so that we could enhance the value proposition of our products and deepen our engagement with consumers. The new low GI Sugar, Parry's Sweet Care is aimed at catering to the needs of the health-conscious consumer segment. We have a strong commitment to create healthier products that will address the challenges of traditional sugar. The company is on a journey to make a paradigm shift in its pursuit to look at all available opportunities in the sweetener space and enter into new geographies, which will give us an edge and the ability to keep the business going even in tough times.

As part of our Vision, we have embarked up on a project to set up a 120 KLPD grain/sugar syrup-based distillery at our Sankili unit in AP. This is in line with the Government's commitment to broaden the ethanol manufacturing base in India from agricultural resources. The proposed distillery will utilize sugarcane juice and syrup as its principal feedstock during the cane crushing season and grain like broken rice/maize during the off season. The project is expected to be commissioned by last quarter of next year and will be funded largely through concessional debt provided under the aegis of the Government to accelerate investments into this sunrise sector. We are at an inflection point and with the green field distillery at Bagalkot commissioned in June 2021 and on the successful consummation of the proposed project at Sankili our combined distillery capacity will be over 400 KLPD. Our integration will thus be complete, and we will be aligned not only to reap the benefits of the Government's ethanol blending program but also contribute our bit to address the energy needs of the country.

Your Company's performance during the year 2021 has been discussed at length in the Annual Report and I look back at the financial numbers of FY 2020-21 with a sense of optimism.

- Revenue from operations at Rs.2024 crores for the year 2021 as compared to the revenue of Rs. 1875 crores during the previous year. The increase is mainly attributable to the increased releases under the monthly release mechanism, higher exports and higher revenues from the distillery segment.



- EBIDTA during the year was Rs.556 crores compared to EBIDTA of Rs.235 crores during the previous year excluding exceptional items.

## **Nutraceuticals**

Coming to Nutraceuticals business, the standalone revenue was at Rs.72 Crore in 2020-21 compared to Rs.58 Crore of previous year. The Company's wholly owned subsidiary, US Nutraceuticals Inc registered a revenue of US\$ 26.12 million against US\$ 21.70 million in the previous year. The pandemic has underlined the importance of nutrition in human wellbeing and the role of supplements, in particular the ones from natural sources, has found significant interest 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 strengthened our position by enlarging our consumer base in the relevant Western Europe and North American markets. Apart from strengthening the commercial production of Chlorella, the product portfolio was enhanced with valued added algae products catering to differential needs of the customers. The US Nutraceuticals Business enhanced its position in the saw palmetto prostate health segment by continuing to provide the ingredient to leading brands. 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.

## **Subsidiary Company**

Let me now turn to the performance of our subsidiary, Parry Sugars Refinery India Private Ltd (PSRIPL)

During the year 2020-21, global demand-supply for refined sugar was balanced. This was due to most destinations stocking up to avoid shortages during the pandemic, as well as, due to lower exports from Thailand and European Union. Making use of this market opportunity and despite competition from subsidized Indian exports, PSRIPL's sugar export volume grew from 7.59 Lakh Metric Tons in 2019-20 to 8.21 Lakh Metric Tons in 2020-21. Consequently, the turnover increased from Rs 2008 Crore to Rs 2251 Crore in 2020-21. Availability of containers for exports during the year restricted further increase in sales volume. During the year, the company doubled its sales to prestigious institutional customers by commencing supplies into newer markets. Company's sugar refinery successfully overcame several challenges posed by the pandemic.

Sugar refining margins and operating costs are under pressure in the current year. This is due to significant inflation in material costs, ocean freight and fuel. However, availability of Indian raw sugar and Low Quality Whites will help us in mitigating the same to some extent. PSRIPL with focus on increasing sales to value added segments whilst making further improvements in efficiencies in refining to counter escalation in costs during the year 2021-22.

## **Acknowledgements**

The Sugar Industry is entering a transforming phase with greater thrust towards ethanol. The several strategic moves that your Company has made over the last few years and propose to make will give it the structural and financial strength to capture the opportunities that will arise going forward, at the same time ensuring its resilience in the face of uncertainty and a dynamic operating environment. As we continue to position ourselves to capitalise on the opportunities in the coming years, we are uniquely positioned to begin a journey with pushing targets and ambitions forward. On the long-term front, we are confident that with our singular focus on placing





the customer at the centre of all our actions, will not only navigate any short-term turbulences successfully but also strengthen our leadership position further. We will continue to evolve along with our customers and will keep reinforcing our strong and enduring bond with our beloved farmers, the biggest stakeholder.

I must also mention here that during the outbreak of deadly pandemic COVID-19, sugar industry rose to the occasion and manufactured sanitizers in the Nation's fight against the pandemic. The industry, under its CSR initiative, also made oxy-generators available to community health centers.

I take this opportunity to really commend the dedication and zeal of all our employees who strived through a difficult period and ensured that as an organization we surmounted all the challenges and continued to take our organization forward.

I would also like to thank all my colleagues on the Board for their continued support in all our endeavours. Finally, I thank all our shareholders for their trust and confidence on team EID Parry they repose and seek your continued trust, confidence, and support in the coming years.

**With Best Wishes**

**Thanking You**

**V.Ravichandran.**

I request the moderator to play the video about the Company.

Thank you Moderator.

Now we will take up the business contained in the Notice of the meeting. Before doing that, I would like to brief you regarding voting on the resolutions proposed in the notice of this Meeting:

- a) Pursuant to the provisions of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided remote e-voting facility to the members to exercise their votes in proportion to the shares held by them as on the cut-off date, September 9, 2021 on the resolutions proposed in the Notice of this AGM from September 12, 2021 till September 15, 2021 5.00 p.m. Indian Time.
- b) The e-voting window shall now be activated for allowing the members who did not or could not avail the remote e-voting facility, to vote during the AGM and will be active for 15 minutes after the closure of this meeting. Members who did not or could not avail the remote e-voting facility, are requested to vote by clicking on the thumbsup icon that falls on the bottom of the screen.
- c) The Practising Company Secretary, Mr.R. Sridharan, Chennai, appointed as scrutiniser for the purpose of scrutinizing the remote e-voting process and e-voting at this Meeting.
- d) The Ordinary businesses set out in the AGM notice under item Nos.1 to 3 pertains to:

1.	Adoption of the Audited Standalone Financial Statements for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon;
2.	Adoption of the Audited Consolidated Financial Statements for the financial year ended March 31, 2021 and the report of Auditors thereon and
3.	My reappointment as a Director retiring by rotation.

The special businesses set out in the AGM notice under item Nos. 4 to 6 pertains to:

1.	Dr. (Ms.)Rca Godbole's reappointment as an Independent Director for a second term of 5 consecutive years – as a Special Resolution
2.	Mr. T.Krishnakumar's appointment as an Independent Director for a term of 5 consecutive years – as an Ordinary Resolution and
3.	Remuneration of Cost Auditors – as an Ordinary Resolution

The notice containing the resolutions to be passed along with explanatory statement pertaining to the resolutions, wherever applicable, is already with you.

Now I would like to give you any clarifications that the members may require regarding the Financial Statements and the operations of the Company during the year 2020-21.

Before we go live on question and answer session, I would request members to note some of the points for their convenience.

- The Company has received request(s) from members to register themselves as speakers at this AGM. Accordingly, the floor will be open to only those members to ask questions or express their views.
- The moderator will facilitate the session once the floor is open for Question and Answers session.
- The name of the member will be announced, who has registered himself / herself as a speaker, one by one.
- The speaker will be thereafter unmuted by the host. Members are requested to turn on their Video and audio button and speak.
- While speaking, we request the members to use earphones, so that it will be clearly audible, minimize any noise in the background and ensure that the WiFi connectivity is good.



- In case of any connectivity problem at the speaker end, we would ask the next speaker to join. Once the connectivity of earlier speaker is improved, the speaker will be asked to re-connect.
- In case any registered member is unable to join through video mode for any reason, the shareholder can speak through audio mode.
- Each registered speaker will have 3 minutes to pose their question.
- Once all the speakers finish their speech, we will answer the questions at the end of the Session.
- I request the members to announce their names and folio number or client ID and to be brief and confine their queries to the operations and accounts for the year 2020-21.
- I request the members not to repeat the queries already raised by other members.

Now I request the Moderator to begin the process and activate the speakers Session

Questions and Answers:

**Speaker 1:**

**Ramesh Shankar Goela:**

Since no response received, moderator moved on to next speaker.

**Speaker 2:**

**Yusuf Uonus Rangwala**

Sir, I am speaking from Mumbai. Good Afternoon. Sir, I am also from South. South Indian people are using your Group products. We are also using your Group products. When you have given last bonus. Declared good dividend. Excellent Company Secretary. Please brief about your new product – Sanitizer. You are involved in civic activities too. I want to meet you personally. When you come to Mumbai will meet you. KFin's service is Good. We request them to render the same service at Mumabi. Trust you are caring your employees. Employees have vaccinated twice. My friend at Chennai is running a shop and informed that your sanitizer product is good.

Tbank you, Vande Mataram.

**Speaker 3:**

**M V Murugappan HUF**

**Karta - Valli Murugappan**



Mr. Chairman and Members of the Board thank you for the opportunity to speak. My name is Valli Arunachalam. I am karta of M V Murugappan HUF. My client id is 10002472. My first question:

1. The year over year Profit after tax increased significantly from about Rs. 2 Crore to Rs.865 Crore. However, if you subtract the major contributors to the PAT i.e., the Net income of Rs. 827 Crore from sale of Coromandel International Limited shares and dividend income of Rs.305 Crore from Coromandel International Limited; your PAT becomes negative Rs.267 Crore. This reviews that your operating model is not profitable. In fact for each of the last 4 Financial Years the company has negative cash flows from operating activities–
  - a. Why is the company unable to generate positive cash flows from operations on standalone basis whereas competitors in the industry have positive cash flow from operations over the same time period?
  - b. Have you done a deep dive to understand why operating model has not turned profitable in the last 4 years? If yes, what are the top 3 reasons and what specific steps you have taken to improve cash flow from operations?
  - c. You have not paid dividend to shareholders in the last Financial Year. What specific action have you taken to ensure future dividend pay out to the shareholders ?
2. In the last 4 years; the core sugar segment has made a total loss of Rs.219 Crore.
  - a. What is the reasons for the consistently poor performance of sugar segment? How do you plan to enhance the growth performance and increase profitability of sugar segment? Last year when I compared your performance with Balrampur Chini who have consistently maintained healthy profits from sugar; you said that your performance cannot be compared to Balrampur Chini? Can you explain why? Are the sugar yields and margins lower in the south as compared to the north? If so by how much?
  - b. How do you plan? How does your export performance compare with your domestic performance in sugar segment? What percent of your revenues come from export? What was operating profit/loss of export segment in crores?
  - d. In your strategy you mentioned that you implemented value added portfolio with higher margins and future business opportunities in sugar. Despite working on these parameters, your segment performance is poor. What % of your revenue came from branded sugar in FY 21? How has the % contribution from branded sugar evolved over last 3 years? What is your market share in branded sugar?
3. In the distillery segment over last 4 years, you have significantly lacked behind benchmarks such as Balrampur Chini who are very aggressive and scaling rapidly in the segment.
  - a. Why are you unable to monetise the opportunities in biofuels despite a strong push from the Government of India?
  - b. In a COVID year, your performance in the distillery segment has sharply declined whereas that of your competitor has not? What are the top three reasons for this decline?
  - c. What specific steps have you taken to improve the profitability of the segment?



4. Lastly, in the co-generation segment over the last 4 years you have been consistently making an operating loss. Whereas your competitor has consistently making operating profits. What is the top three reasons for this inefficiency and what steps have you taken to address this inefficiency? Thank you.

**Speaker 4:**  
**Suresh Chand Jain**

Since no response received, moderator moved on to next speaker.

**Speaker 5:**  
**Abhishek Jain**

My name is Abhishek. Shareholder of the Company. My DP ID IN301637 and Client ID 41359155. First of all, I congratulate the management on the eve of Annual General Body Meeting and I acknowledge for the challenging situation. Our company deserves much more respect than the current market cap. After completing more than decade of successful operations, profitability, dividend history and between one of the strongest brand in the respective segment. Sir, first of all I congratulate the management on the eve of 46<sup>th</sup> Annual General Body meeting. I would like to know how the business has been impacted in the past 2 years of COVID time and any salary cut has been taken by the management during the pandemic time? Any salary cut has been taken for the employees has been done. The Corona Virus and the subsequent lock down has affected the industry unless after the COVID. What are all the steps taken by the management to reduce the other expenses, legal professional charges and audit fees. Myself and my team are running a legal firm in the name and Style of 7 Wells Associates. I request yourself to kindly enroll in the panel with the company and we will be glad to extend our services. Most of our question was already mailed earlier. I don't want to repeat the same questions in order to save time to the management. Hope to see you in the physical AGM next year. Since for the past 2 years we are forced to meet virtually and interrogate There is a small request in the interest of the minority shareholder in the hospitality part of investor. I wish the company and the Board of Director a great success in the coming future.

Thank you for giving me opportunity. Thank you very much.

**Speaker 6:**  
**Kirti Shah**

Since no response received, moderator moved on to next speaker.

**Speaker 7:**  
**Kamal Kishore Jawahar**

Since no response received, moderator moved on to next speaker.

**Speaker 8:**  
**Mr. Mayank**

Since no response received, moderator moved on to next speaker.

**Speaker 9:**  
**Mr. Srikanth Jawar**

Since no response received, moderator moved on to next speaker.





**Speaker 10:**  
**Mr. Sunil Kumar**

Since no response received, moderator moved on to next speaker.

**Speaker 11:**  
**Mr. N Prakash Chand Galala**

Since no response received, moderator moved on to next speaker.

**Speaker 11:**  
**Mr. P Chechan**

Since no response received, moderator moved on to next speaker.

**Speaker 12:**  
**Mr. P Shyam Sundari**

Since no response received, moderator moved on to next speaker.

**Speaker 13:**  
**Mr. Suresh Chand Jain**

Good evening Sri, Shareholders and Friends. My name is Suresh Chand Jain. I am out of city along with Mr. Kamal Kishore. Since we there is a disturbance in connectivity we could not attend earlier. Sir, your company is performing extremely well. I acknowledge the same and even in the share market we got benefit due to increase in share price. I thank the management and Chairman. I thank you for the placing the video about the company and its performance. Sir I am in this company for more than 20 to 25 years. I have also attended your Group Company meeting held at Hyderabad. Sir in Hyderabad, in Coromandel the officials are arrogant which I can't even imagine. Sir please send good officials. Mr. Rath did good job earlier or send him to Hyderabad because we are not getting any proper reply from Coromandel. If we ask any questions, they are informing us not to come since this is corona season and you cannot come to office personally. They are informing this through security. Even office people may get affected by Corona. Hence please send Mr. Rath or other nice person to Hyderabad. I thank for the team for giving opportunity to speak and I also pray god that your Company performs well in all times.

**Answers:**  
**Mr. V. Ravichandran (Chairman):**

**Answer to Mr. Valli Arunachalam**

You raised a very incisive questions. I would like to give lot of details. Broadly I would like to say that last two year have been very tough for the sugar industry especially in Tamil Nadu because there are successive doubts and recovery in part of Tamil Nadu are perennially low compared to other States like Karnataka and North India. So we have problem of even keeping the plants running because especially Pudukottai, Pugalur Pettaviathalai, the plants are closed for 4 years because there is no cane, no rain at all. Also the price of sugar was much lower than compared to the cost of production only after the MSP was introduced we were able to see resemblance of orderliness in the industry itself. Otherwise people use to dump because when we use to have surplus sugar in the past no other market to sell and we have to dump the sugar so sometime the sugar was sold even at Rs. 18 / Rs.19, when the cost of production was Rs. 26/Rs.27.

All that left to the situation of losses over the years on which we have to keep surviving and paying rent etc. continuous problem of cash flow management. So, what is the action we have taken.



If we look at the actions we have taken, first of all our decision to enter Karnataka in the High Cane High recovery zone is now put to be very correct. Secondly, wherever we have problems in Tamil Nadu in terms of cane availability we have closed the plants. We have closed the operations in Puducherry, we have closed the operations in Pudukottai, we have closed the operations in Pettavaithalai. Now we are running only Nellikuppam and Pugalur in Tamil Nadu.

Pugalur has a value of good recovery zone. Nellikuppam continuous problem of recovery but there is an integrated complex having cane, co-generation, distillery. So we are able to manage and also a large presence in retail in Nellikuppam. So, effectively now running only two plants. So what we have done with the closed plants? Now, Pudukottai whatever equipment's we have, shifted them to Haliyal where we are now putting up 3500 / 4000 tons per day capacity using this equipment with a moderate investment.

That's why we are saying in Haliyal from 3500 TCD capacity when we started the plant, today we have gone up to 11,500 TCD capacity. Haliyal is a high cane available as well as high quality cane.

Coming to Puducherry, we have closed the plant. Pettavaithalai now we are finding out how to dispose the plant. So these two plants what we have done in terms of our infrastructure we have rationalised the manpower, we are able to reduce the manpower significantly so this has reduced our cost.

Now coming to compare with Balrampr Chini we have a very systemic problem in the sense that Balrampur sits in a way high recovery zone. Their power rates are Rs.6 compared to what we are getting in Tamil Nadu around Rs.3. So they have a natural advantage in terms of very high recovery. Their cane price compared to the recovery what they get is lower than what we pay in Tamil Nadu. In Tamil Nadu for eg. Nellikuppam we get a cane recovery of 8.5% to 8.75% but we pay for 9.5%. So these are some basic problem that we are addressing them.

So shareholders, you should have a trust and confidence that all the issues are getting addressed. We are shifting our plants, increasing the capacity in Karnataka. Infact in Karnataka, we are the highest recovery among all the sugar factories in Karnataka.

We are expanding our retail foot print to get better value addition. We are introducing new products in this area. So we are trying all that can be done.

Coming to Ethanol blending program we have commissioned our distillery in Bagalkot very recently. Now we are going for a drain built distillery in Sankili. So most of the plants require very integrated complex having sugar cane, it will have sugar, it will have bagasse, it will have distillery. Except for one or two plants all are very integrated. Our cost has been optimized. So I think in the coming years you will see the performance significantly increasing as compare to what we are showing in the past.



Now coming specifically on export vs domestic, we have been very aggressive in exports. For information even without subsidy we have exported 40,000 tons this year without subsidy. So every opportunity available for us to sell in export at a price higher than domestic price we are making an opportunity. At the same time, even the price is little equivalent to domestic we are selling in export because the cash flow is better. We don't want to carry the stock for the 12 months period because the Government as the Quota system of releasing sugar, so wherever possible we are even off loading the sugar at the same place domestic to improve the cash flow.

Exports are profitable compared to domestic. From the point of view both on the price as well as in the cash flow.

On branded sugar Mr. Suresh will explain.

**Mr. S. Suresh, Managing Director stated**

In terms of branded sugar, I think, we have been able to if we look at the over all sweetness segment, it is around 53,000 Crore is the size and 37,000 Crore is the equivalent size for sugar as such. South is roughly around 7,000 Crores out of which 8% is the branded segment. The 8% branded segment translates to around 560 Crores and EID has almost 240 Crores of this particular market share. That is the size of the market share. And if you look at the value added products what we have been able to bring in to the table over the last 3 – 4 years, we started with the base sugar of Parrys White label then we add around to the Parrys Refined Sugar, Parrys Pure Refined Sugar. Then came the Amrit brown sugar, the better sugar which we have seen in the video. That is the one which has grown substantially from almost around 30 tons per month level 3 years back today almost 300 tons per month. These are the type of sugar which are looked as more relatively healthier sugar, better sugar and has got better realisations and better contributions compared to the base sugar. Then also if you look at the new product introduction we have brought in the low GI Sugar which is going to be once again in the high end segment of health and that is going to and that has gone to the market in the end of the last year and that is going to make significant roads in the future years to come. Then also comes in the value added segment is the Jaggery. Jaggery is the another important consumption item as far as the house holds are concerned and a proper branded trusted one is found to be lacking in the market, that is a gap which Parry is aiming to fill in. That is as far as the over all branded sugar thing is concerned. We have sold close to almost 55,000 tons of equivalent of all these value added retail in terms of the sugar.

**CHAIRMAN STATED**

So be assured that we are doing everything possible within our control to see that our business is turn around. I am happy to say that during 2020-21 we are able to achieve a good progress in our turnaround and going forward with our new capacities coming in Bagalkot and new capacities coming in Haliyal in the sugar sector and our new distillery is going to come in Sankili you will see significant improvement in our performance and we assure the shareholders that your money is safe with us.

**Answer to Mr. Abhishek**

Coming to Mr. Abhishek, Mr. Abhishek has sent out a list of questions earlier to the meeting some of the questions I have already answered in terms of cost reduction. There is one question he has asked about is whether people have taken salary cut? Yes, during the year 2019 – 20 we have not taken any increment. All the Management staffs have foregone their increment during



the year 19-20. In terms of Corona Virus there is a question that have you sacked any body? We have not sacked any body due to corona Virus. We continue to give all help what is possible to those affected by corona Virus and we don't want to add fuel to the fire. So we don't believe in sacking people because somebody has a virus.

In terms of working capital, I just said we are taking every measure to see how we can reduce the inventory by even off loading sugar where opportunity is available in the export market to improve the cash flows and we have taken all actions in terms of reducing man power as well as control in the cost. All our Fixed Cost have been, I can proudly say that the Fixed cost was almost in line what it was 3 years before even after providing all the inflation. That is the amount of effort we have put into our business.

There are no other questions. I don't missed out anything else.

**Mr. Suresh, Managing Director stated**

Actually, the expansions in distillery, we have to keep the own molasses availability in mind before we look at the expansions. If we look at the last 3 years, first we went in for the incineration boiler in Sankili and expanded the Sankili Capacity by 20%. Then the next year, last year we have brought in the Bagalkot distillery where we based on the cane availability molasses have been estimated, own molasses and accordingly we have gone in for the Bagalkot distillery. As late as this current year, we have already in the process of doing a grain based and also a molasses based distillery of 120 KLPD at our Sankili premises. Tamil Nadu and other places are not having sufficient molasses as of now. The imported cost of Molasses is too high. Since the comparison with Balrampur has been taken, the availability of molasses is very plenty at a very low price as far as North is concerned. Infact one year back, one and half year back molasses was available as low as Rs.100 per ton. Only the cost of transportation is Rs.4,000 per ton. So South is a different ball game. In Tamil Nadu, the molasses availability is really, Tamil Nadu being a cane Stop State molasses availability is very low and the cost of molasses also goes up unless we see a visibility of cane availability for the next 3 – 4 years and hence the one molasses availability, it may not be prudent to put in money for the distillery. However, we will continue to evaluate the options available before other than molasses in terms of grains even in Tamil Nadu and we will roll out the respective projects if they are commercially viable in the years to come.

Thank you.

**CHAIRMAN STATED**

- Now that the Members' queries have been answered and dealt with, I request members who have not yet voted to exercise their vote. The e-voting will end 15 minutes from the Conclusion of this meeting.
- Mr.R.Sridharan, scrutiniser would consolidate the results of the remote e-voting and the electronic voting at this meeting and then submit his report.
- The results along with the scrutiniser's report will be placed on the Company's website, the website of Company's RTA viz., KFin Technologies Private Limited and will also be communicated to Stock Exchange within 48 hours.



- I thank once again all the members for taking their time to join this meeting. I also thank our team and KFin for conducting this AGM in a seamless way.
- I thank all my colleagues on the Board.
- With your consent, I and other members of the Board and senior management team would like to leave the meeting.
- Ladies and Gentlemen! That concludes business of the meeting and I thank you all for your participation and declare the meeting as closed. I wish all of you to be safe and in good health.

Thank you