PARRYS

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

Annual Report 2010 - 2011

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Vision

Enrich life by creating
value from agriculture.

Green Synergies, Greener Horizons i

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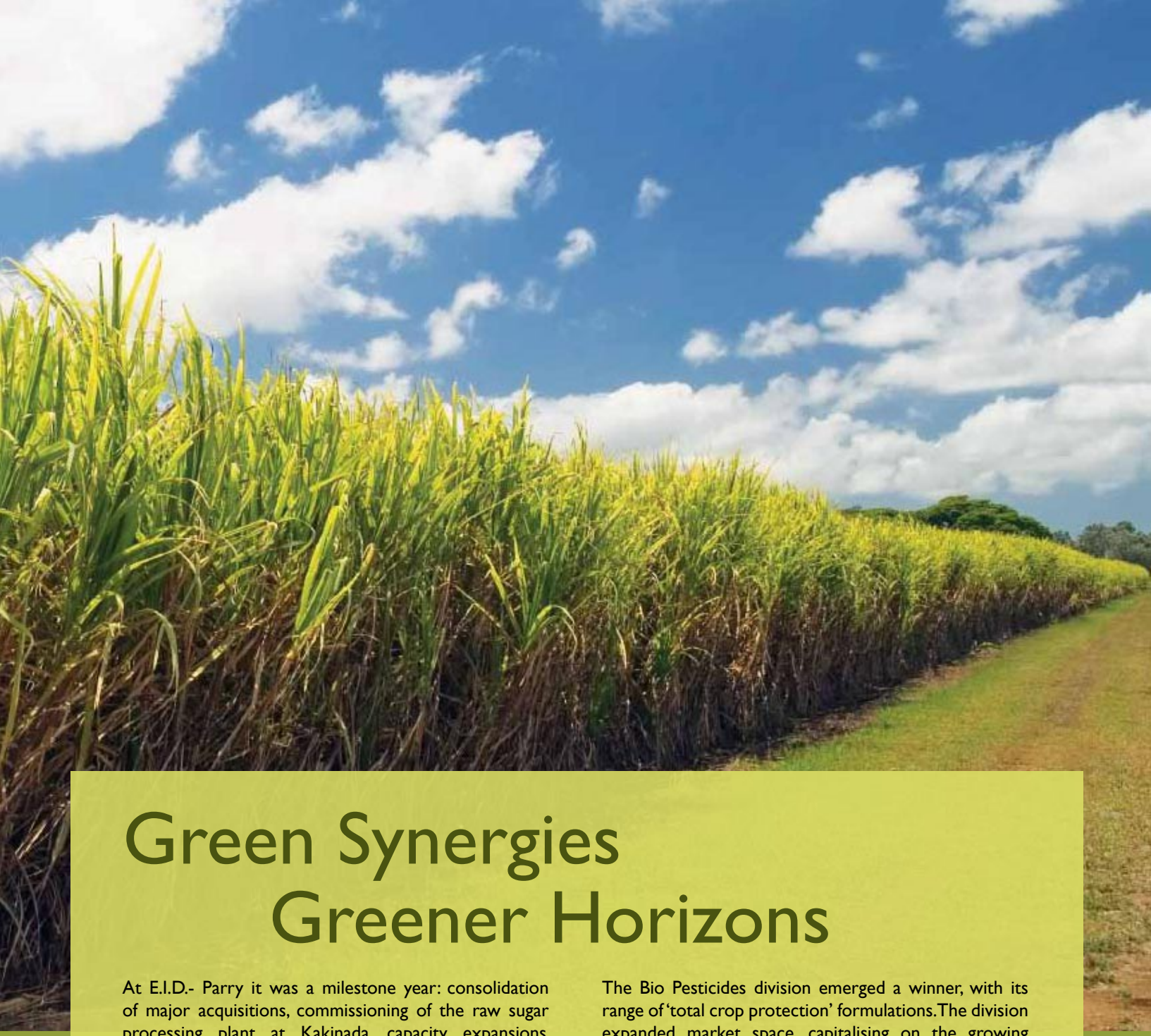

Green Synergies Greener Horizons

At E.I.D.- Parry it was a milestone year: consolidation of major acquisitions, commissioning of the raw sugar processing plant at Kakinada, capacity expansions, introduction of new products in Bio and Nutraceuticals and a change in leadership.

The Sugar business rode the cyclical see-saw: a glut in the world market and lower sugar prices impacted profit margins. The division still came up with its haul of positives. The year saw the integration of the newly acquired plants and the capacity expansions registering volume growth.

Forward integration through cogeneration of power and distillery operations formed a vital part of de-risking strategies. The division exported around 3147 lakh units to the Grid as against 2572 lakh units in 2009-10, turning sugar into an energy crop.

The Bio Pesticides division emerged a winner, with its range of 'total crop protection' formulations. The division expanded market space, capitalising on the growing demand for nature based crop protection products, posting a good growth.

Leveraging its market leadership in organic spirulina, the Nutraceuticals division enlarged its market base with a range of differentiated, segment specific, health care products. The division forayed into the retail space with the Pro 9 and Pro 9D brand of protein supplements for the OTC market.

In its vision of becoming a global player, E.I.D.- Parry, is exploring green synergies in each of its businesses to grow and expand to greener horizons.

Did you know?

Parry is the only sugar manufacturer in India with a dedicated R&D wing and breeding programme. The company continues to produce new, high yielding cane varieties which are sucrose rich and pest resistant, thereby increasing yield and returns for the farmer. The company also promotes sustainable agricultural practices by helping farmers to start trichogramma centres across villages which breed bio control agents to contain sugarcane pests. This green, pest control initiative, not only contributes to rural prosperity but also ensures that the sugarcane supplied to Parry's sugar manufacturing plants are free from chemical pesticides.

Sugar

At Parry's Sugar division, it was a year of consolidation and integration of the major acquisitions. The acquisition of Sadashiva Sugars at Bagalkot, Karnataka and GMR Industries at Karnataka and Andhra Pradesh, enlarged the company's sugar operations and the extent of its cane belts, besides increasing its throughput capacity from 21,500 to 32,500 TCD. Catering to a one lakh plus farmer base, the company continued to pursue its farmer-centric module of business engineering by introducing large scale mechanisation and scientific farming methodologies.

Parry consolidated its market leadership by moving up the value chain, producing premium quality, customised grades of sugar for major pharma and food manufacturers. While Parrys Pure expanded shelf space with its concept of clean sugar in the retail market, the state-of-the art-plant for processing raw sugar for exports was commissioned at Kakinada.

Across locations, automation and scaling up of facilities formed part of the globalisation drive. Newgen milling technologies improved process efficiencies and increased yield recovery while energy optimisation became intrinsic to working methods and green initiatives.

Cogen integration formed part of de-risking and energy optimisation strategies. During the year, all sugar units became fully integrated with cogeneration facilities making them self sufficient in energy, while the excess power transferred to the grid contributed to rural electrification and revenue growth. Cogeneration of power from bagasse, through CDM (Clean Development Mechanism) technologies touched a record high across Parry's sugar plants, earning the company carbon credits and transforming sugarcane into an 'energy crop' of the future.

Exploring another 'green stream' of the business, Parry converted the distillery at the Nellikuppam plant to a multi product unit with Extra Neutral Alcohol and Fuel Alcohol production facilities, while a new distillery at Sivaganga became operational during the year.

Transforming sugarcane into an energy crop, Parry intends to create a space in futuristic, green energy technologies. Green synergies to capture, greener, unexplored, horizons.

Did you know?

Parry Nutraceuticals is the world leader in micro algae technology comprising organic spirulina and natural Beta Carotenoids-Dunaliella Salina and Haematacoccus pluvialis (Astaxanthin). Algae manufacturing is an intensive science and Parry's plant at Oonaiyur, with its raceways for organic spirulina and the marine algae manufacturing facility at Chittarkottai are unique and first of their kind in the world.

Parry is also the largest manufacturer of tomato lycopene in India and amongst the select few in the world to offer this product in different variants for the health care industry.

Nutraceuticals

The Nutraceuticals division capitalised on the burgeoning, global demand for natural health care and wellness products by expanding its product portfolio and market reach. Exported to 38 countries and certified for major International Food and Safety Standards, the company's nutraceutical products continued to grow in all its markets.

The company consolidated its market leadership in organic Spirulina, outperforming competition, while the sale of Lycopene products also recorded a robust growth. Across market segments, product differentiation addressing specific health conditions helped to garner a larger growth volume.

During the year, pilot plant trials were successfully completed at the marine algae facility at Chittarkottai for the manufacture of Beta Carotene from the micro algae Dunaliella Salina and at the Thyagavalli facility for the production of Galactomannan, a novel soluble fiber, opening up huge opportunities in the global, nutritional supplement space.

The company has drawn up strategies to leverage the Parry brand in the wellness space of the Indian Nutraceutical market, by launching a range of OTC products for the preventive and health management segments.

To move up the value chain, the business has setup a specialised team to develop scientifically validated formulations, to address specific health conditions and explore opportunities in the Indian Pharma industry. US Nutraceuticals LLC., a subsidiary of the company has developed a range of formulation for eye health, joint health, etc., and has successfully marketed it to leading health brands in North America.

With the natural health care industry poised for great growth globally, the Nutraceuticals division at Parry has its future plans clearly charted out - to tap its green synergies and expand to greener horizons.

Did you know?

Parry is the first company in the world to have successfully extracted Azadirachtin, (AZA) a key liminoid from neem seeds. The 'Neemazal' brand of products, using high purity AZA technical pioneered a new concept in bio pesticides and crop protection methods, with registrations in India and almost all major countries across the globe. The FAO -Food and Agriculture Organisation of the UN has included AZA in their list of approved products, the guidelines for which were set by Parry's Bio pesticides division itself for its pathbreaking discovery.

Bio Pesticides

Process optimisation, strategic channel expansion and new market penetration were the operating strategies of the Bio Pesticides division as it pursued its mission to develop cost effective and environmentally sustainable plant wellness products to support the growing, global organic and reduced agro chemical crop market.

Across the world, demand for organic foods using safe and environmentally friendly bio pesticides, for pest control, is gaining momentum. The division leveraged its global leadership in Azadirachtin based bio-pesticides through customer friendly product deliveries, IPR's and direct market access facilities, offering the best in class products in terms of quality and cost efficiencies.

Capitalising on the surge in demand for natural pesticides, the division expanded its market space with a range of new formulations and 'total crop protection' solutions. While the sales of 'Abda' and 'Abda Gold' posted a robust growth in the domestic market, sales of Azadirachtin doubled in the US Home and Garden segment and in the agricultural segment in Brazil. During the year, the 'Yieldsmor' brand of micro nutrients targeting the horticultural market was also successfully launched, achieving a breakthrough in the tea segment and in vegetable crops.

At the division's manufacturing plant at Thyagavalli, improved efficiencies increased throughput and enhanced productivity while an expanded dealer base ensured better product visibility and customer connect.

The growth strategies of the Bio Pesticides division is clear and focused - to expand into new market segments, strengthen presence in the plant wellness product portfolio, increase extraction efficiencies, intensify field promotions and register new variants.

The future direction is clearly mapped - to leverage green synergies and explore greener horizons.

What do these leading brands have in common?
Parry's Pure of course!

Customised to exacting micron specifications and high quality standards, Parry's Pure refined sugar is used in major industries ranging from pharmaceuticals, food and beverage, confectionery, biscuit and ice cream products, soft drinks, sweet shops, etc.