



E.I.D.- PARRY (INDIA) LIMITED

reimagining

Annual Report 2022-23

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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report contains statements – written and oral – that we periodically, ‘projects,’ ‘intends,’ ‘plans,’ ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates,’ ‘estimates,’ ‘expects,’ ‘believe’ to be prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

At EID Parry,
‘Reimagining’ is
more than a tagline.

**It is a philosophy to do the right thing
and do it in the right way.**

By reimagining our business beyond our
conventional portfolio.

By enhancing our processes to deliver
superior outcomes.

By repositioning our brand to deepen
consumer trust.

By innovating products that address
specific market gaps.

By widening our portfolio to deepen our
relevance.

*In doing so, we are deepening our
responsibility, profitability and
sustainability.*

Corporate snapshot

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

First sugar company in India to manufacture sugar in 1842.

First to start a distillery in India in 1843.

First to start co-generation of green power using sugarcane bagasse.

First sugar manufacturer in India to initiate a farmer-centric model of business in 1845.

First and among few sugar manufacturers in India with a dedicated cane R&D wing and cane breeding programme to adopt tissue culture to develop new and improved cane varieties.

First to promote the fertiliser industry in India in 1953.

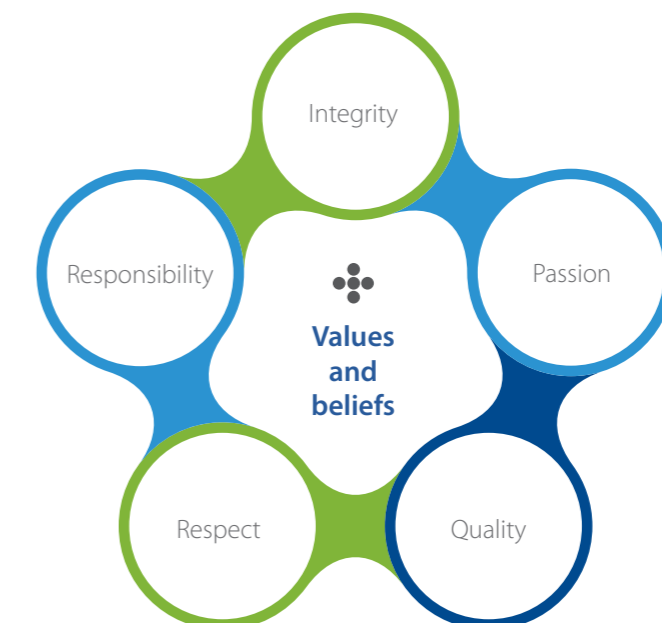
Leader in micro algae technology comprising Spirulina, Chlorella and natural beta carotenoids.

First in Asia to be awarded the Bonsucro International Certification for sustainable sugarcane cultivation.



Vision

Enriching and energising lives by creating value-added products from agriculture



Our background

Founded in 1788, EID Parry is a company operating in the sweeteners and nutraceutical spaces. Headquartered in Dare House, Chennai, India, the Company is a part of the ₹ 547 Billion Murugappa Group, one of India's leading business conglomerates. The Company holds the distinction of having set up India's first sugar plant at Nellikuppam in 1842 and now continues to pioneer new paths in each of its businesses.

Our presence

EID Parry's six sugar plants and one standalone distillery are spread across South India. These plants are located at Nellikuppam, Pugalur, Sivaganga and Oonaiyur in Tamil Nadu, Sankili in Andhra Pradesh and Bagalkot, Haliyal and Ramdurg in Karnataka. The state-of-the-art plants possess a combined sugarcane crushing capacity of 40,300 TCD, co-generation capacity of 140 MW and distillery capacity of 417 KLPD.

The specialised manufacturing plants of the nutraceuticals business for micro algal production are located at Oonaiyur and Saveripuram in Tamil Nadu.

Quality standards

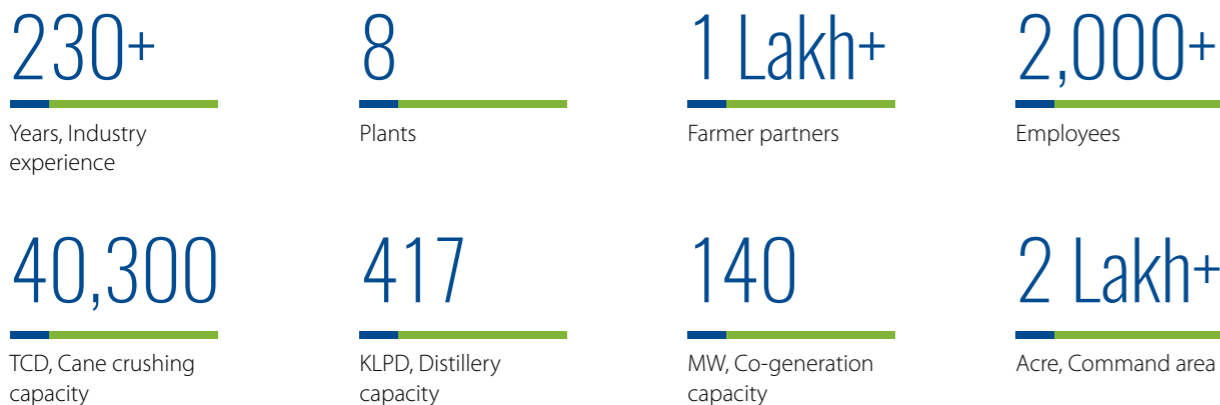
Our products are compliant with global standards such as Bonsucro, FSSC 22000, ISO 9001, Halal, Kosher, high quality and customised grades of pharmaceutical sugar conforming to Indian Pharmacopoeia (IP), British Pharmacopoeia (BP), US Pharmacopoeia (USP), Japanese Pharmacopoeia (JP), European Pharmacopoeia (EP) and SMETA (Sedex Members Ethical Trade Audit).

Our business verticals

Sugar: EID Parry's sugar is sold across the commodity markets, large institutional customers and as branded sugar to retail consumers. The branded sugar production is supported by six factories that possess a cumulative crushing capacity of 40,300 TCD.

Power: EID Parry's six sugar factories possess a capacity to generate 140 MW of power. The Company's integrated sugar plants possess state-of-the-art cogeneration facilities that are used to address captive power requirements of its plants, while the surplus power is either sold to the state electricity grid or to private energy players.

Distillery: EID Parry has harnessed its ethanol and Extra Neutral Alcohol (ENA) production capabilities to capitalise on the emerging green energy industry. The Company has five distilleries with a total capacity of 417 KLPD. Currently, 165 KLPD expansions in its Haliyal and Nellikuppam plants are under progress.



Our customers

We are a preferred vendor to major specialty and critical industries such as pharma, infant food, beverages, confectionery, etc.. We serve Oil Marketing Companies (OMCs) across the country and export power to electricity distribution companies, third-party power companies and power exchange platforms.

Credit rating

The Company's long-term rating was upgraded from CRISIL AA- (Positive outlook) to CRISIL AA (Stable outlook) in FY2022-23 and short-term rating was maintained at A1+ (CRISIL and CARE), reflecting the strength of its business model, financial stability, promoter credibility, product quality and stakeholder relationships.

Our talent

The Company comprises a talented workforce. Over 17% of the Company's employees had been with the organisation for more than 20 years as of March 31, 2023. The skillset encompasses expertise in agriculture, manufacturing, IT, research, finance and other areas. Total employees were 2,230 as of March 31, 2023.

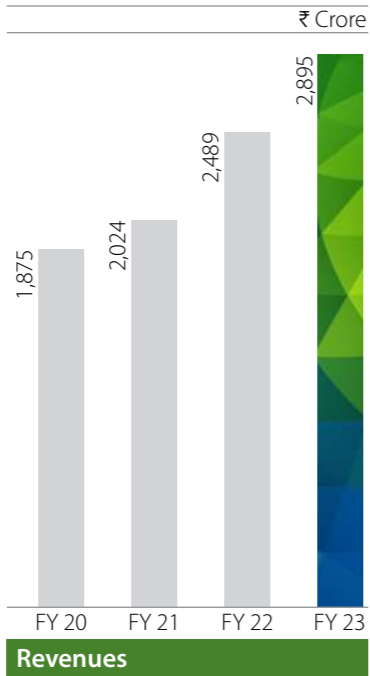
Our listing

The Company's shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). On March 31, 2023, the Company was valued at ₹ 8320.25 Crore on NSE.

Awards and recognition

- Mr. S Suresh, Managing Director won the 'Best CEO - Agriculture & Allied Award' at the 10th edition of the Business Today-PwC India's Best CEO Awards, BTMindrush 2023.
- Mr Muthu Murugappan, CEO, was featured in the Economic Times '40 Under Forty' list, which spotlights Corporate India's sharpest and brightest future leaders.
- The only sugar brand to be conferred the 'SuperBrand' status in India - a distinction it continues to hold for three consecutive years since 2021.
- The Nellikuppam unit received 'SISSTA Best Distillery Silver Award' in Tamil Nadu for FY2021-22.
- The Nellikuppam unit was awarded 'Energy Efficient Unit' at the 23rd National Award for Excellence in Energy Management contest held at New Delhi.
- The Nellikuppam unit received an award in the Silver category from CII for 'Best commitment in practicing the EHS'.
- The Sankili unit won Gold Award for Best Technical Efficiency Sugar Plant, Gold award for 'Best Distillery plant', Silver award for Best Cogen plant from South India Sugar Cane and Sugar Technologies Association (SISSTA) and Bronze award on EHS – Excellence Category from CII.
- The Haliyal unit was awarded second place under the category of 'Best Cogen Boilers' for FY2022-23 by Director of Factories & Boilers, Karnataka.
- The Company was honoured with the 'Most Iconic Organisation Award' on May 11, 2023 at Coimbatore Leadership Awards in appreciation of the best practices followed by the Company in HR strategy, promoting future ready business practices, best employee recognition programs to retain talented resources, encouraging diversity and inclusion at workplace and for being a responsible corporate citizen by implementing impactful CSR initiatives across its manufacturing facilities.

How we strengthened our financial performance over the years

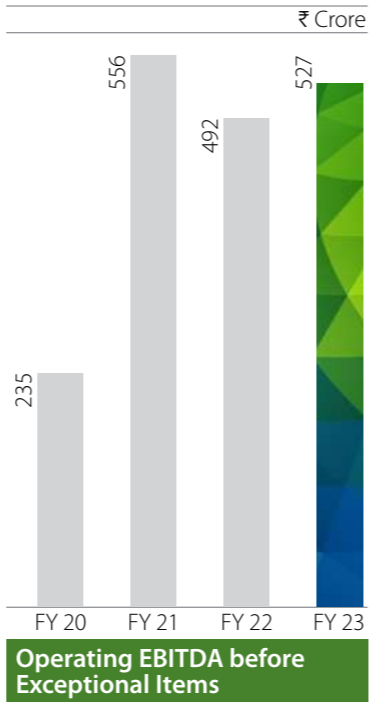


Definition
Revenue from operations.

Why this is measured
It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's performance can be compared with sectoral peers.

What this means
Aggregate sales increased 16% during the year under review on account of a wider marketing footprint.

Value impact
The volume offtake remained creditable in an otherwise challenging year for the economy, protecting the Company's industry visibility.

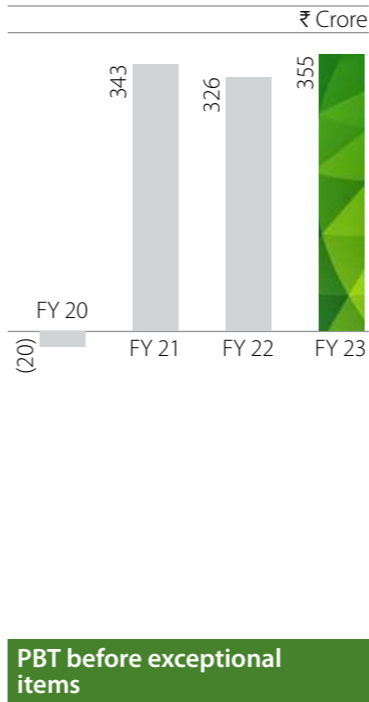


Definition
Earnings before the deduction of interest, depreciation, exceptional items and tax.

Why this is measured
It is an index that showcases the Company's ability to generate a surplus after operating costs, creating a base for comparison with sectoral peers.

What this means
Helps create a robust surplus generating engine that facilitates reinvestment.

Value impact
The Company reported 7% growth in EBITDA in FY2022-23.

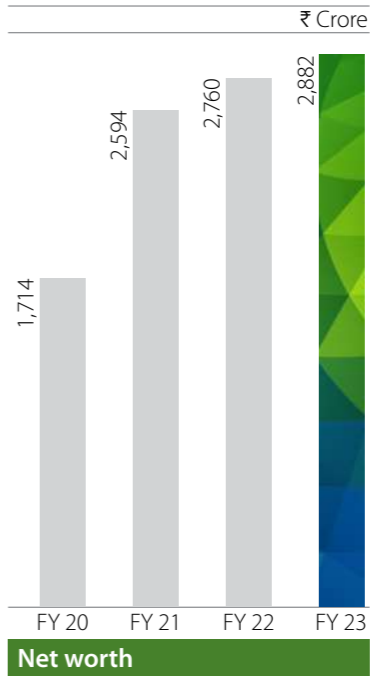


Definition
Profit earned during the year after deducting all expenses (before exceptional items).

Why this is measured
This measure highlights the strength of the business model in enhancing shareholder value.

What this means
This ensures the quantum of cash available for reinvestment.

Value impact
The Company reported a 9% increase in profit before tax and exceptional items in FY2022-23.



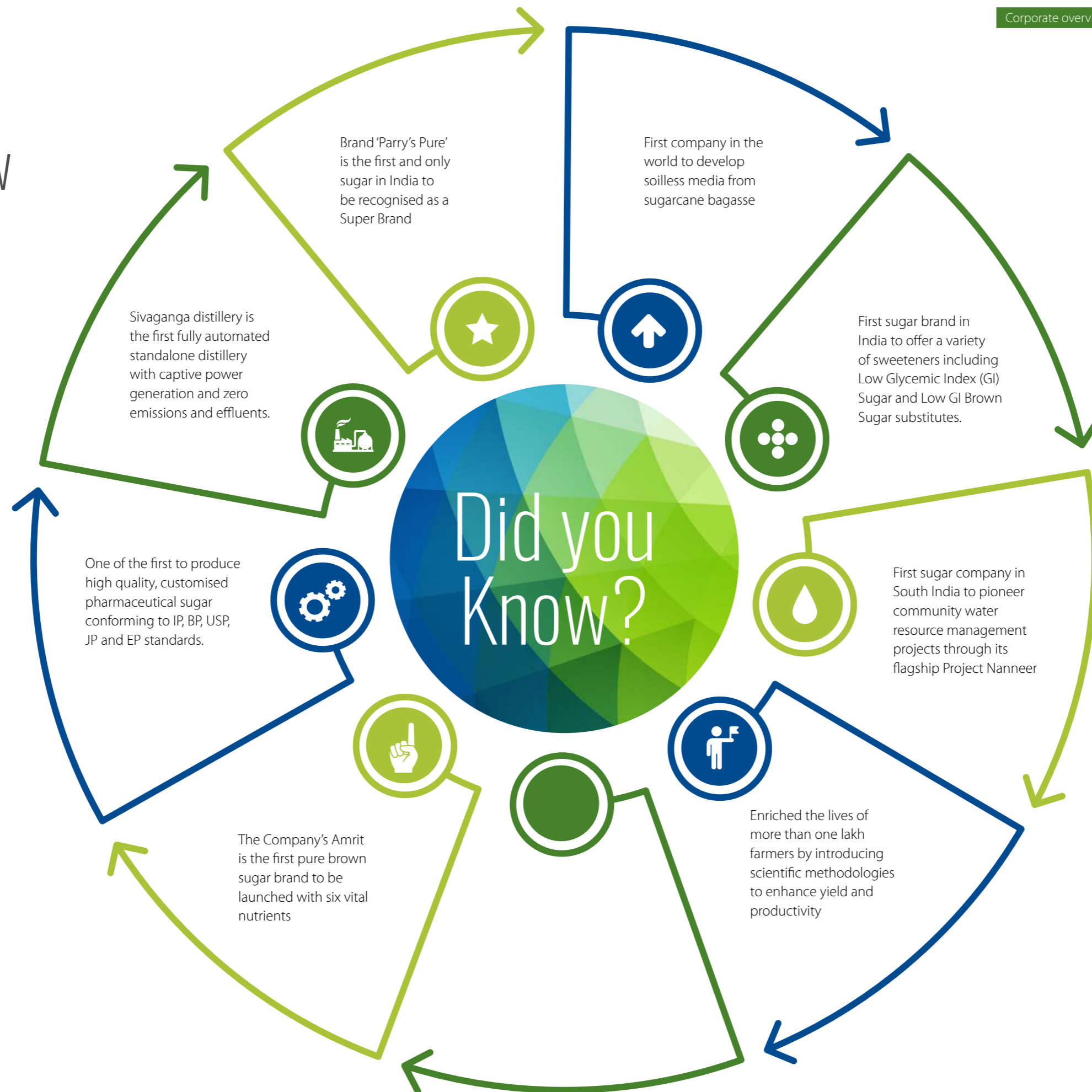
Definition
This is derived through the accretion of shareholder-owned funds.

Why this is measured
Net worth indicates the financial soundness of the Company – the higher the better.

What this means
This indicates the borrowing capacity of the Company that influences the gearing (which, in turn, influences the cost at which the Company can mobilise debt).

Value impact
The Company's net worth strengthened 4% during the year under review.

What you did not know about EID Parry



Chairman's statement

At EID Parry, we believe that the initiatives taken during the last few years have prepared us for a larger play in the branded and packaged foods segment.



The EID Parry of the future is to be largely positioned as a bioenergy, food and nutrition company. This reimagining will help de-link your Company from the cyclical and tightly controlled aspects of the conventional sugar industry and will empower it to compete and succeed based on the strength of its business model and capabilities.

Dear shareholders,

A decade ago, EID Parry began reimagining its business model, adding non-sugar businesses to its core sugar business with the objective of generating more value, getting closer to the consumer and making its operations more sustainable.

The reimagined business model was unprecedented in the industry and was a proof to your Company's capacity to be innovative and decisive when required. I am pleased to report that the steps taken in that direction have given the organisation a clear path that is now actively being pursued to ensure profitable and sustainable growth.

Your Company's plans are being further validated and given thrust by the optimism and growth that we are witnessing in India. Our country is also undergoing a large reimagining phase wherein it is preparing for its next phase of growth, driven by rising consumption from evolving lifestyle choices, renewed focus on manufacturing and a thriving digital ecosystem, all of which are being enabled by progressive governmental reforms and forward-looking policies. India is expected to emerge as the third largest economy in the world by FY2027-28.

This rapidly evolving landscape opens a range of possibilities for your Company, and the need of the hour is to match changes on the outside with swift steps and actions on the inside. The reimagining journey at EID Parry is well under progress and strong platforms for growth are being created. From a largely singular vertical of wholesale sugar, your Company is now engaged across four business verticals of institutional sugar, retail sugar, distillery operations, power generation and sweetener derivatives (with the possibility of extending to food retail). Your Company is working on other synergetic and adjacent avenues for growth.

The result is that from a time when EID Parry addressed largely one conventional application through the manufacture

of sugar, your reimagined company is more mainstreamed: it manufactures ethanol that is used in blending with petrol to reduce vehicular pollution; it is engaged in power generation that is helping moderate the use of fossil fuels; it manufactures refined packaged sugar and specialty sweeteners that address the aspects of health, hygiene and well-being of consumers.

At EID Parry, we believe that the initiatives taken during the last few years have prepared us for a larger play in the branded and packaged foods segment. In the process of reimagining our business, your Company has been building capabilities – in product development (sugar and sweeteners), in better consumer connect and understanding of consumer preferences, in brand building and in engagements with channel partners. Your Company intends to leverage all these capabilities towards a larger outcome – to become an essential brand in every home's monthly shopping basket with a significant share of the wallet.

The EID Parry of the future is to be largely positioned as a bioenergy, food and nutrition company. This reimagining will help de-link your Company from the cyclical and tightly controlled aspects of the conventional sugar industry and will empower it to compete and succeed based on the strength of its business model and capabilities.

In view of this, your Company is headed towards a sustainable multi-year growth phase, transforming from a single vertical (sugar) to multiple verticals (sugar & sweeteners, bioenergy, food & nutrition) making it increasingly intrinsic in all our lives.

M. M. Venkatachalam
Chairman

Managing Director's vision

If I have to concise my communication in a few words, they would be: 'There are no growth limits at EID Parry.'



At EID Parry, we are optimistic of the way our business model is being evolved – not just for its revenue diversity but due to widening of our product mix and the considerably larger addressable markets for each.

Overview

During the last decade, EID Parry has undergone a courageous transformation in the way it does business. This transition from sugar to food, bioenergy and nutrition businesses is of an extent that has perhaps never been attempted within the sector. The transition is a validation of your Company's foresight and ability to reinvent with the objective to build momentum in a sustainable way.

Background

The transition in our business model was the result of an ability to discern geographic and government realities that would have endangered our competitiveness as a long-term sugar commodity manufacturer.

For instance, the Company recognised a complete dependence of its business on government policies, starting from the pricing of cane and volume of sale, which moderated the room for improvements in our business. Your Company acknowledges farmers as one of our key stakeholders and is committed to collaborate and make them more sustainable, help build their adaptive capacity, make them more sustainable and raise their awareness on yield, recovery and crop quality etc.

Besides, the viability of some of our manufacturing facilities was affected by multi-year drought, farmer migration to alternative cash crops (coconut and banana) and farmers being compelled to commission unviable water bore wells down to 1000 feet.

Your Company recognised the writing on the wall. Rather than persist with suboptimal manufacturing facilities in the hope of a revival, it closed under-utilised factories at Pudukkottai, Pettavaithalai and Pondicherry in Tamil Nadu in 2019 after having addressed farmer dues, guided them towards alternative crops and allocated the left-over cane area to proximate sugar mills. Your Company shifted the assets of one of the factories to Karnataka where there is larger cane availability and better recovery. This

strategy, coupled with the organic growth of cane through an innate connect with farmers, helped increase our cane volumes from 37 Lakh MT/annum to more than 50 Lakh MT/annum over the past five years. The higher the recovery, the better is the profitability of any company operating in this industry. The closure of non-operating factories also brought down our fixed costs and improved the profitability of our Company. The result of this timely capacity churn has been that Karnataka, which once accounted for 30% of our sugar, now accounts for half our sugar output. Besides, thanks to our efforts towards organic cane development, your Company's Pugalur manufacturing facility that once had virtually no cane, crushed 9.27 LMT of cane during the last financial year. The combination of capacity relocation and organic cane development enhanced the Company's predictability in cane access and crushing operations, moderating variables and providing our Company with a more sustainable growth platform.

Managing the variables

At EID Parry, we believe that in a business influenced by the weather, farmer crop choice and government policies, there is a premium on the curation of a business model that moderates variables and enhances predictability.

Over the last few years, there was a growing recognition that scattered intervention could do so much and no more; what the Company now needed was a commitment to holistically reinvent the business. We stayed committed to our four core strategies that emerged from our zeal to reinventing the organisation.

One, we closed some underperforming factories and augmented capacities in areas with better recovery and cane availability. This, coupled with organic growth in cane volumes through dedicated interventions across the cane farming value chain, led to a growth in volumes at a CAGR of 9% since FY2018-19.

Two, the Company recognised its excessive dependence on the commodity business, the cyclical fortunes of which inevitably

CEO's overview

At EID Parry, our objective is to present the home maker with a complement of branded products and account for a larger share of the monthly shopping basket.



I am pleased to say that in the space of the last four years your Company has successfully moderated its excessive erstwhile dependence on sugar through increased non-sugar revenues.

Overview

India is passing through a period of unprecedented economic ferment. What we are seeing around us is a large and long-term growth story. Even as much of the global economy weakened in the last financial year, India reported an attractive economic growth of around 7.2%, retaining its position as the fastest growing G20 economy.

This economic momentum is expected to sustain on the back of government policy foresight and a strong domestic growth story. The economic optimism is also building on an unprecedented convergence of aspirations, disposable incomes, digitalisation and lower price-sensitivity. This is translating into a lifestyle revolution across economic levels, opening opportunities of a seminal and sustainable magnitude.

There are two ways one can address this inflection point. One approach would be to grow the existing business the same way by staying close to the knitting; the other alternative would be to respond differently, step into adjacent areas and create a new robust multi-decade business platform to reinvent the Company. I am pleased to say that your Company has chosen the second option and is well on its way to reimagine the business with the objective to enhance value for all its stakeholders in a sustainable manner.

Perspective

Permit me to take shareholders back in time to explain where we have come from, where we are and where we expect to proceed.

During the last decade the business was plagued by many a challenge. Climate risk and a stringent regulatory environment were the more significant challenges among others. Given these challenges, your Company embarked on a structural shift to explore a life beyond sugar and sought to reposition itself.

This appeared to be a challenge on account of the Company's multi-decade sugar exposure, a legacy sugar-driven mindset and initial inability to think beyond the cube. The first battle one was required to wage was not in the market; it was within. There was a need first to convince ourselves that there was indeed a life beyond sugar. Your Company engaged in various initiatives to put its shoulder to the flywheel. There were occasions when the push and heave did not result in immediately visible results; there were occasions when well-meaning industry observers felt that we were attempting something too untried and untested to be effective. We nevertheless persisted: we continued to believe that strategically we were headed in the right direction, and it was only a matter of time before the flywheel would begin to shift.

I am pleased to say that in the space of the last four years your Company has successfully moderated its excessive erstwhile dependence on sugar through increased non-sugar revenues. During the last two years, the proportion of non-sugar revenues in our business has increased from 26% to 30%; we are optimistic this trend will sustain. We are optimistic that this momentum will have a cascading impact on our ability to maximise EBITDA from per tonne of cane, setting into motion a virtuous cycle that makes it possible to progressively enhance value.

The biofuel opportunity

The National Policy on Biofuels was launched in 2018, and through its Ethanol Blending Program (EBP) targeted to achieve 20% of ethanol blending in petrol by 2025. The policy expanded the scope of raw materials for ethanol production by allowing the use of sugarcane and other feed stock. This policy and its subsequent revisions have provided a much-needed tailwind to India's sugar companies. It has helped these companies de-risk from the cyclical plays of the sugar industry