Particulars	Mr. M. M. Venkatachalam
Chairman/Member of the Committees of the Boards of which he is a Director	**The Ramco Cements Limited** **Member** - Audit Committee **Member** - Nomination & Remuneration Committee **Chairman** - Stakeholders Relationship Committee **Chairman** - CSR Committee **Member** - Risk Management Committee **Coromandel International Limited** **Member** - Audit Committee **Member** - Nomination & Remuneration Committee **Member** - CSR Committee **Parry Agro Industries Limited** **Member** - Audit Committee **Member** - Nomination & Remuneration Committee **Chairman** - Stakeholders Relationship Committee **Chairman** - CSR Committee **Ambadi Investments Limited** **Member** - CSR Committee **Ramco Systems Limited** **Member** - Audit Committee **Chairman** - Nomination & Remuneration Committee **Chairman** - Allotment Committee **Member** - Fund Raising Committee **Member** - Rights Issue 2013 Committee **Member** - CSR Committee **Coromandel Engineering Company Limited** **Member** - Nomination & Remuneration Committee **Member** - Risk Management Committee **Ambadi Enterprises Limited** **Member** - CSR Committee **USV Private Limited** **Member** - Audit Committee **Member** - CSR Committee
Inter-se relationship with any Director / Key Managerial Personnel	Nil

BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To the Members of E.I.D.- Parry (India) Limited

Dear Shareholders,

Your Directors have pleasure in presenting the Forty Fifth Annual Report together with the audited financial statements for the year ended March 31, 2020.

FINANCIAL PERFORMANCE

₹ in Crore

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	1,874.88	1,845.17	17,128.92	16,555.53
Gross Revenue	2,015.57	2,046.44	17,147.80	16,517.82
Profit Before Interest and Depreciation (EBITDA)	235.18	414.21*	2,015.69	1,533.79
Depreciation	119.56	113.77	318.96	272.33
Profit Before Interest and Tax (EBIT)	115.62	300.44	1,696.73	1,261.46
Finance Charges	135.66	113.43	430.49	424.51
Net Profit Before Tax	(20.04)	187.01	1,266.24	836.95
Tax Expenses	(21.87)	23.88	377.36	399.30
Net Profit After Tax Before Non-controlling interest	**1.83**	**163.13**	**888.88**	**437.65**
Non-controlling interests	NA	NA	421.01	284.16
Net Profit After Tax and Non-controlling interest	**1.83**	**163.13**	**467.87**	**153.49**

* includes profit on sale of Bio-pesticides division and investment in Parry America of ₹ 243.92 crore

DIVIDEND AND RESERVES

The Board has not recomended any Dividend for the year ended March 31, 2020.

The Company has not transferred any amount to the reserves for the year ended March 31, 2020.

SHARE CAPITAL

The Paid-up Equity Share Capital of the Company as on March 31, 2020 was ₹ 17.70 Crore.

CONSOLIDATED OPERATIONS

Consolidated Revenue from operations for the year was ₹ 17,129 Crore, as against ₹ 16,556 Crore in the previous year. Overall expenses for the year was ₹ 15,879 Crore as against ₹ 15,657 Crore in the previous year. Operating Profit (EBITDA) excluding Exceptional items was ₹ 2,016 Crore as against ₹ 1,558 Crore in the previous year. Profit after Tax and minority interest for the year was ₹ 468 Crore, as against ₹ 153 Crore in the previous year.

STANDALONE OPERATIONS

Standalone Revenue from operations of your Company for the year was ₹ 1,875 Crore as against ₹ 1,845 Crore in the previous year. Operating Profit (EBITDA) was ₹ 235 Crore, as against ₹ 170 Crore (excluding profit from the sale of Bio Division & Sale of shares in Parry America) in the previous year. Profit after Tax for the year was at ₹ 2 Crore as against profit of ₹ 4 Crore (excluding profit from the sale of Bio Division & sale of shares in Parry America) in the previous year.

Your Company's performance during the year marginally improved over the previous year despite a challenging operating environment. The Sugar Business, impacted by stock holding restrictions under the new Regulatory regime, a subdued price, sharpened its focus on cost optimisation and retail sales, delivering quality products thereby consolidating its market share. The better realisation from sugar retail sales and alcohol sales facilitated in improving the Company's bottom line to a large extent amidst a subdued demand environment. The business grew reasonably recording modest growth in revenue and profitability despite heightened competition and elevated input costs.

Like last year, this year was an equally challenging year for the Company as the sugar surplus situation continued both at the global and domestic level. The downward spiral in sugar prices, which begun in 2018-19, continued to have its impact and presence felt during the year affecting the entire industry. The Government which came out with a slew of measures in the year 2018-19 to rescue the beleaguered industry including the Minimum Selling Price (MSP), sustained most of the measures and incentives to maintain a systemic balance between demand and supply and to maintain the prices. These measures initiated by the Government though with a noble objective keeping in mind of the interest of farmers and Industry, could only have a short-term impact to contain an adverse situation and ultimately the natural forces of demand and supply will rule the sugar prices.

Against the backdrop of a challenging operating environment as stated above, your Company sustained its position as one of the top sugar producing Company in south India, leveraging a robust portfolio of brands, a slew of products customised to address regional tastes and preferences like Parry's Jaggery and Parry's Amrit Brown Sugar along with an efficient supply chain and distribution network. During the year, the Business implemented several initiatives encompassing cost management, supply chain optimisation, smart procurement, alternative fuel usage and productivity improvement which helped in absorbing the escalation in input costs. During the year, the business migrated from erstwhile SAP ECC 6 system to SAP HANA which successfully went live effective from October 03, 2019.

The exponential surge in demand for hand sanitizers in view of the coronavirus (COVID-19) outbreak and the clarion call by the Government to step up production has led the Company to commence manufacture of sanitizers. The Company has introduced hand sanitizers under its Brand HandKleen and STERISAFE in the market. The Company has also stepped in offering to use its supply of extra neutral alcohol (ENA) used to make sanitizers amid an increasing need for the product. The growing awareness towards personal hygiene and the increased prevalence of frequent viral outbreaks in several geographies have propelled the demand for hand cleaners and your Company is well poised to enter this arena.

Your Company is constantly aligning its products, processes and strategies to the changing market conditions to stay ahead of competition and leveraging technology to further develop and build new capabilities to redesign the key business processes across functions. The focus on customer centricity and service excellence will be a source of our business competitiveness. We continue to improve our consumer-relevant quality standards, thereby enhancing customer delight and overall consumer experience. We are reducing costs as well as uncovering new and innovative ways of working and have an enterprise-wide savings programme, driven through cross-functional teams. The Company will constantly work towards driving efficiencies across the value chain to grow the business further. Our People are our biggest strength and are fully empowered to excel in our fast-changing environment marked by uncertainty. We are creating a more flexible and agile mindset in the organisation and striving to develop the right capabilities and skills needed for different ways of working and new leadership qualities through collaboration and experimentation.

ECONOMY & INDUSTRY SCENARIO

Global Outlook

Global growth decelerated markedly in 2019, with continued weakness in global trade and investment. This weakness was widespread, affecting both advanced economies – particularly the Euro Area – and Emerging Market and Developing Economies (EMDEs). Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis, in particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year.

Near-term projections for global growth masked different contours in advanced economies and EMDEs. Growth in advanced economies was projected to slow to 1.4% this year, below previous projections, in part reflecting lingering weakness in manufacturing, and was expected to improve slightly over the rest of the forecast horizon. In contrast, after decelerating to an estimated weaker-than-expected 3.5% last year, growth in EMDEs was projected to increase to 4.1% in 2020. Nonetheless, the recovery in aggregate EMDE growth this year, which assumed continued monetary policy support in many economies, no major swings in commodity prices, and generally benign borrowing costs, was not envisioned to be broad-based.

During the end of the last quarter of the financial year 2019-20, COVID-19 outbreak brought considerable human suffering and major economic disruption. Growth prospects remain highly uncertain. Annual global GDP growth is projected to drop to 2.4% in 2020 as a whole, from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020. The adverse impact on confidence, financial markets, the travel sector and disruption to supply chains contributes to the downward revisions in all G20 economies in 2020, particularly ones strongly interconnected to China.

The World Trade Organization (WTO) predicts that the world trade is expected to fall by 13% to 32% in 2020 as the COVID-19 pandemic has disrupted normal economic activity and life around the world. The WTO economists believe the decline will likely exceed the trade slump brought by the global financial crisis of 2008-09. Estimates of the expected recovery in 2021 are equally uncertain, with outcomes depending largely on the duration of the outbreak and the effectiveness of the policy responses. The unavoidable declines in trade and output will have painful consequences for households and businesses, on top of the human suffering caused by the disease itself.

Indian Economy

Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The real GDP growth moderated to 5.0% in 2019-20 as compared to 6.8% in 2018-19. Despite a temporary moderation in the Gross Domestic Product (GDP) growth in 2019-20, the fundamentals of Indian economy remained strong and it was expected that GDP growth would rebound from the first quarter of 2020-21. Fiscal situation remained close to the consolidation path and consumer price inflation was within the targeted limits set by the monetary policy committee of Reserve Bank of India (RBI). Despite continuing sluggishness in global demand, the Current Account Deficit (CAD) narrowed to 1.5% of GDP in first half of 2019-20 from 2.1% in 2018-19. Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US$ 457.5 billion as in end December, 2019. India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, has among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement/implementation of critical measures in the current year and last few years.

The measures announced / implemented in 2019-20 include reduction in corporate tax rate; policy initiatives for development of textiles & handicrafts and electric vehicles; outreach programme for growth, expansion and facilitation of micro, small and medium enterprises; incentives for start-ups in India; recapitalization of public sector banks, relaxation of ECB guidelines for affordable housing; and streamlining of many labour laws at the central government level. Government has also taken various measures from time to time to stabilize prices of essential food items through, inter-alia, trade and fiscal policy instruments like customs duty, minimum export price, export restrictions, imposition of stock limits besides advising States for effective action against hoarders & black marketers to regulate domestic availability and moderate prices.

Prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was looking up. First, the bumper rabi harvest and higher food prices during 2019-20 provided conducive conditions for the strengthening of rural demand. Second, the transmission of past reductions in the policy rate to bank lending rates had been improving, with favourable implications for both consumption and investment demand. Third, reductions in the goods and services tax (GST) rates, corporate tax rate cuts in September 2019 and measures to boost rural and infrastructure spending were directed at boosting domestic demand more generally. However, the COVID-19 pandemic has drastically altered this outlook.

As per the Reserve Bank of India, COVID-19, the accompanying lockdowns and the expected contraction in global output in 2020 weigh heavily on the growth outlook. The actual outturn would depend upon the speed with which the outbreak is contained, and economic activity returns to normalcy. Significant monetary and liquidity measures taken by the Reserve Bank and fiscal measures by the government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored. Risks around the inflation projections appear balanced at this juncture and the tentative outlook is benign relative to recent history. But COVID-19 hangs over the future, like a spectre.

Policy initiatives post COVID-19

The Government of India has initiated a slew of policy initiatives to tackle the sluggish economy post COVID-19. This includes a number of stimulus and reform measures including announcement of a ₹ 20 Lakh Crore package. A highlight of the stimulus package was the legal reforms proposed for agriculture. It has been likened to the 1991 reforms which transformed industry and financial markets. Agriculture remains shackled by antiquated laws and moreover, progress in creation of a national market for agricultural produce has been slow. Therefore, proposals to amend Essential Commodities Act (ECA), create a central law to expand marketing options through interstate trade and electronic trading platforms, and introduce a facilitative legal framework to enhance farmer engagement with retailers and aggregators have drawn praise from various quarters. Similarly, the APMC Act created monopsony powers and erected entry barriers for new agents. A functioning market needs many buyers and sellers, making the Centre's plans to create a legal architecture to facilitate it is important. But laws alone will not unlock agriculture's full potential and the Government needs to play a more proactive role, as it did in the 1991 reforms, to create market infrastructure. The Government launched e-NAM four years ago, an electronic pan-India link of wholesale markets and the aim was to connect the existing mandi system to create a national market for farmers. However, only about 9% of about 6,946 markets are linked to e-NAM since the Market infrastructure for quality assessment, dispute redressal mechanism and logistics infrastructure are inadequate. Government needs to take a more proactive role and the lead here as markets evolve only when legal changes come with a complementary ecosystem.

Global Sugar

According to Platts Kingsman, global sugar balance moved from a surplus of 3.98 Million Metric Tonne (MMT) in Sugar Year (SY) 2018-19 to a deficit of 3.35 MMT in SY 2019-20. 2019-20 started against a backdrop of record production in India and Thailand, increased global stocks and falling raw sugar prices in international exchanges. Global prices were under a great deal of pressure, ultimately bottoming out in September, 2019. However, Weather Gods came to the rescue of the industry. Indian production dropped due to floods whilst Thailand losts more than 35% of its record crop of last year, due to unprecedented drought. Brazil's focus on ethanol for the second successive year meant that their sugar production remained capped at previous year levels. International raw sugar prices continued to climb from 10.68 c/lb in September, 2019 to over 15.5 c/lb in February, 2020. Dry weather in US added to the tightness especially of refined sugar, triggering a rally in refining white premiums. Due to sudden fall in oil prices in March, 2020, the raw sugar market plunged again to 10 c/lb levels.

As per estimates made by Platts Kingsman, global deficit for the SY 2020-21 is expected to narrow down to 1.7 MMT. An explosive combination of falling oil prices and weakening Brazilian Real has led to Brazilian mills maximising their sugar production. Brazil is estimated to produce 7 to 8 MMT of additional sugar in 2020-21 when compared to 2019-20. A normal monsoon predicted for India should mean a sugar production of more than 30 MMT. Thailand is the only major producer which is expected to have lower production due to dry weather. Initial estimates indicate that the sugar consumption growth could be flat in 2020-21 due to loss of demand due to COVID-19 pandemic related lockdowns, although a lot will demand on the nature of recovery of economic activities in 2020-21.

Indian Sugar Market

India has of late became the world's largest sugar producer beating Brazil and is also the largest sugar consumer. Excess sugar production in the last couple of years has resulted in surplus sugar. The primary reason for this exponential rise in sugar production is the introduction of an early maturing cane variety, the Co 0238 (Karan 4). This cane variety gives very high cane yield and sugar recovery. This variety was released in 2009-10. and currently, in Uttar Pradesh, the plantation of this variety is above 90%, which has increased the sugar production upto 12 to 13 MMT per year. This coupled with increase in Fair & Remunerative Price (FRP) over the years has contributed to the highest ever sugar production in India during the past few seasons. In fact Sugarcane is the most profitable crop for farmers in India as the return is assured and 50-60% higher than the return from any other crop. The increase in the FRP of sugarcane in the last 10 years has outpaced the increase in the MSP of other crops like wheat, paddy, coarse grains, cotton etc., causing a distortion in the farm economics. This, along with the fact that sugarcane has an assured buyer, is a sturdy crop and gets the promised assured price, is the main reason why sugarcane is one of the most preferred crop in the country.

Indian Sugar Production has historically been cyclical in nature with 3-4 years of bumper crop usually followed by 2 years of shortfall. The shortage years helped restore Mills' health by liquidating excess stocks and lifting market prices for Sugar thereby benefiting farmers. However, this cyclical pattern has been broken lately, with Sugar production outpacing consumption since the Year 2010-11 except the Year 2016-17 when Sugar production dipped to the level of just 20.3 MMT mainly due to drought conditions.

According to ISMA, the production in the sugar season 2019-20 is expected to be 26.5 MMT. The season started in October, 2019 with 14.5 MMT of opening stock. The domestic consumption in 2019-2020 is estimated to be 26 MMT and exports nearly 5 MMT. The closing stock on September 30, 2020, is expected to be nearly 10 MMT.

The sugar industry is going through transformational changes through various Government & Industry efforts to make business models more sustainable by increasing the ethanol-blending target to 10% by 2022 & 20% by 2030. Moreover, with the introduction of the concept of MSP for sugar, losses in the sugar business expected to be avoided to a large extent. With new biofuel policy introducing ethanol production through 'B' heavy & syrup route, most sugar companies are expanding their distillery capacity. Also, the government has approved a Ethanol Blending Program (EBP) loan with interest subvention @ 6% per annum or 50% of rate of interest charged by banks, whichever is lower, for nearly 114 projects. This would lead to building of more than 200 Crore litre of annual capacity by 2023. These measures can be a long-term solution to escape the sectoral cyclicity and reinstate sustainable earnings for sugar companies.

Government of India Sugar Policies

The Central Government came out with a slew of corrective measures and supportive mechanisms during the year 2018-19, providing much needed succor to the sugar industry reeling under pressure to be rescued from the mounting cane arrears and the high debt burden. Most of these measures continued during 2019-20 with the Government continued to cap the quantity of sugar, which mills in the country could sell and at a minimum selling price. These measures stabilized sugar price in the country with greater degree of transparency, discipline and accountability. Some of the important policy directions issued pertaining to the sugar industry are as follows:

Maximum Admissible Export Quantity (MAEQ): In view of the high inventory levels with the sugar industry and to facilitate achievement of financial liquidity, mill-wise MAEQ of 60 Lakh Metric Tonne (LMT) have been fixed for the sugar season 2019-20. Sugar mills are required to export their MAEQ entitlement by September 30, 2020. The Government vide notification dated September 12, 2019 has notified a scheme for providing a lump sum assistance at ₹ 10,448 / MT to sugar mills to facilitate the export during the sugar season 2019-20.

Scheme for creation and maintenance of Buffer stock: In order to maintain demand supply balance in the domestic market and to stabilize sugar prices, the Government has notified a scheme on July 31, 2019 for creation of buffer stock of 40 LMT of sugar for a period of one year from August 01, 2019 to July 31, 2020. The Government to reimburse the carrying cost of ₹ 1,674 Crore to sugar mills for maintaining such buffer stock.

Soft Loan : On March 02, 2019, the Central Government announced a scheme of soft loan of ₹ 10,540 Crore with interest subvention of 7% on actual rate of interest charged by bank, for a period of one year. The Government also said that all loans sanctioned & disbursed by May 31, 2019 would be covered by the scheme. Vide notification dated July 24, 2019, the Government stated that all loans sanctioned by July 31, 2019 and disbursed by August 31, 2019 by lending banks, would now be covered under the scheme.

Government of Tamil Nadu (TN) G.O. - reimbursement of freight cost: The Tamil Nadu Government on April 03, 2020 issued a G.O. allowing reimbursement of freight cost incurred by mills for transporting cane from field to mill for SY 2018-19. The salient features of the G.O. include the following:

a. Transport cost will be reimbursed to mills only if they have settled FRP.

b. Transport cost reimbursement will be restricted to ₹ 100 / MT or actual cost incurred, whichever is lower.

c. Non own cane not eligible for reimbursement.

Budget Allocation by TN Government: The Tamil Nadu Government has made a budgetary allocation for the year 2020-21 of ₹ 165 Crore towards Transitional Production Incentive, which is the difference between erstwhile State Advise Price (SAP) of ₹ 2,750 / MT and FRP of ₹ 2,612.50 / MT for 9.50%. The Government has further allocated ₹ 110 Crore towards Transport subsidy, up to ₹ 100 / MT of cane for the SY 2019-20.

Cogeneration of Power: On 28th June 2019, Ministry of Power, Government of India issued an order directing Regional Load Despatch Centres (RLDC) and State Load Despatch Centres (SLDC) to open Letter of Credit (LC) in favour of power generating companies for the agreed quantum of power supply. The order provides for encashment for LC by the generating company after the agreed credit period of 45 or 60 days as the case may be. This was a welcome move by the GOI to facilitate timely collection of debtors, which has come into effect from 01.08.2019.

Ethanol

Molasses is a viscous by-product obtained from raw sugar during the manufacturing process. Cane-based ethanol can be produced in three different ways directly from cane juice, and from B-heavy and C molasses. In 2003, the Government of India (GOI) had launched the Ethanol Blending Programme (EBP) on a pilot basis, which was subsequently extended to the Notified 21 States and 4 Union Territories to promote the use of alternative and environment-friendly fuels. The programme is a part of the long-term strategy to reduce India's dependency on crude imports and insulate the nation from global oil price volatility as well as give the domestic sugar sector a boost by diverting excess sugar stocks towards ethanol manufacture. While the programme initially targeted a 10% blending of petrol with the biofuel by 2022, later the target was enhanced to achieve 20% ethanol blending with petrol by 2030.

The Ministry of Petroleum & Natural Gas have released Ethanol Procurement Policy on a Long-Term Basis under Ethanol Blended Petrol (EBP) Programme. The salient features of this policy include the annual procurement quantity as estimated by OMCs to remain firm for ESY (Ethanol Supply Year: Dec to Nov). A mechanism to be introduced by OMCs for change in transportation rates with the change in fuel rates.

Currently, sugar companies are able to supply 230-240 Crore litre to OMCs. With the opening up of the B heavy and Syrup route, sugar companies, in totality, can supply maximum 500-550 Crore litre. However, current capacities are insufficient to utilise the B heavy route with optimum potential. This has led the government to offer soft loans of ₹ 15000 Crore to companies wanting to create greenfield/ brownfield ethanol capacity.

Though the government seems to be serious about its 10% and 20% ethanol blending programme, historically it has faced multiple issues like lack of capacity, lower feedstock availability, lower crude prices and OMC resistance to adopt 10% ethanol blending. Hence, any change in government policy can derail the EBP and negatively impact sugar millers. However, this looks unlikely as the government has approved a soft loan to 114 projects for increasing distillery capacity.

During the year, the Central Government announced that no separate environmental clearance will be required to produce additional ethanol from B-heavy molasses as it does not contribute to the pollution load. To obviate the need for undertaking fresh Environmental Impact Assessment (EIA) or public consultation in all such cases of increase in production capacity, the Government has given a clarification relating to issuance of environmental clearance in order to facilitate the sugar mills to undertake additional production of ethanol from B-Heavy Molasses in place of using C-Heavy Molasses without any increase in the total pollution load.

Cogeneration

Bagasse is the fibrous matter that remains after sugarcane stalks are crushed to extract their juice and is a by-product generated in the process of manufacture of sugar. It can either be sold or be captively consumed for generation of steam. It is currently used as a biofuel and in the manufacturing of pulp and paper products and building materials. The bagasse produced in a sugar factory is however used for generation of steam which in turn is used as a fuel source and the surplus generation is exported to the power grids.

For each 10 tonnes of sugarcane crushed, a sugar factory produces nearly 3 tonnes of wet bagasse. Since bagasse is a by-product of the cane sugar industry, the quantity of production in the country is in proportion to the quantity of sugarcane produced.

The power produced through co-generation substitutes the conventional thermal alternative and reduces greenhouse gas emissions. In India, interest in high-efficiency bagasse-based cogeneration started in the 1980s when electricity supply started falling short of demand. High-efficiency bagasse cogeneration was perceived as an attractive technology both in terms of its potential to produce carbon neutral electricity as well as its economic benefits to the sugar sector. In the present scenario, where fossil fuel prices are shooting up and there is a shortage and non-availability of coal, co-generation appears to be a promising development. The thrust on distributed generation and increasing awareness for cutting greenhouse gas emissions increases the need for cogeneration.

The electricity production through cogeneration in sugar mills in India is an important avenue for supplying low cost, non-conventional power. However, several financial, regulatory, and technical challenges are required to be overcome for realizing this potential.

BUSINESS OVERVIEW

Sugar

Sustained growth and profitability of sugar business depends upon continuous availability of high-quality sugarcane. During the year, the sugarcane availability in TN was lower, due to the widespread drought affecting major section of the command area, however, the cane crushed was better than the previous year. The Cane area in TN has seen considerable decline during the last few years caused by deficit rain and farmers shifting to other competing crops. This has adversely affected the Company's TN operations, where most of its plant capacity continued to remain idle. The continuous non-availability of sugarcane forced the Company to close down its Factory operations at Pudukottai after completing the main season in May, 2019. The Company could resume its operation at Pugalur from July, 2019, after a gap of nearly 2 years, only after the cane availability in the said area shown modest improvement. Due to decrease in Cane availability in TN year after year, several mills have shut down their operations during the last few years significantly affecting the sugar production in TN.

During the year, the Company was allotted additional cane area at Kammapuram, Vridhaclalam South Firkas and also 15 villages in Pennadam Firka to its Nellikuppam unit on a temporary basis. The Company has initiated cane development activities in these areas to increase the area under sugarcane cultivation.

In TN, despite lower cane availability, there was an improvement in cane crushed by the Units at 13.77 LMT @ 8863 TCD per day as against 12.46 LMT @ 8097 TCD per day in the previous year. The average recovery recorded was at 8.69% as against 8.82% in the previous year. The recovery would have been better if the plants would have operated continuously during the peak period of March, 2020. Due to the outbreak of COVID-19, the plants were stopped for a short duration during the last week of March 2020.

In Karnataka (KN), majority of the farmers depend on the canal water for irrigation. During April - July, 2019, there was severe drought in the area in and around the Company's unit at Ramdurg & Bagalkot and the crop was estimated to be lower by around 40% as compared to previous year. In August, the heavy rainfall caused floods across the entire North Karnataka, which was the highest in last 5 years. This helped in the revival of the crop and the crop condition improved and finally the crop estimated to be 18 - 20% lower than last year. Since good rainfall received across all KN Units, the plantation this year expected to increase by 12 - 15% as compared to previous year. In KN, the cane crushed was lower at 17.62 LMT as compared to 19.68 LMT in the previous year. The average recovery was at 11.35 % as against 11.15% in the previous year.

During the year, the Company took a number of initiatives to streamline and improve the KN cane procurement and management function reeling under the pressure of a heightened competition and the menace of unauthorized cane poaching. Efforts were made to reduce the harvesting & transportation (H &T) advance and to ensure accurate booking of gangs so as to decrease yard balance, vehicle waiting hours and to improve recovery. Early start of the units helped the Company to ensure adequate reporting of H&T gangs. Centralized H&T planning and execution facilitated smooth inter-unit movement and reduced yard balance. Deployment of mechanical harvesters was increased to cover a large part of the area to counter the shortage of harvesting labour. Prompt Cane payment even before the statutory deadline of 14 days also helped the Company to procure cane till end of the season across all KN Units.

During the year, despite stiff resistance from various quarters, the Company's unit in KN stuck to its stand of paying only the statutory mandated FRP while a few neighbouring mills reportedly paid higher price. In spite of competition paying higher price than the FRP , the Company procured maximum cane till the end of the season across all the KN units. This was made possible by timely payment to all the farmers without any arrears. We are proud to say that our stand of paying our valuable suppliers, the farmers on time over the years has helped us in building trust and credibility in the minds of the farmers.

With respect to the Andhra Pradesh (AP) unit, the cane crushed was at 5.33 LMT as compared to 5.05 LMT in the previous year. The average recovery was at 8.83% as against 9.23% in the previous year. In AP at the state level, there has been a substantial dip in recovery due to the changing weather patterns.

The overall cane crushed by the Company as a whole, was at 36.72 LMT as against 37.19 LMT in the previous year. The average sugar recovery was at 9.99% as against 10.11% in the previous year.

The sustained availability of cane being a major concern, a number of initiatives are being taken up by the Company including, supply of clean seed, providing resources for drip and micro irrigation and facilitating the various agronomy services through agencies and agri service providers. As part of the farmer centric and inclusive strategy, the Company operates soil testing labs which provide 'soil health cards' to farmers for improving soil health and fertility. These initiatives will help in increasing the yield per acre which in turn will increase the income per acre to the farmer. To interact with the farmers throughout the life cycle of cane crop, Farmer Connect App has been effectively utilised in TN, AP & KN and a large number of farmers have been registered by using the Farmers App. By this, the cane and extension team are in regular touch with the farmers during the entire life cycle of the crop and assist the farmers immediately as and when the need arises. To improve mechanised farming, the Company has also practised aggregator model for farm implement services. To mitigate the impact of drought, around 65 borewell recharges are established around the unit at Pugalur, TN. Since Pugalur was the affected area due to low rainfall, the company has also desilted 7 Ponds and continuing the initiative further to improve the ground water resources.

The Company has been working closely with the Government on a number of subsidy schemes to promote drip irrigation, Sustainable Sugarcane Initiative (SSI) etc. The company has embarked on a program of ensuring clean seed for planting. In TN and AP, the 3-Tier nursery programme has been strengthened and varietal purities are being improved through quality seed sourcing from Breeding Institutes and Company's own tissue culture seedling production centres. In TN and AP, seedling production through shade nets were effectively utilised. All these activities will pave the way for yield improvement and ensure sustained sugarcane availability.

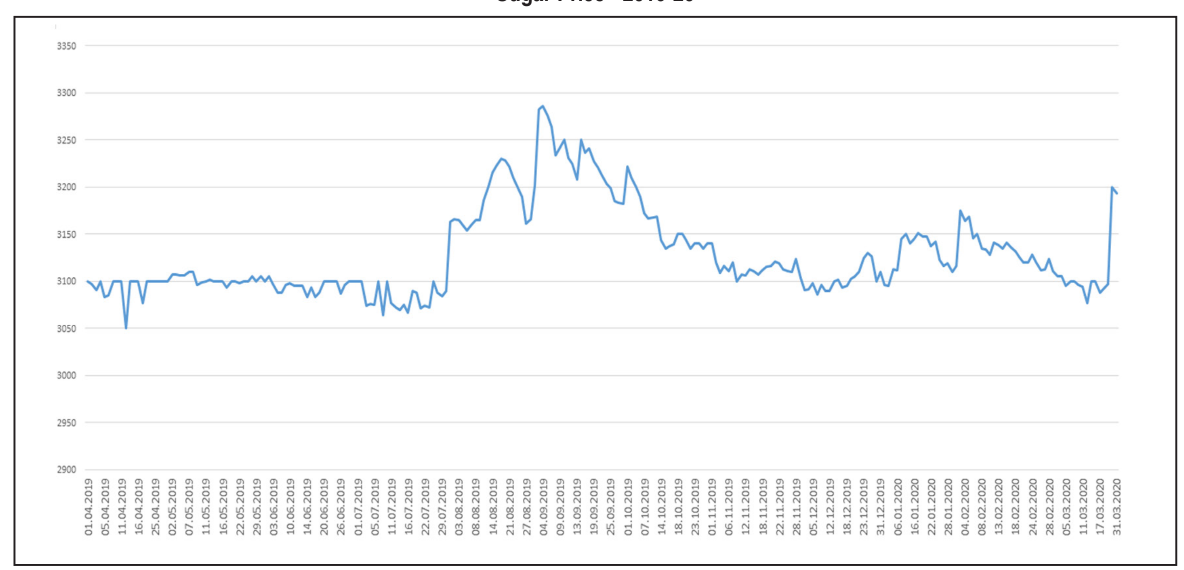
To ensure continuous supply of water for the farmers, the Company is working towards getting the maximum benefit from the key irrigation projects being implemented by the Government in Haliyal, Sankili and Bagalkot, which would prove beneficial in the long term.

Price - Sugarcane & Sugar

For the Sugar Season 2019-20, the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, fixed the FRP for sugarcane at ₹ 275 per quintal for a basic recovery of 10.00% and a premium of ₹ 2.75 for every 0.1% increase in the recovery rate, as recommended by the Commission of Agricultural Costs and Prices (CACP). Also for 9.5% and less recovery, the FRP was fixed at ₹ 261.25.

The 2018-19 season started with a record opening stocks of 14 MMT. The production during the season touched 32.6 MMT. This was almost at par with the production in previous season. With high production of sugar, the GOI continued the controls on sales and pricing with the Release Order mechanism and enforcement of MSP at ₹ 31 per kg in order to support the industry and cane farmers. The other measures taken by the Central Government were in the form of soft loans, cane production subsidy, transport subsidy on sugar exports and interest subvention scheme for setting up of ethanol capacities. The various State governments also granted incentives in the form of soft loans and cane subsidies which provided some respite to the sugar industry, which was reeling under supply pressures. While the announcement of cane production subsidy towards the end of September, 2019, along with sugar exports of 6 MMT resulted in some improvement in sugar prices to around ₹ 32,500 / MT in October, 2019, with the commencement of the cane crushing, price declined to around ₹ 31,500 / MT in November, 2019 and then gradually to around ₹ 31,000 / MT in December, 2019 and continued to remain at that level till the end of the year.

Sugar Price - 2019-20



Manufacturing Operation

The Company continues its expedition towards achieving manufacturing excellence and achieve better efficiencies in steam, energy and chemicals consumption besides reduction of total losses. The Company has accelerated its cost optimisation drive across the value chain to further improve its operational efficiency. The execution excellence initiatives pursued to optimise efficiencies, reduce cost and eliminate wastage has been adopted across functions and processes. TPM deployment has been aggressively pursued and initiatives on safety, environment and quality under TPM helped the Company to achieve manufacturing excellence, operational safety and higher level of quality awareness. During the year, the CII – TPM Strong Commitment audit has been completed at Bagalkot and also FSSC-22000 Version 5.0 Certificate has been received. Your Company continues to accord the highest priority to manufacturing excellence. Several manufacturing units of your Company competing with both the best within and outside the industry, received various awards and accolades during the year bearing testimony to your Company's focus on manufacturing excellence, safety and quality.

During the year, the Sankili Unit has begun setting up of an incineration boiler in place of the existing IE & ATFD systems, which will increase the number of operating days of the distillery by 70 days per year from 2020-21 and will also address the key environmental issues associated with handling of effluent. The boiler is expected to be commissioned in the current year.

The Company has ensured compliance with stipulated parameters with respect to emission and effluent generation with stringent online monitoring systems which are hooked up to the SPCB/ CPCB monitoring systems.

The Company has enhanced its production capacity of Parry Amrit Natural Brown Sugar to 40 TPD at Nellikuppam Plant and has erected machinery & equipment to cater to the increased production.

The Company continued to source Molasses for its Tamil Nadu Distilleries. During the year, the Company sourced 79,750 MT Molasses thus improving the operating days of its distilleries. The Company has enhanced the alcohol production capacity at Sankili to 48 KLPD from 40 KLPD and In this regard, Fed Batch Fermenters have been commissioned at Sankili in January, 2020. Post stabilization of the plant, the Unit is expected to achieve 48 KLPD.

Consequent to closure of the sugar factories at Pondicherry and Pudukkottai, the Company is exploring various options for better utilization of the said assets at other locations including sale of the remaining surplus assets including land as may be deemed necessary and appropriate.

During the year in March, 2020, the nationwide lockdown on account of outbreak of COVID-19 impacted the cane crushing, sale of alcohol and export of power. Nellikuppam, Pugalur and Sankili mills were stopped for a short duration on 25th March 2020 due to imposition of Section 144 of the Indian Penal Code.

Manufacturing Initiatives: The Company pursued its 'go beyond' strategies to optimise efficiencies, reduce cost, eliminate wastage and achieve stretch targets for growth. The following were some of the initiatives, which were undertaken during the year:

- Feb batch Fermentation system has been commissioned at Sankili and effluent generation reduced from 9m^3 / ltr of alcohol to 7.5m^3 / ltr of alcohol on running with B-Heavy molasses and alcohol % was increased from 8% to 10.5%.
- First in AP to produce Ethanol from Sugar syrup and to receive validation report from the NSI Kanpur for the production of ethanol from B-Heavy molasses and sugar syrup.
- Bagasse Pellet machine commissioned at Sankili and the fine-tuning works are in progress. In Bagalkot, the civil works are under progress for Bagasse Pellet Plant erection.
- Obtained EC from the State Environment Impact Assessment Authority, Karnataka for distillery project at Bagalkot.
- Utilisation of the excess condensate instead of raw water reduced the raw water consumption from 678 m^3 / day to 533 m^3 / day at Ramdurg. Totally around 776 m^3 / day excess condensate water cooled and utilized for cooling and process use and reduced the effluent generation below 60 litres per ton of cane crushed.
- ESP Revamping of 120TPH Boiler has been done at Haliyal Unit to maintain the emission standards.
- ICT – Spentwash treatment technology trials under progress in Nellikuppam and the resin replacement has been planned and methanol recovery is under progress to the expected level.

Sales and Marketing

The Company's strategy continues to de-risk itself from the cyclicality of sugar business by way of value addition and in the process the company has been diligently working towards several strategies to meet the changing needs and aspirations of the consumers. The Company continues to strengthen its presence in the branded sugar market in view of the higher realisation, healthy long-term prospects, low levels of per capita consumption, rising disposable incomes, increasing urbanisation and growing consumer preference for different value-added products. Your Company is well positioned to seize the opportunities, in whatever form it comes and continues to invest in creation of vibrant brands, consumer-centric products and a robust supply chain to emerge as a important player in this space. Technology and rapid digitisation are changing the consumer landscape around the world. Consumers today are taking newer paths for purchasing brands. We are constantly innovating across our portfolio and creating categories of the future to address the evolving needs of our consumers. Your Company seeks to significantly scale up the retail businesses leveraging its institutional strengths viz. deep consumer insight, proven brand building capability, strong rural linkages, a deep and wide channel-tailored distribution network.

The Company's retail brand of brown sugar, 'Amrit', has made significant strides and is well accepted by the consumers. During the year, the Company launched Parry's Amrit Jaggery powder to meet the changing needs of consumers, who are health conscious. Parry's Amrit Jaggery Powder undergoes rigorous tests during the manufacturing process to prove that it's the purest and safest form of jaggery that benefits consumer. Prepared using state-of-the-art technology, with no harmful chemicals or added artificial flavours, the Company ensure that the consumers get pure, ready-to-use, factory packed jaggery that is untouched by hand. With no impurities, it requires no straining or melting and is ready to use by consumers in their favourite recipes.

Post March 2020, the Company forayed into the disinfectants market with the launch of its brand Handkleen and Sterisafe sanitizer. Owing to its large population, the country is highly exposed to infections and several pandemics such as COVID-19. A lot of initiatives have been taken across the country for increasing awareness of hygiene practices and solutions owing to the frequent hardship involved in the day-to-day activities. Improving hand hygiene is considered a core strategy to decrease the incidence of healthcare associated infection in the country and the Company is fully geared up to cash on this opportunity.

During the year, the Company sold 2.91 LMT of sugar in the domestic market as against 3.58 LMT in the previous year 2018-19. The drop-in sales quantity was mainly due to the release mechanism of the Government (Release Quota). The Company focused on achieving better price realisation through targeting select Institutional customers and increased the market share in the retail segment significantly and introducing value added products.

Institutional Sales

The Company has established a benchmark brand across sugar industry with its strong product customisation expertise, stringent quality systems, global certification standards and timely deliveries. Due to the said factors and the strategic locations, the Company has gained the position of a major supplier of sugar to various institutional customers across country. The customer base includes institutions across sectors ranging from pharmaceutical, soft drinks, beverage, food, Juices, confectionery, modern trade, sweets, dairy, ice cream and biscuit manufacturers.

During the year, the company sold sugar directly to institutions, accounting for nearly 59% of its domestic sales as against 41% of the previous year. The Company increased the focus on premium refined sugar sales to pharma and food companies to deliver higher realizations. Like last year, the Company continued to sell Bonsucro certified sugar, produced from sustainable sugarcane both from TN and KN Units. With large multinationals focusing on sustainability and sustainable raw materials, the Company's Bonsucro certified sugar is gaining a competitive advantage and will continue to do so in the long run as well.

Retail Sales

In the retail segment, the Company sold sugar contributing nearly 18% of the annual domestic sales as against 9% in the previous year, achieving a 75% growth in volumes over the previous year. Its strategy of expanding market presence and market penetration has worked positively in gaining market share of retail sugar.

Brand Building

The Company invested in building the brand Parry in the consumer market by building the portfolio of value-added products. The value-added product portfolio witnessed a sharp growth of 60% after it was supported on media. The media exposure given in TN and Bangalore has strengthened the brand further.

Quality

During the year, the Company continued to focus on the retail and institutional segment with quality product and processes. During the year, the Bagalkot Unit got accredited with FSSC 22000 version 5 for the first time and became the third unit of the Company to obtain this from the DNV GL Certification Body. Further, as per the Customer requirements, two of its Units in TN and KN were qualified to receive Kosher certifications.

In addition to the above new certifications, the Company's units in Nellikuppam and Haliyal qualified in the recertification audits of FSSC 22000 and ISO 9001:2015. The Company's refinery Unit in Nellikuppam successfully qualified in sustaining its GMP certifications to continue to supply Drug Manufacturing Customers and other Pharmacopeia accreditations of Indian Pharmacopeia, European, United States, Japanese and British.

During the year, the Company in its endeavour to provide quality products to customers, started producing refined sugar by adoption of sulphur free process. The Unit in Haliyal, KN has sustained the production of Sulphur free process sugar with Quality.

Quality Initiatives

- Nellikuppam and Haliyal Units qualified for Kosher Certification.
- Sankili unit successfully recertified for Integrated Management system certifications which includes, Quality Management System ISO 9001:2015, Environmental Management System ISO 14001:2015 and OH & S ISO 45001:2018
- Nellikuppam and Haliyal Units upgraded to Food Safety System Certifications ISO 22000 Version 5.
- Haliyal Units recertified for Quality Management System ISO 9001: 2015 Version.
- Nellikuppam and Haliyal qualified for SMETA 6.0 (Sedex Members Ethical Trade Audit).

Research & Development and Extension Services

The company has a pioneering vision to improve the yield and reduce the cost of sugarcane cultivation for farmers and to improve the sugarcane quality for efficient factory operation. To attain this vision, a robust and business aligned R&D and extension function is in operation with state-of-the-art Research laboratories and farms. The R&D wing operates with focused mid-term and long-term strategies that are bound to reap rich dividends in terms of capacity and quality of raw material supply from farmers within stipulated timelines.

The year witnessed many varieties that were developed and launched, and new initiatives pursued in line with the business strategy through in-house product research and collaborations with leading institutions, NGO's and supply chain partners. Notable achievement in developing new varieties were the launch of two new "super early maturing varieties" for commercial cultivation by farmers in Sankili and Nellikuppam. A project titled "P240" was chartered in 2017-18 to develop varieties that can mature in 8-9 months and enable farmers to reap three harvests in two years instead of the conventional two crops in two years coupled with increase in sugar recovery by 0.5%. The two varieties occupy 22% of the plant area in Sanklili and 35% of plant area in Nellikuppam. The company has currently developed the highest area of the new varieties in the country.This initiative done in a span of just two years was fostered through a collaborative project with Sugarcane Breeding Institute (ICAR) and Indian Sugar Mills Association (ISMA), in-house varietal development program and augmented with rapid seed multiplication through In-house Tissue Culture technology and captive seed farms is well received by farmers and lauded by the Government.

In the field of crop agronomy, notable achievement was the development of IOT enabled automatic soil moisture recorder in farmer fields linked to the cane management system. This soil moisture based harvest scheduling which is expected to maximize sugar recovery by 0.5% as evinced in trials, is being taken up for large scale application. Soil mapping based fertilizer prescription through integration with cane management system has been carried out to enable need based and precision nutrient recommendation as health cards and application by farmers resulting in significant cost savings for farmers and enhancing sugarcane quality.

The company has pioneered in initiating R&D on a novel ICT based system of autonomous irrigation in sugarcane for the first time in the country in partnership with Companies in Israel and UK and aided by its supply chain partner. The system will transform the way irrigation water is applied, where precise quantities of water with intervals is solely decided by the crop based on its own requirement and without any intervention by the farmer. This technology will pave the way for water savings up to 35% especially in sugarcane, which is considered as a water intensive crop, and with added benefits of crop yield and quality maximization.

In the field of pest and disease management, novel products launched in 2018-19 elicited excellent reception amongst farmers and hence the technology was adopted in around 3000 acres during the financial year. The company is also in the process of evaluating alternate crops like tropicalized sugar beet and sweet sorghum for sugar and ethanol production as intercrop and relay crops to maximize farmer income. To foster sustainability in business, the company has signed an Memorandum of Understanding (MOU) with World Wide Fund (WWF), India and Rabo Bank for developing an integrated Decision Support Tool (DST) by March, 2022 for the farmers. This tool will foster complete IOT enabled solutions to the new generation farmers for precision farm management. Pilots have been initiated across two factories with promising results and is under the process of development.

As a testimony to our stewardship in R&D and Extension services, the company was conferred the Agriculture Leadership Award for 2019 in the 9th Agricultural Leadership Conclave by the Hon'ble Union Minister of Agriculture.

Value Added Projects

- In India most of the distilleries have installed incineration boiler and started operation. The ash generated from the boiler contains potash between 5 to 12%. As per FCO norm, the potash content in potash fertilizer should be 14.5% as water soluble potash. The Company has undertaken a pilot study to establish the extraction of potash from ash. As the opportunity for potash fertilizer availability in India is plenty and since the Company is already a pioneer with established technology & product, the Company propose to carry out a pilot study on this concept.
- The Company is exploring opportunities to convert Sugar, Distillery & Nutra By-products (waste) into value added Product suitable for Aquaculture, Poultry & Animal Husbandry.
- The Company has developed nutrient rich eco-friendly soil less media from sugar cane bagasse for the international and domestic market. The company has developed green grow media from bagasse by a mechanical process by sustaining EC and PH, suitable to grow all kinds of plants and to conserve soil and water and to improve fertility of the soil and productivity. The Company has already designed the pilot scale plant and started trial production. Green grow media samples of 100 MT in different combinations has been produced and demonstration plots have been laid out in tea, pepper, sugarcane, avocado, mushroom, vegetable, ornamental crops, avenue tree crops and cut flower nurseries in India. This has also been demonstrated to improve soil & water conservation in neem, avocado and pomegranate plantations.
- The Company has developed mineralised salt lick for small ruminants from Nutra process waste with the collaboration of Tamil Nadu University of Veterinary and Animal Sciences, Madhavaram (TANUVAS).
- The Company has signed MOU with TANUVAS to develop nutrient rich dry fodder block for cattle. Animal adaptation trial completed.
- Project to develop Bioplastic i.e degradable mulching sheet and poly bags from Bagasse is under progress.
- The Company has started Scientific field trial and demonstration in Organic and Inorganic Tea plantation with UPASI, Coonor.

SUGAR DIVISION - PERFORMANCE

Operational Performance

Particulars	2019-20	2018-19
Cane Crushed (LMT)	36.72	37.19
Recovery (%)	9.99	10.11
Sugar Produced (LMT)	3.60	3.76
Power Generated (Lakh Units)	3572	3274
Alcohol Produced (Lakh Litres)	634	647
Sugar sold (LMT)	3.73	4.04

Financial Performance

₹ in Crores

Particulars	Sugar		Cogen		Distillery		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	1,377	1,386	131	125	357	317	1,865	1,828
EBITDA**	53	(30)	(5)	(2)	79	44	127	12

** Earnings before interest, tax, depreciation and amortization.

Cogeneration- Power

The Company has an aggregate saleable co-generation capacity of 160 megawatts. Of the total power generated, the Company exports nearly 52% to the state electricity grid. The cogeneration segment accounted 7% of the Company's revenues during the year, same as in 2018-19. Revenues from the segment during 2019-20 stood at ₹ 131 Crore as against ₹ 125 Crore in 2018-19.

Tamilnadu: The units in Tamilnadu generated 1,554 units and exported 793 Lakh units of power during the year as against 1,338 Lakh units and 652 Lakh units respectively in the previous year. The increase was mainly on account of higher cane crushing.

Segment wise Performance & Operational Highlights

Sugar

The sugar segment constituted the largest share of the Company's revenues. The segment contributed 73% of the Company's revenue from operations during 2019-20 as against 75% in 2018-19. Revenues from the sugar segment during 2019-20 was at ₹ 1,377 Crore as against ₹ 1,386 Crore in 2018-19.

The Company has eight sugar plants with a combined capacity of 43800 TCD. During the year, the total cane crushed in Tamilnadu plants increased to 13.77 LMT as against 12.46 LMT in the previous year. There was a decline in overall recovery in Tamil Nadu from 8.82% in 2018-19 to 8.69% in 2019-20. Crushing in the Company's Sankili plant at Andhra Pradesh also increased to 5.33 LMT as compared to 5.05 LMT in the previous year with recovery of 8.83% as against 9.23% in the previous year. In AP, at the state level, there has been a substantial dip in recovery due to the changing weather patterns.

The total cane crushed by the units in Karnataka was at 17.62 LMT against 19.68 LMT in the previous year. The average recovery was at 11.35% as against 11.15% in the previous year.

The overall cane crushed by the Company was 36.72 LMT in 2019-20 as against 37.19 LMT during the previous year. Overall recovery of all the units of the Company went down from 10.11% to 9.99% in the current year. While the recovery was better in KN, it was lower in TN and AP.

During the year the Company produced 3.60 LMT of Sugar and sold 3.72 LMT of sugar.

During the year, the Company obtained in-principal approval for sale of power under open access-bilateral from TANGEDCO and accordingly it commenced third party power sale from January 01, 2020, in addition to sale of power through exchange, from its Nellikuppam generation plant. This initiative fetched an additional realization of ₹ 0.75 - ₹ 1.00 per unit of export.

Karnataka: The cumulative power generated and exported by the Karnataka Plants stood at 1653 Lakh units and 960 lakh units as against 1615 Lakh units and 887 Lakh Units respectively in the previous year.

Andhra Pradesh: The unit in Sankili generated 364 Lakh units and exported 121 Lakh units as against 321 Lakh unit and 97 Lakh units respectively during the last year.

Distillery

The Company has four distilleries located at Sankili, Haliyal, Nellikuppam and Sivaganga engaged in the production of industrial alcohol and ethanol with a cumulative capacity of 234 kilolitres per day. Almost the entire distillery capacity of the Company is dedicated towards ethanol & ENA (Extra Nutral Alcohol). In addition, 90 KLPD new distillery at Bagalkot is under construction.

The distillery segment contributed to 19% of the Company's revenue from operations during the year under review as against 17% in 2018-19. Revenues from the distillery segment during 2019-20 stood at ₹ 357 Crore as against ₹ 317 Crore in 2018-19.

The Company's alcohol production from molasses, a by-product of sugar, saw a downward dip at 634 Lakh liters in 2019-20 as against 648 Lakh liters in 2018-19, a decrease of 2% over the previous year.

Ethanol

The Company has mapped out expansion plans for Ethanol production at its integrated Plants. The Company is setting up a 60 / 90 KLPD Molasses based distillery with production volume of 60 KLPD ENA from C – Molasses, 90 KLPD Ethanol from B heavy molasses / sugar cane syrup at Bagalkot, Karnataka. Expansion of the existing distilleries at Nellikuppam, Haliyal and Sankili and the commissioning of a new distillery at Bagalkot are part of the strategies for growing the ethanol stream as a revenue earner subject to sustained availability of molasses.

During the year, the Company secured approval from the Government of Andhra Pradesh, to use sugar syrup for the manufacture of Ethanol. The Sankili plant is the first unit to get such approval in Andhra Pradesh.

The Company has already obtained approval from the Department of Food & Public Distribution, for its expansion projects under the Central Government Scheme, extending financial assistance to mills for Enhancement & Augmentation of Ethanol Production Capacity.

During the year, the Company secured permission from the Government of Tamil Nadu to utilize 10,000 MT of molasses for production of Ethanol for manufacturing of alcohol-based sanitizers, for combating the outbreak of COVID-19 epidemic. Similarly, the Company secured license to manufacture Ethanol Hand Sanitizer at its Haliyal Plant for a period of 5 years from March 26, 2020. The Company's Sankili Unit also has been permitted to produce hand sanitizer, to the tune of 1 lakh liter.

Performance Analysis, Opportunity & Threats

The Company is a large integrated sugar producer and among the top five sugar producers in South India. It has the capacity to crush 43,800 MT per day (TPD) of sugarcane, co-generation units of 160 megawatt and distilleries with capacity of 234 Kilo litres per day. Besides, it operates a sugar refinery of 3000 TPD through its wholly owned subsidiary, Parry Sugars Refinery India Private Limited (PSRIPL). Large scale integrated operations with power and distillery business along with nutraceuticals provide modest cushion to the Company from the sugar business cyclicality. Sugar crushing in Tamil Nadu has continuously declined over the past 3-4 years, and is expected to marginally improve in the current sugar season. Lower cane availability and volatile sugar prices have led to moderation in the Company's performance in recent past. However, co-generation and distillery business have partially stemmed the impact of weak performance of sugar businesses. While the input prices are driven by the Government, sugar prices oflate are also controlled by the Government through MSP and regulating the export of sugar leading to volatility in sugar business profitability. The Government has also been regulating the domestic demand-supply through restrictions on imports and exports, and stock holdings. Regulatory mechanisms and dependence on monsoons have rendered the sugar industry cyclical.

While the Company's operating profitability may improve marginally due to cost reduction initiatives and shut down of non-operating plants in Tamil Nadu due to inadequate cane, operating profitability will be impacted by reduction in industrial usage of sugar, lower demand for ethanol and fall in exports of sugar.

The industrial usage of sugar, which accounts for nearly two-thirds of the annual demand of around 26 MMT, may be impacted as several food manufacturing units including soft beverages, chocolates, confectionery, bakeries, hotels, restaurants and cafes are either shuttered or running at low capacities. As a result, overall domestic demand is expected to be lower by 1.5 - 2 MMT in the current sugar season (SS) 2020 as reflected in the trend in softening sugar prices.

Further, oil marketing companies may reduce the ethanol off-take since the lockdown due to the COVID-19 pandemic has lowered the demand for petrol and diesel. Besides, they have also limited storage capacity. Production of potable alcohol from ethanol may also be impacted due to lower demand from distillers.

In the milieu, sugar inventory becomes the key monitorable. India had started the SS 2020 with an opening stock of 14.5 MMT. However, despite around 20% lower production, the closing inventory is likely to be at 10 - 11 MMT, which is equal to approximately five to six months' consumption because of slack industrial demand and exports.

The saving grace for domestic sugar mills is the MSP of ₹ 31 per kg fixed by the government. But for this, sugar realisations would have fallen further, given the high stock levels. Consequently, lower accruals and higher inventory, are expected to elevate debt levels, especially on working capital front, for most sugar producers. With sugar output expected to increase by at least 15-20% in SS 2021, performance for most sugar players is expected to remain subdued in the financial year 2021- 22.

The Company's financial performance moderated in the financial year 2019-20 as cash accruals were impacted following subdued performance of the sugar business. Further, stockholding restrictions imposed by the Government led to piling up of inventory, a large portion of which was funded through bank borrowings. However, the financial risk profile has gradually recovered with better realisations from domestic sugar and distillery businesses.

The Company is expected to incur a capex of about ₹ 160 Crore during the financial year 2020-21, towards setting up of new ethanol capacities by availing soft loans announced by the Government and expansion projects at its Haliyal unit and other replacement capex on need basis. The expected dividend flows from subsidiaries and possible proceeds from sale of surplus assets are expected to help lower the volatility in operational cash flows. While short term debt levels of the Company were expected to remain range bound and long term debt repayments of around ₹ 330 Crore during 2021 and 2022, were expected to lower consolidated debt levels by around 5-10% over the medium term at year end, the position changed significantly in the first quarter of 2020-21, after the company prepaid its debt of ₹ 365 Crore from the proceeds of the sale of 1.99% shares held in its subsidiary, Coromandel International Ltd. The long-term debts of the Company are now at a comfortable level which will allow the Company to substantially reduce its interest costs and will leverage its borrowing power further.

Outlook

The Company expects to register marginal growth in the financial year 2020-21 due to better realisation from sugar and alcohol. Retail and institutional segments are expected to register modest growth over last year and exports quotas are expected to be fulfilled with better price. However, institutional sales which account for 20 - 25% of the company's sugar volumes may be affected by lower demand from end-user industries due to reduction in sugar consumption following the Covid-19 pandemic. Besides, revenues from distillery operations too are expected to to be slightly affected due to lower offtake for blending of ethanol with petrol by oil refining companies and for manufacture of potable alcohol, though the sale of ethanol for manufacture of sanitisers may increase.

During the financial year 2020-21, due to higher expected sugar output in the country, sugar price will remain under pressure. Despite flattish sugar and distillery revenues, the closure of loss making plants in Tamil Nadu, the cost reduction measures including rationalization of work-force, reduction of debt along with the expectation that there will not be any increase in cane procurement cost, is expected to support the operating profitability over the medium to long term.

The performance of the Company's subsidiary, PSRIPL is expected to be better in the financial year 2020-21 as spreads have been locked in for substantial volumes at higher than current trending rates. Earlier in the previous two financial years, PSRIPL reported sub-par performance due to weak global sugar prices coupled with delay in off-take by its customers owing to falling spreads.

The Company's established market position in sugar business, derived from integrated nature of operations with diversified revenue profile and financial flexibility are partially offset by the susceptibility of its business performance due to cyclicity of the sugar business and regulatory changes in the sugar industry.

Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operation due to lock downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company's significant business is sugar and it has been identified as an essential service. The Company's factories were operating during the lockdown by strictly adhering to the laid down safety guidelines and norms and the Company was able to complete the crushing of entire sugar cane available albeit with slight delay. However, there were delays in dispatches on account of logistical issues. We hope that the pandemic is going to be a temporary phenomenon and we expect the economy recovers quickly and the normalcy is restored.

NUTRACEUTICALS DIVISION

Industry Overview

The nutraceutical ingredients market was valued at US$ 36.75 Bn in 2019 and is projected to grow at a CAGR of 7.3%, to reach US$ 62.06 Bn by 2027. This constitutes around 8% of the total Nutraceuticals market (US$ 459 Bn). World demand for minerals and vitamins consumed in nutraceutical applications was US$ 7.8 Bn in 2019, growing at an annual rate of 6 - 7%, fuelled by growth in food and beverage fortification, adult and paediatric nutritionals and dietary supplements. Rising consumer awareness and an increase in purchasing power due to economic developments, widespread acceptance of health and wellness benefits will keep minerals and vitamins among the most widely used nutraceutical ingredients.

By Region, Asia-Pacific is projected to be the fastest-growing market for nutraceutical ingredients during this period. While USA and Europe are going to drive innovations, APAC will drive the volumes. Based on projected investment levels in these industries and rising consumer incomes, China is expected to evolve as the largest global producer and consumer of nutraceutical ingredients and may surpass the United States and Western Europe. Japan is the fastest-growing country market in the Asia-Pacific region. This is due to the rapidly aging population in Japan. Global microalgae-based nutraceutical ingredient market, currently valued at US$ 0.8 Bn, is expected to grow at a healthy CAGR 7% in the next 8 years.

Business Overview

The Company's Spirulina volumes was subject to more pressure due to commoditisation across markets. The business proposes to stick to its value proposition as a quality player and work on expanding markets in Europe and the US in selective niches. For more price sensitive markets in Asia, the business aims to adopt a more aggressive approach in the coming year in order to be competitive with global rivalries.

Chlorella is gaining importance as an essential micro-algae supplement along with Spirulina. With the increase in popularity and adoption of vegan diets across evolved health-oriented consumers, Chlorella is seen as a powerful detox agent with rich vitamin profile. In 2019-20, the Company started scaling up of commercial production of Chlorella and achieved reasonable success in stabilizing the cultivation and harvesting processes. In 2020-21, it has been envisaged to double the volume of production over the prior year.

The launch of the Phycocyanin product will further strengthen the company's product portfolio and add another pillar of growth.

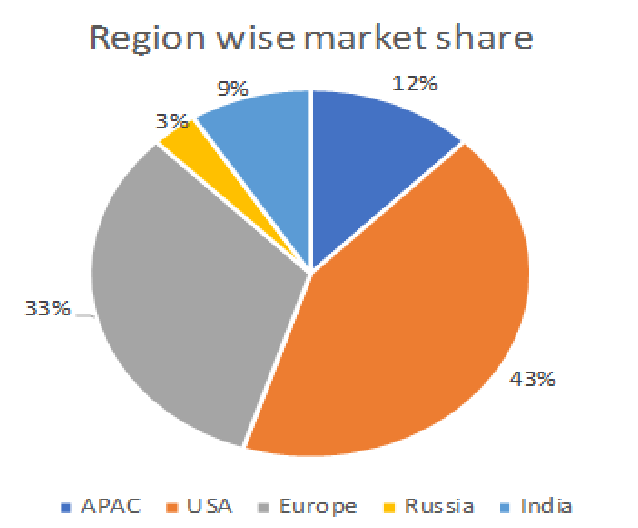
The business, in addition to the Organic and USFDA approval, has embarked on a journey to upgrade its overall Quality Management System, from supplier to end consumer. During the year, various projects such as laboratory control, batch traceability, facility and equipment qualification, QMS and training were implemented as part of the process and will be further extended to all Good Manufacturing Practice (cGMP), procedures and norms. In addition, as a part of clean label program, Organic Spirulina and Chlorella received the Non-GMO verification.

The Company continued its Compliance journey by putting in place cGMP processes across its Units. There is also a big focus on Sustainability from a Waste, Water and Energy perspective. The Company believes that this is its first responsibility towards society and the environment and will also strengthen its business operations and efficiencies over time.

During the financial year 2019-20, the US Nutraceuticals Inc. (Valensa) gained higher Saw Palmetto based products sales by applying better supply chain strategy. Alimtec had produced with sustainable quality and yield with profit of 449 K US$ as against 478 K US$ of the previous year.

Micro - Algae Market Share – Regions

The Company continues to be a leading player in the EU markets for organic grade spirulina and over the last 3 years the business in this region has doubled.



Operating Results

During the year, the Nutraceuticals Division of the Company achieved a revenue from operations of ₹ 58 Crore, about 79% of which represents exports, as against ₹ 69 Crore during the previous year representing 3% of the Company's revenue. Loss before interest and tax for the year stood at ₹ 8 Crore as against a profit of ₹ 2 Crore during the previous year. The overseas wholly owned subsidiary, US Nutraceuticals Inc. achieved sales of US$ 21.52 million against US$ 20.19 million of previous year. On a consolidated basis, revenue remained flat at ₹ 210 Crore for the years 2019-20 and 2018-19.

The sales of Spirulina and Chlorella affected across all the regions 6 to 9% over last year due to continuous price pressure and Chinese competition. The business was impacted in Q4 2019-20 due to the outbreak of the Pandemic, Globally.

Outlook

Global trends in nutraceutical ingredients will result in developing regions achieving much faster growth in both consumption and production than developed regions. The Company's Joint venture with Synthite Industries (Algavista Greentech Private Limited) launched Natural Blue colour (Phycocyanin) in the global colour market during the year after successfully commenced its operation. This will propel growth for value-added products from Spirulina. The Company's R&D efforts would be focused on 3 broad areas – Green foods, Protein and Algal Omega 3. The Company expects to launch products under these categories in the coming years. Further, the business is embarking on a journey of sustainability in the areas of Water, Waste and Energy. Water will be a big area of focus with the Company aiming at conservation and recycling as two primary objectives.

COMPANY FINANCIAL PERFORMANCE (STANDALONE)

Revenue **₹ in Crore**

BUSINESS SEGMENTS	2019-20	2018-19
Sugar	1,377	1,386
Cogen	131	125
Distillery	357	318
Sugar Total	1,865	1,829
Nutraceuticals	58	69
Total	1,923	1,898

Note: Above includes inter segmental revenue.

EBIDTA

The Earnings before Interest, Depreciation, Tax and Amortization for the year was ₹ 235 Crore representing 12% of total revenue as against ₹ 414 Crore representing 20% of total revenue in the previous year 2018-19.

EBIT

EBIT for the year 2019-20 was ₹ 116 Crore as against ₹ 300 Crore in the previous year 2018-19.

Finance Charges

The finance charges was ₹ 136 Crore for the year 2019-20 as against ₹ 113 Crore in the previous year 2018-19.

DEPRECIATION

Depreciation was ₹ 120 Crore for the year 2019-20, as compared to ₹ 114 Crore in the previous year 2018-19.

PBT

Loss Before Tax for the year 2019-20 stood at ₹ 20 Crore as against profit before tax of ₹ 187 Crore in the previous year 2018-19.

PAT

Profit After Tax for the year 2019-20 stood at ₹ 2 Crore as against ₹ 163 Crore in the previous year 2018-19.

FINANCIAL OVERVIEW

Networth

The Networth as on March 31, 2020 was ₹ 1,714 Crore, same as on March 31, 2019.

Borrowing

The borrowings of the Company increased from ₹ 832 Crore in 2018-19 to ₹ 1,035 Crore in 2019-20. The Long-Term Debt is 0.32 times of equity as against 0.27 times of equity in the previous year. Working capital borrowing utilized was ₹ 492 Crore as on March 31, 2020 as against ₹ 375 Crore as on March 31, 2019.

Fixed Assets

The Company has incurred ₹ 93 Crore (₹ 52 Crore during the previous year) on Capital expenditure during the year.

Investments

The total investment of the Company as at March 31, 2020 was ₹ 1,003 Crore (Gross) as against ₹ 979 Crore as on March 31, 2019. The following investments were made during the year:

- ₹ 15 Crore in Parry Sugars Refinery India Private Limited
- ₹ 4 Crore in Algavista Greentech Pvt Ltd, a Joint Venture Company
- ₹ 4 Crore in US Nutraceuticals Inc.

Sale of Holdings

The Company on June 02, 2020 sold 58,50,000 equity shares (Fifty Eight Lakh and Fifty Thousand Shares) of ₹ 1/- each held in its subsidary, Coromandel International Limited (CIL) in the open market. Post the abovementioned sale, the Company holds 17,13,05,580 shares of ₹ 1/- each representing 58.48% of the paid-up capital of CIL.

Rating

During the year, rating agency CRISIL has reaffirmed its credit rating to the Company's Long-Term Rating to "CRISIL AA-/ Stable" and reaffirmed Short Term Rating as "CRISIL A1+" for its Short Term borrowings.

Book Value and Earnings per Share

Book Value of shares of the Company remained flat at ₹ 97 per share for the year ended March 31, 2020 and March 31, 2019. Earnings per share decreased to ₹ 0.10 per share for the year ended March 31, 2020, from ₹ 9.21 per share for the year ended March 31, 2019.

RATIOS

Particulars	2019-20	2018-19
Key Profitability Ratios		
EBIDTA / Sales % (Operating Profit Margin)	12.54	22.44
PAT / Sales %	0.10	8.84
PAT / Networth % (ROE)	0.11	9.52
Key Capital Structure Ratios		
Debt / Equity Ratio	0.60	0.49
Outside Liabilities / Networth	1.38	1.28
Net Fixed Assets / Networth	0.80	0.78
Debt Service Coverage Ratio	0.96	0.91
Interest Service Coverage Ratios	1.73	3.65
Liquidity Ratios		
Current Ratio	0.81	0.79
Inventory Turnover (days)	188	207
Receivables (day gross sales)	31	34
Earnings and Dividend Ratios		
Dividend %	-	300
Earnings Per share (₹)	0.10	9.21
Book Value Per share (₹)	97	97
P / E Multiple	1,390.50	22.22

In accordance with the SEBI (Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% and more as compared to the immediately previous financial year) in key financial Ratios.

Ratios where there has been significant change from financial year 2018-19 to financial year 2019-20

Reduction in operating profit margin, net profit margin, return on networth, Interest Service Coverage Ratio (ISCR) and Earning Per Share

Though the sugar business performed better as compared to last year due to increase in Minimum Selling Price (MSP) by the Government, the operating profit margin, net profit margin, return on networth, Interest Service Coverage Ratio (ISCR) and earnings per share were reduced on account of one time profit accounted in the previous year from the sale of Bio-Pesticides Business and sale of investments in Parry America Inc coupled with reduction in Dividend income from the Subsidiary and increase in Finance cost.

P/E Multiple:

Though the market price of the share has declined, PE ratio has increased because of decrease in net profit (reason explained above) and the EPS being less than a rupee.

RISK MANAGEMENT

The Fourth Industrial Revolution fuses various technologies such as Artificial Intelligence (AI), the Internet of things (IoT), 5G telephony, Nanotechnology, Robotics, Quantum computing and many more. Risks are becoming increasingly complex and interconnected. The need for increased collaboration among all functions cannot be overemphasized. A black swan event like the COVID-19 pandemic has turned our traditional understanding of risk on its head. A clear and comprehensive Risk Management framework which is understood by all is paramount to eliminate blind spots to risk. Establishing a Risk Management framework with a clear understanding of the risk landscape and a clearly identified Risk appetite and ensuring that all the business functions are aligned to this is important to avoid disconnects.

The Company follows a well-defined Risk Management policy which requires the organisation to identify the risks, the businesses are exposed to and categorise them based on the impact and probability of occurrence. Mitigation plans are laid out for each risk along with frequency of risk monitoring and identification of the risk owner thereof. The Company endeavors to continuously improve its systems, processes and controls to mitigate the risks.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The Company's Risk Management framework defines the risk management approach across the enterprise at various levels, including documentation and reporting.

Risk Category	Risk	Mitigation Plan
Business and disruption Risk	Global pandemic with no predictable end point has resulted in revenue shortfalls, changing regulator expectations, health risk of workforce, possibility of decline in product quality.	The Company has ventured into the business of Hand Sanitisers which offers a good opportunity till the COVID-19 Pandemic subsides. Essential visitors are only allowed in our facilities, reinforcement of frequent use of hand sanitation stations throughout the plant, Enhanced cleaning efforts using certified sanitation products and Anti-bacterial wipes in breakrooms and common areas are being strictly enforced. Employees with flu-like symptoms are advised to stay at home and inform HR and also to advise, if family member have flu-like symptoms.
	Institution and Trade business would be impacted in the first half of the financial year 2020-21.	Digital media is being used to highlight the hygiene aspects of packed retail sugar and jaggery. Continuous dialogues are held with customers to allay their concerns. Stress testing of financials is being done to understand the various scenarios and steps are being taken to improve the situation, where necessary.
	Availability of Migrant Labour for cane harvesting could be impacted.	Deployment of local harvesting labour and self-harvesting is being focussed upon. Farmers are being encouraged for wider row planting and for increasing the share of mechanised harvesting.
	Product quality risk due to contamination.	Strengthening Good Manufacturing Practices (cGMP) and Quality Management Systems (QMS). Adequate insurance cover for liability on product quality issues is in place. Sensorial panels are established to track and stabilize quality.

Risk Category	Risk	Mitigation Plan
	Possibility of increased fraud risks due to possible Segregation of Duties (SOD) conflicts, Manuals/SOPs not updated with relevant Business Continuity Plan and Disaster Recovery (BCPDR) procedures, non-maintenance of paper/digital trail, lack of awareness and clarity of cyber security risks, management override of controls, etc.	Controls are being reviewed in the revised scenario. Management override checks are being monitored regularly. Awareness is being created and importance of cyber security risks is being frequently communicated and explained to the employees.
Sugar Price Risk	Due to domestic surplus, there could be a softening in the sugar prices affecting the profitability.	The Company is focusing on increasing retail volumes by increasing retail outlet placements and expanding retail infrastructure. The Company is making efforts to increase the market share of Institutional business though robust quality systems, obtaining customer certifications and retaining the existing customers.
Raw Material Availability Risk	Due to the adverse weather conditions, availability of water, pests and diseases outbreak and farmers switching to alternate crops for higher remuneration etc., availability of sugarcane may be impacted thereby diminishing profitability.	The Company connects with the farmers continuously by educating them on scientific and sustainable sugarcane cultivation methods besides providing them high yielding sugarcane seeds / saplings that give better yield. The Company also promotes mechanised harvesting for timely harvesting and making sugarcane a profitable crop. Cane team is working on reducing the cost of cultivation, increasing the yield per acre and thereby the income per acre. The Company launched "Farmers Connect" app for better interaction and to support the farmers instantly. The Company enjoys a good brand value and trust amongst the farmer community by ensuring timely payments and is thus a preferred partner for sugarcane supply. The R&D initiatives of the Company takes control measures to mitigate and contain pests and diseases.
	Water availability is a critical requirement of Nutra Business.	For the Nutra business, measures have been taken to treat wastewater, maintain downstream water quality and minimise groundwater infiltration to minimise damage to aquatic ecosystems. Water conservation project has been taken up with AMM foundation.
Raw Material Pricing	The Central and State Governments decide sugarcane prices in a manner that is not linked to sugar prices. Unviable sugarcane prices may impact the profitability of the Sugar division.	The Company is a member of Indian Sugar Mill Association (ISMA) and the South Indian Sugar Mills Association (SISMA) and works closely with them towards developing appropriate policy recommendations to represent the industry needs to the government.

Risk Category	Risk	Mitigation Plan
Investment Risk	The company has invested in Parry Sugars Refinery India Private Limited and Valensa, all wholly owned subsidiaries. Any non- performance of the invested entities will have a risk of sub-optimal return on investment.	Periodical review mechanism is in place to monitor the investment risk of the portfolio of assets and to oversee the strategic decision. There is an emphasis on entering new customers segments, increased spreads, low process loss by the subsidiary, Parry Sugars Refinery India Pvt Ltd.
Cyber Security Risk	The Company may encounter non-availability of service or failure of multiple systems which may lead to disruption in business operation due to lack of adequate processes, cyber security, backup and disaster recovery systems. Risks may be encountered in the COVID-19 scenario due to remote workforce, work-from-home options (WFH), unsecure platforms, network connectivity threats, risks due to increased VPN and mobile device usage for work, etc.	Information Systems, Backup and Disaster Recovery Policies and periodical review of the same are in place. Robust Firewall and Security Event Information Management Systems are in place to monitor all types of Security breaches and take corrective measures. Further, user awareness about cyber security risks are being spread by periodical training/information through emails etc. Provided rental / own device systems with adequate software installed. Secure connection (VPN – Virtual Private Network) is made mandatory for accessing applications from remote location. All servers are monitored through SIEM tool (Security Information and Management Tool). Logs are analysed by Murugappa group information security team. All meetings/conferences are being conducted through licensed secured collaboration tool (Microsoft Office 365). Blocked freeware tools like ZOOM etc., Phishing emails are getting monitored by security team, if any such incidents are identified.
Non-compliance to changing statutory regulations	As a listed organization, the company has to comply with laws such as Companies Act, SEBI (Listing Obligations and Disclosure Requirements), Contract labour, Taxation, Foreign Exchange & Export Controls, Health Safety and Environment (HSE) regulations etc. Failure to comply with these regulations could result in penalties and reputational damage. COVID-19 could bring about regulatory changes which could result in operational interruptions, business restrictions.	A comprehensive e-compliance management system has been deployed across the company to manage the compliance to all the applicable statutory regulations. Further, respective functional teams track the changes to applicable regulations across various jurisdictions and functional areas and update the e-compliance management system and also create awareness of the changes across the respective functions.

INTERNAL FINANCIAL CONTROLS

The Company has aligned its current systems of Internal Financial Control (IFC) with the requirement of the Companies Act 2013. The Company has established a robust framework of IFC which includes entity level policies, processes and operating level standard operating procedures. The Company has a well-established processes and clearly- defined roles and responsibilities for people at various levels.

The Company's internal controls are adequate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing consistent financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization, and ensuring compliance with policies. Processes for formulating and reviewing annual and long-term business plans have been laid down. The Company uses a state-of- the-art enterprise resource planning (ERP) system SAP as a business enabler to record data for accounting, consolidation and management information purposes. During the year, the business migrated from erstwhile SAP ECC 6 system to SAP HANA and successfully went live effective from 03.10.2019.

In the post-COVID scenario, the company propose to increase the use of technology, data analytics, rely on electronic work paper and adopt an agile Internal Audit plan. To further strengthen, assess and report on the internal financial control, an in-house Management Audit Division has been established by the Company which is ISO 9001:2015 certified. The internal audit is conducted based on the Annual Audit Plan which is reviewed and approved by the Audit Committee. The Internal Audit reports are presented to the Audit Committee on a quarterly basis for review and deliberation. The Company Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2020 and found the same to be adequate and effective. Going forward, your company has decided to have a blend of both in-house and outsourced Internal Audit team which will help us to leverage our business knowledge and process and combine it with the expertise of the outsourced auditors in specialised areas.

SUBSIDIARY COMPANIES

There has been no change in the nature of business of the subsidiaries during the year under review. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its Subsidiary Companies, which forms part of the Annual Report. A statement containing the salient features of the financial statements of the Subsidiary Companies, Joint ventures and Associates are given in **Annexure-A** to this Report.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing standalone and consolidated financial statements has been placed on the website of the Company, www.eidparry.com/financials/. Further, the audited accounts of the Subsidiary Companies and the related detailed information have also been placed on the website of the Company www.eidparry.com/financials/. The annual accounts of the Subsidiary Companies will also be available for inspection by any shareholder/ debenture trustees at the Registered office of the Company and of the Subsidiary Companies concerned during working hours upto the date of the Annual General Meeting. A copy of annual accounts of subsidiaries will be made available to shareholders seeking such information at any point of time.

Parry Sugars Refinery India Private Limited (PSRIPL)

During 2019-20, global sugar market turned from a surplus to deficit due to lower sugar production in key producing nations such as Brazil (due to better ethanol prices) and India (due to weather). An unprecedented drought in world's largest white sugar exporter, Thailand, reduced its sugar production resulting in tight supply of refined sugar. Consequently, the white premiums and refining spreads improved significantly in 2019-20. Refined sugar demand was particularly strong in the second half of the year. Capitalising on this market opportunity, PSRIPL established its position as one of the globally renowned re-export refiner of sugar, offering a range of quality products for international trade and institutions.

During the year, despite competition from subsidised exports from Indian mills (under MAEQ scheme), the company's sugar export volume grew by more than 40% from 5.35 LMT in 2018-19 to 7.59 LMT in 2019-20. Consequently, the turnover increased from ₹ 1,434 Crore in 2018-19 to ₹ 2,009 Crore in 2019-20. During the year, the company increased its sales through containers by more than 50% and also scaled up its exports to prestigious institutional customers. Company's refining operations continues to set new records in throughput and efficiencies.

During the year, Parry International DMCC (a wholly owned subsidiary based out of Dubai) successfully continued its sugar trading operations and recorded a revenue of AED 19.5 Million.

Due to steep fall in oil prices and depreciation of Brazilian Real, Brazilian mills are expected to maximise their sugar production in 2020-21. This coupled with a normal monsoon predicted for India, is expected to move the global sugar market to a small surplus in 2020-21. However, continuing dry weather in Thailand is helping to keep refined sugar supply tight with higher spreads for refining. Impact of Covid-19 pandemic seems to be muted on global sugar consumption. PSRIPL with well hedged spreads, is better positioned to grow its sales with increasing focus on value added segments whilst making further improvements in refining costs during the year 2020-21.

US Nutraceuticals Inc

During the year, the Company's wholly owned subsidiary, US Nutraceuticals Inc achieved sales of US$ 21.52 million against US$ 20.19 million of previous year. The Ingredients segment grew at 24% over previous year. The drop-in formulation segment sales were due to lower sales of prostrate and joint health products. The business faced margin loss in the year due to stiff competition. During the year, the business launched its B2C channel with the brand called "Flomentum®" in the local market. The response has been a very positive since its launch and from the end consumers. Through this the Company expects to grow in significant way in the coming years. The company has been investing a lot in clinical trials for developing new formulations which would improve the business significantly in the coming years. During the year, US Nutraceuticals Inc acquired the balance stake of 51% in its Associate, Labelle Botanics LLC at a cost of US$ 6,50,000 strengthening the supply chain of its saw palmetto business.

Alimtec SA

Alimtec SA, Chile, the wholly owned subsidiary of the company has seen another significant year in terms of sustainable production with better quality and yield during the year. The company has been constantly working towards bringing good manufacturing practices which will improve productivity with lower cost of production. Also, from the investments made in the prior years on water quality improvements and arsenic filtration system has resulted in better productivity levels without any contamination in the product during the year.

Coromandel International Limited (CIL)

The country witnessed an above normal south west and north east monsoon during the year resulting in improved crop sowing and consumption of agri input products. CIL had a good performance in financial year 19-20. During the year, the company made an all-round progress by improving its customer engagement, branding capabilities and furthering its operational efficiencies. Phosphatic sales volumes increased by 4% to 31.4 lakh tons. Consumption as reflected through point of sales from retailers to the farmers, increased by 12% to 31.6 lakh tons. Sales of manufactured products went up by 11% to 30.7 Lakh tons. Market share for primary sales marginally came down to 15.7% from 16.3%. The company however, maintained its market share for PoS sales at 15.8%. The Fertilizer business relaunched GroSmart which has been well-received by the customers and has created a niche in the market. A second Phosphoric Acid plant was successfully commissioned during the third quarter of the year and is running smoothly. With this, CIL's vizag plant is now self-sufficient for its Phos Acid requirement.

Crop Protection Business registered a decline of 6% in revenue impacted by lower production from its Sarigam facility. Sarigam facility resumed operations in July, 2019. The business introduced 6 new products including two inhouse manufactured technical - Pymetrozine and Pyrozosulfuron, and 4 formulated products in the market. All the new products have received encouraging response from the market. CIL has also commissioned 3 new plants in the crop protection segment for manufacture of Pymetrozine, Pyrozosulfuron, and Mancozeb WDG. Warehouse and other infrastructure upgrades were done at Dahej and Sarigam plants.

CIL continues to focus and invest in its R&D and product development initiatives. The CIL Lab at IIT Bombay in collabration with the Monash Academy has made significant progress. A collaborative project has been initiated with IIT Kharagpur for the rapid testing of soil and petioles. The R&D facilities at Hyderabad and Thyagavalli focuses on crop protection & bio pesticide products and applications. Company's large retail network continues to promote balanced nutrition and yield improvements. Retail business strengthened its technology interventions in the areas of crop diagnostics, farm advisory and farm mechanization. With the increased focus on organic products, bio pesticides, bio stimulants and bio surfactants, CIL continues to promote greener solutions in improving soil health and farm productivity.

During the year, the employee engagement levels have improved across the functions and relevant actions have been initiated based on the survey findings. CIL's social and environment commitment remains firm and it continues to work towards upliftment of society in areas of health, education, community development and environment. CIL's revenue from operations for the year was at ₹ 13,117 Crores vs ₹ 13,204 Crore in the previous year. The Profit before Interest, Depreciation and Taxation grew by 22% to ₹ 1,763 Crore from ₹ 1,450 Crore in the previous year.

CIL's response to COVID: CIL has prioritized the safety of its employees and the sustainability of its operations. All the plants are operating as per government guidelines with utmost care for the safety and social distancing. Retail centres are following social distancing norms while dealing with customers and utilizing digital tools to fulfil customer requirements. To ensure business continuity and swift response to any situation, a "Rapid response team" has been formed across business units, and functions.

JOINT VENTURE COMPANY

Algavista Greentech Private Limited (AGPL)

The Company's Joint Venture AGPL is a leader in clean extraction and by crafting optimal processes in terms of performance, product safety, and environmental concerns,AGPL guarantee an organic product of unparalleled quality. AGPL's certified spirulina extract, rich in phycocyanin, is a viable alternative for companies considering a transition from synthetic food dyes like the 'Brilliant Blue'. AGPL's new plant at Oonaiyur, Tamil Nadu was commissioned during the year and the Commercial Production started w.e.f January 1, 2020. AGPL has obtained Halal and Kosher certification for all their Product variants including Organic Variants. AGPL have also obtained Organic certifications for US-NOP, EU Organic and India NPOP. During the year, AGPL achieved sales of 698 Kg of Phycocyanin amounting to ₹ 96 Lakh. AGPL has been engaging with majority of Colour houses and CPG companies based in USA and Europe.

HUMAN RESOURCES

The Company believes that the people are its key assets and focuses on nurturing and developing human talent that delivers quality products, manufacturing excellence, continued growth, customer delight and business leadership. Company's HR vision of "Building Organizational Capability to deliver superior business performance", is delivered by a high level of policy deployment initiatives and contemporary HR practices focusing on four key imperatives: Capability Development, Talent Management, Employee Engagement and Productivity & Cost.

The Company enables every employee to achieve high standards of performance and take up challenging goals by institutionalizing Competency Development Framework. The Company scales up capabilities across various functions by creating specialist knowledge / subject matter experts in Sugar, Distillery, Cogeneration & Value Added Products to enhance the internal efficiencies. A lot of interventions have been rolled out in terms of enhancing the capabilities of executives, especially the leadership team through individual development plans, leadership coach accreditation program, etc.

The Company is committed to build the 'Best Employer' brand for the organisation and most importantly, provide a happy, nurturing ecosystem for the employees. An ecosystem, that is not only empowering, but also builds capabilities to help them to meet the challenges of a fast changing, dynamic, world environment. The company believes that a motivated employee with a passion for innovation in a given environment of learning & growth would engage and succeed in all initiatives.

What began as 'Project Smile' in August 2017, really spread its positivity with a winning culture across the Company, bringing laurels, earning accolades and creating an environment of happiness. Smiles travelled across miles, across locations, as team members applauded excellence, expressed their appreciation and registered their satisfaction through a number of 'smileys'. The 'My SMILE App', tracked the smiles, culminating in the SMILE Awards, for members who had earned the largest number of 'Smiles' within a span of 18 months, have crossed 1 million SMILES across the organisation.

The number of permanent employees on the rolls of the Company as on March 31, 2020 was 2251. Industrial relations remained cordial at all the Company's units during the year under review.

AWARDS & ACCOLADES

During the year, the Company received the following Awards:

a) The South Indian Sugarcane & Sugar Technologists' Association (SISSTA), have chosen Nellikuppam distillery as the Best Distillery for 2018-19 in Tamil Nadu region. The Plant received Platinum Award from SISSTA at a function held on 28.6.2019.

b) SISSTA, have chosen the Sivaganga distillery as the Best Distillery for 2018-19 in Tamil Nadu region. The Plant received Golden Award from SISSTA at a function held on 28.6.2019.

c) Sankili unit received "Silver award" from SISSTA, for being Best Distillery for 2018-19 in AP & Telangana Region.

d) In the 35th Kaizen Competition conducted by CII Institute of Quality, Nellikuppam plant presented the following kaizens under the category of Breakthrough: Process breakthrough through change of technology:

   a. Biofuel from impure alcohol

   b. Zero effluent discharge

e) For its kaizen on 'Bio-fuel from impure alcohol', Nellikuppam Plant won the First Prize.

f) Ramdurg unit received the National Safety Award from the Regional Labour Institute, Government of India, Ministry of Labour & Employment for the performance year 2017, at a function held on 17th, September 2019.

g) In the 20th National Award Contest for Excellence in Energy Management held by CII, Nellikuppam unit was declared as "Excellent Energy Efficient Unit". The award was given for the plant's works in the following areas:

   I. Cooling tower pumps reduction

   II. Sulphur station waste heat recovery

   III. Increase in no. of nozzles in roller to reduce bagasse moisture.

h) During September 2019, Nellikuppam Plant received 6 awards from the Government of Tamilnadu on safety as given below:

Award year	Ranking	Award received for
2014	1st Prize	Highest reduction in accident rate during the award year when compared with the previous year.
	2nd prize	Lowest Weighted Frequency Rate during the award year when compared with other industries coming under the same classification and same group.
	3rd Prize	The Longest Accident Free Period in Man – hours during the award year.
2015	1st prize	Highest reduction in accident rate during the award year when compared with the previous year.
	1st prize	Lowest Weighted Frequency Rate during the award year when compared with other industries coming under the same classification and same group.
2016	2nd prize	Highest reduction in accident rate during the award year when compared with the previous year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, there was no change in the composition of Board.

As per the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. M. M. Venkatachalam, Director retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment and the requisite details in this connection is contained in the notice convening the meeting and in the Corporate Governance Report.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and also comply with Regulations 16 & 25 of the SEBI (LODR) Regulations.

Mr. S. Suresh, Managing Director, Mr. S. Rameshkumar, Chief Financial Officer and Mr. Biswa Mohan Rath, Company Secretary are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

Number of Meetings of the Board

Five Meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report.

Board Evaluation

In accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, the Board has carried out an evaluation of its own performance, the performance of Committees of the Board and also the directors individually. The manner in which the evaluation was carried out and the process adopted has been given in the Corporate Governance Report.

Policy on Directors' Appointment and Remuneration and Other Details

The Board has on the recommendation of the NRC framed a policy for selection and appointment of Directors, Senior Management and fixing their remuneration and also framed the criteria for determining qualifications, positive attributes and independence of directors. The Remuneration Policy and criteria for Board nominations are available on the Company's website at http://www.eidparry.com/investors/Policies-Codes.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) of the Companies Act, 2013, your Directors to the best of their knowledge, belief and according to information and explanations obtained from the management, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors, M/s. Price Waterhouse Chartered Accountants LLP, (FRNo.012754N/N500016) Chennai were appointed as Statutory Auditors of the Company by the shareholders at the 42nd Annual General Meeting held on August 4, 2017 to hold office up to the conclusion of the 47th Annual General Meeting.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report for the year 2019-20. The Auditors have included an emphasis of matter para relating to COVID-19 in their auditor report, which has been duly explained in notes to the financial statements.

Cost Auditors

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company's cost records are subject to Cost Audit.

The Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. Narasimha Murthy & Co, Cost Accountants, as the Cost Auditors to audit the cost accounting records maintained by the Company for the financial year 2020-21 on a remuneration of ₹ 8,50,000/- plus applicable tax and reimbursement of out of pocket expenses. A resolution seeking members' ratification for the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

The cost audit report for the financial year 2018-19 was filed with the Ministry of Corporate Affairs on September 6, 2019. The cost audit report for the financial year 2019-20 would be filed with the Ministry of Corporate Affairs on or before September 30, 2020 as per the provisions of the Companies Act, 2013.

Secretarial Auditors

The Board appointed M/s. R Sridharan & Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditors to undertake the Secretarial Audit of the Company for the year 2019-20. The Report of the Secretarial Auditors is provided in **Annexure-B** to this Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Secretarial Auditors in their respective reports.

The Secretarial Auditors have not reported any incident of fraud during the year under review to the Audit Committee of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives primarily focus on improving the quality of life of the communities where it operates, through socio welfare initiatives. The various CSR initiatives undertaken by the Company during the last financial year include the following:

- **Healthcare**

The Company pursues a well-managed Health Care programme across its units, providing medical amenities for people living in neighbouring villages. 'Hospital on Wheels', a well-equipped mobile unit with diagnostic and medical intervention amenities makes emergency care possible for people living in remote areas. In addition, mobile medical units cater to the needs of the elderly in the cane growing villages around the Units.

In addition to the comprehensive health and medical care programs for employees across the different Units, medical camps were conducted offering health check- ups and free medicines for cane growers, harvesting and transport labourers.

- **Education**

As an important part of its CSR program, the Company promotes education in the neighbouring villages near its units. Besides contributing to infrastructure building and facility upgradation at schools, the Company provides educational assistance to cane growers children and participates in their developmental needs. Baby care centres, mid-day meals for Balawadi school children of labourers, training programme for employees' children are few of the ongoing initiatives.

- **Community Welfare**

The Company has always played a key role in extending relief support to villagers during natural calamities and helping the Government in its disaster management initiatives. Drought relief measures were extended to farmers in TN, KN and AP, to mitigate crop loss. Community development works were also undertaken in the villages in and around the units. As part of its community welfare programs, the Company undertook the desilting of ponds and canals, to augment the water supply to villages and schools. Tree planting across schools and neighbourhoods were conducted as part of the green environment initiatives.

The Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy can be accessed on the Company's website at www.eidparry. com.

As per the provisions of the Companies Act, 2013, the Company was not required to spend any amount towards CSR activities for the year 2019-20. However, the Company has been actively involved in various CSR activities and an amount of ₹ 88.81 Lakh was spent during the year. The Annual Report on CSR activities is given in **Annexure-C** to this Report.

RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered into by the Company during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for their review on a quarterly basis. The policy on Related Party Transactions as approved by the Board is available at the web link: www.eidparry.com/policies-codes/.

EMPLOYEE STOCK OPTION SCHEME

The Company has introduced Employee Stock Options Scheme, 2016 during the year 2016-17 as approved by the shareholders. The details of the Options granted upto March 31, 2020 and other disclosures as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the Company's website at www. eidparry.com.

CORPORATE GOVERNANCE

The report on corporate governance along with certificate from a practicing Company Secretary as required under the SEBI (LODR) Regulations is annexed to this Report. The report also contains the details required to be provided on the board evaluation, remuneration policy, implementation of risk management policy, whistle-blower policy / vigil mechanism etc.

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) read with Schedule II of Part B of the SEBI (LODR) Regulations.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") all dividends, which remains unpaid or unclaimed for a period of seven years are required to be transferred by the Company to the IEPF established by the Central Government. Further, according to the IEPF Rules, the shares in respect of which dividend has not been encashed by the shareholders for seven consecutive years or more are also required to be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends as well as the corresponding shares as per the requirements of the IEPF Rules, details of which are provided on our website, at http://www.eidparry.com/Unpaid- Unclaimed-Dividend.

During the year, the Company has transferred an amount of ₹ 75,21,674/- being the unclaimed dividend for the year 2011-12 and ₹ 1,27,84,608/- being the unclaimed dividend for the year 2012-13 to the IEPF established by the Central Government. The Company has also transferred 4,66,186 Equity Shares in respect of which dividend has not been paid or claimed for seven consecutive years or more as enunciated under Section 124 (6) of the Companies Act, 2013. Out of 4,66,186 Equity Shares, 3,20,983 Equity Shares of Re.1/- each were transferred to IEPF on April 24, 2020.

DISCLOSURES

Audit Committee

The Audit Committee comprises of Mr. V. Manickam, Independent Director as the Chairman, Dr. (Ms) Rca Godbole, Independent Director, Mr.M.M.Venkatachalam, Non- Executive Non- Independent Director and Mr. Ajay B. Baliga, Independent Director as Members.

CSR Committee

The CSR Committee comprises of Mr. V. Manickam, Independent Director, as the Chairman and Mr. V. Ravichandran, Non-Executive Non-Independent Director and Mr. S. Suresh, Managing Director as Members.

Vigil Mechanism & Whistle Blower Policy

The Company has a Vigil Mechanism for directors and employees to report genuine concerns and grievances and provides necessary safeguards against victimisation of employees and directors.

The Audit Committee reviews on a quarterly basis the functioning of the Whistle Blower and vigil mechanism. The Vigil Mechanism and Whistle Blower Policy have been posted on the Company's website at www.eidparry.com and the details of the same are given in the Corporate Governance Report.

Business Responsibility Report (BRR)

The SEBI (LODR) Regulations mandate the inclusion of the BRR as part of the Annual Report for top 1,000 listed entities based on market capitalisation. In compliance with the SEBI (LODR) Regulations, the BRR forms part of this Annual Report.

Dividend Distribution Policy

Pursuant to Regulation 43A of SEBI (LODR) Regulations, the top 500 listed Companies are required to formulate a Dividend Distribution Policy. The Company's Dividend Distribution Policy as approved by the Board is available on the Company's website at www.eidparry.com/investors/Policies-Codes.

Prevention of Sexual Harassment at Workplace Policy

The Company has in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) is in place to redress complaints received regarding sexual harassment. All employees are covered under this policy. No complaints were received and disposed of during the year under review.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in **Annexure - D** to this Report.

Loans, Guarantees and Investments

During the financial year, the Company has given guarantees and made investments in subsidiaries/Joint venture within the limits as prescribed under Sections 185 and 186 of the Companies Act, 2013. Details of Guarantees and investments are given in **Annexure - E** to this Report.

Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report. Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may write to the Company to email id – investorservices@parry.murugappa.com.

The disclosure with regard to remuneration as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this Report as **Annexure - F.**

Extract of Annual Return

The extract of the Annual Return of the Company in Form MGT-9 is given in **Annexure - G** to this Report.

Compliance of Secretarial Standard

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including ESOP and sweat equity shares) to employees of the Company under any scheme.

The Managing Director of the Company does not receive any remuneration or commission from any of the Company's subsidiaries.

No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

The Board places on record, its appreciation for the cooperation and support received from investors, customers, farmers, suppliers, employees, government authorities, banks and other business associates.

On behalf of the Board

Place : Chennai
Date : June 11, 2020

V. Ravichandran
Chairman